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Government of the Punjab

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# Institutional Development / Public Financial Management

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## **EXCISE AND TAXATION DEPARTMENT BENCHMARKING EXERCISE**

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DRAFT VERSION 1

*APRIL 2010*

PKD Consultancy Ltd in association with

The PRMP, P&D Department, Government of the Punjab

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## **EXCISE AND TAXATION DEPARTMENT**

### **Section One**

### **Introduction**

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## **1.0 Introduction**

### **1.1 Purpose of the Initial Benchmarking Exercise**

This is the second report due under the Terms of Reference (TOR) for the Sector Specialist (Excise and Taxation). The first report entitled “Rapid Sector Review” was submitted in March 2010.

The Government of the Punjab is launching large-scale reforms in selected departments. These reforms comprise conducting functional reviews, business process re-engineering, piloting new HR systems and financial reforms pertaining to a Medium Term Budgetary Framework (MTBF). An international firm is being hired to complete these assignments but prior to a firm being appointed the Government of the Punjab is undertaking the following assignments:

- *The introduction of a Medium Term Budgetary Framework in 5 departments (E&T, L&DD, I&P, HD, HED) for the financial years 2010-13;*
- *An initial benchmarking exercise to understand where these organizations stand as of today.*

This report, together with its accompanying report ‘Excise and Taxation – Business Processes’ sets out a comparison of various elements of the Excise and Taxation Department with the other Provinces and where appropriate international comparisons have been included. It concentrates on human resources, systems and the three principal taxes of UIPT, Motor Vehicle Taxes and Professional Tax.

### **1.2 Objectives and Scope of the Study**

According to the TOR this *“assignment will be undertaken by a team of consultants led by an International Institutional Development Expert (Benchmarking Team Leader) who will be assisted by Dairy Sector Specialist and one Tax Sector Specialist (both international). 2/3 domestic consultants will also form part of the team and will be embedded in line departments. Working in close collaboration with E&T department, Tax Sector Specialist will work with and report to International ID Specialist (Team Leader) as well as PD PRMP.”*

As can be seen the benchmarking exercise was to be initially undertaken by a consultant firm with the assistance of a sector specialist. In the event a consultant firm was not appointed and the sector specialist was appointed to complete this assignment in relation to the Excise and Taxation Department with the aid of a domestic consultant.

The objective of this initial benchmarking exercise is to obtain an understanding of where the E&T Department stands in relation to its comparative performance and processes as of today by undertaking –

- *A benchmarking exercise;*
  - *Business processes benchmarking;*
  - *Human Resource processes and systems benchmarking;*
-

- *A comparison so as far as is feasible with other relevant and comparative organisations.*

### **1.3 Approach to the Study**

In undertaking the benchmarking exercise the sector specialist was expected to -

- *Review the E&T Department and sector;*
- *Provide an overview and identify key functions and processes of the department and benchmark these against comparable organizations in similar sectors. In doing so, assess appropriateness of the activities of the provincial department in the sector;*
- *Provide E&T related strategic input to team leader for benchmarking;*
- *Engage with officers in E&T and hold consultations;*
- *Analyse internal processes;*
- *Compare strictly against the "best in class", highlighting areas where department is performing well or badly;*

### **1.4 Disclaimer**

A wide range of internal and external factors will influence the nature and quality of the outputs from this project. Studies of this nature are influenced by the capacity of the client Department to provide appropriate resources to assist the data collection element of the project by the consultant.

The report relies, to a large extent, on data provided by the E&T department, other stakeholders, third party research material and data provided by the E&T departments of the other provinces in Pakistan.

The E&T Department of the Punjab does not routinely collect performance and management data as part of the management process and this means that the output is affected by the non-availability of accurate and reliable base data. The consultant's previous experience suggests that this review is restricted by limited and sometimes conflicting information.

It has to be noted that the collection of data from the other provinces was difficult and not always forthcoming for a variety of reasons including, critically, that data on performance was not available and is not always collected as a matter of routine.

The accuracy of the information and the data collected, and hence the report is, therefore, subject to the quality of the underlying sources and the timeliness of the data.

### **1.5 Acknowledgements**

The Sector Specialist, Mr. Patrick Doherty and the domestic consultant, Mr. N. M. Waqar,, would like to place on record the excellent cooperation received from the senior staff in the Excise and Taxation Department and in particular Mr. Shamail Ahmad Khawaja, Secretary Excise. and Taxation, Mr. Masood Ul Haq, (Technical), Mr.

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Amir Abbas Khan, Deputy Secretary (Admin) and Mr. Akram Ashraf Gondal, Additional Director General.

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### **EXCISE AND TAXATION DEPARTMENT**

#### **Section Two**

#### **Departmental Overview**

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## 2.0 Departmental Overview

### 2.1 Taxes Collected by the E&T Department

The Excise and Taxation Department (E&T) has a complex and dispersed structure throughout the Punjab. It is responsible for the collection of several indirect and direct taxes and fees –

#### PROVINCIAL TAXES

- *Cotton Fee.*
- *Excise Duty. (Licenses/Permits/Passes of Liquor/Opium)*
- *Entertainment Duty.*
- *Hotel Tax.*
- *Motor Vehicles Tax. (Registration/Token Tax/Transfer Fee etc.)*
- *Professional Tax.*
- *Property Tax (Devolved to the Tehsil and Town Councils under District Government.*

#### FEDERAL TAXES.

- *Income Tax (Collected at the time of collecting of Motor Vehicle Tax)*
- *Capital Value Tax (Collected at the time of registration of Imported Motor vehicles if not paid earlier)*

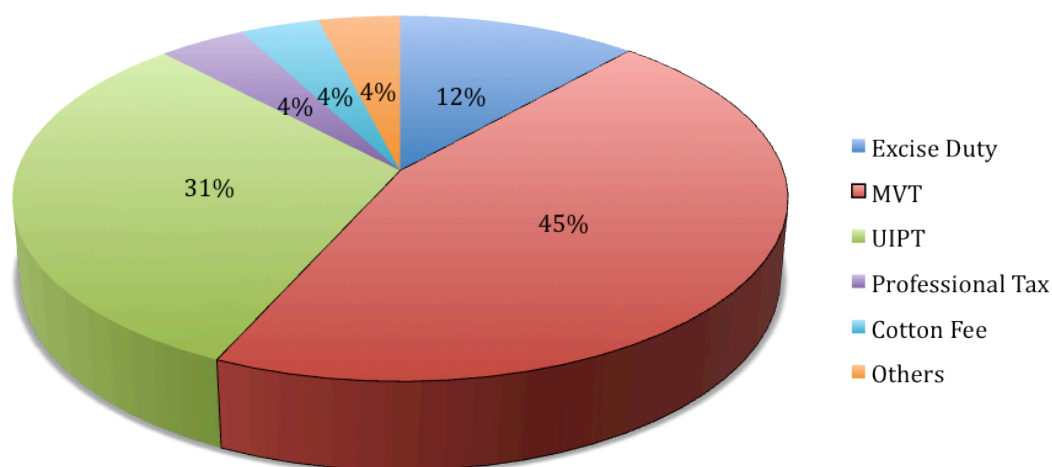
The major taxes are seen as Motor Vehicle Taxes, UIPT and Excise duty –

**Table 2.1.: Collections 2008 /09**

2008-2009				
Description	BE	RE	Actual	%age Achieved
<i>Excise Duty</i>	1,333.950	1,300.000	1,058.624	81.43%
<i>Motor Vehicle Tax</i>	6,515.819	4,050.000	4,129.876	101.97%
<i>Property Tax</i>	6,000.000	2,800.000	2,855.045	101.97%
<i>Tax on Professions</i>	370.000	350.000	384.493	109.86%
<i>Cotton Fee</i>	560.000	560.000	353.710	63.00%
<i>Entertainment Duty</i>	70.000	70.000	49.003	70.00%
<i>Hotel Tax</i>	290.800	290.800	252.682	87.00%
<i>Miscellaneous</i>		0	59.285	
Total	15,140.569	9,420.800	9,142.718	97.04%

*NB. Percentage achieved is shown compared to revised estimate (excluding miscellaneous)*

*Source – Excise and Taxation Department and Final Accounts*

**Table 2.2: Relative Collection Levels 2008 / 09**

Source – PKD Consultancy Ltd Analysis

## 2.2 Comparison of Collection Rates

Table 2.3 below shows the collection rates for each of the Provinces: -

**Table 2.3: Comparative Collection for provinces 2008 /09**

	Punjab			Khyber Pakhtunkhwa			Sindh			Balochistan		
	Target Rps bn	Actual Rps bn	% age	Target Rps bn	Actual Rps bn	% age	Target Rps bn	Actual Rps bn	% age	Target Rps bn	Actual Rps bn	% age
UIPT	6,000,000	2,855,045	48	310,000	279,184	90	1,800,000	1,375,713	76	41,000	50,833	124
Professional Tax	350,000	384,493	110	83,000	95,340	115	225,000	201,811	90	900	951	106
Provincial Tax	1,300,000	1,058,624	81	25,000	26,109	104	1,700,000	2,141,783	126	291,840	314,079	108
MVT's	4,050,000	4,129,876	102	665,000	609,306	92	1,916,100	2,118,953	111	342,510	320,997	94
Others	920,800	714,680	78	242,000	243,931	101	6,905,000	11,573,801	168	23,750	4,135	17
<b>Total</b>	<b>12,620,800</b>	<b>9,142,718</b>	<b>72</b>	<b>1,325,000</b>	<b>1,253,870</b>	<b>95</b>	<b>12,546,100</b>	<b>17,412,061</b>	<b>139</b>	<b>700,000</b>	<b>690,996</b>	<b>99</b>

Source – PKD Consultancy Ltd Analysis

Note: Information from Khyber Pakhtunkhwa Province was not available

Whilst the above table shows that the Punjab appears to have the lowest collection rate in 2008 / 09 this has to be taken with some caution –

- *The targets in relation to UIPT, provided to the E&T Department in 2008/09 was artificially high and bore no relevance to the collection record over the past seven years. In fact the Department's collection level in 2008/09 was the highest since the revaluation in 2002.*
- *Two of the Provinces are showing a collection rate of over 100%. If the collection rates were being measured correctly i.e. on the basis of in year collection i.e. the amount collected in year in respect of the current year's debit excluding amounts collected against arrears. Arrears collection should be a separate measure.*

The combination of these two factors makes the statistics an unreliable measure of performance, e.g. in the United Kingdom local authorities (who are responsible for collecting property taxes) have to report 'in year' performance and this provides for a consistent measure of performance. The reported figures are subject to external audit by the Audit Commission to ensure accuracy of reporting. An example of the published, *average* collection rates for all local authorities in England is set out below.

**Table 2.4: Property Tax Collection Rate in England 2008/09**

Domestic Property Tax	Domestic Property Tax	Non-domestic rates	Non-domestic rates
As a % of net collectable debit	As a % of net collectable debit	As a % of net collectable debit	As a % of net collectable debit
97.1	97.0	98.8	97.8

*Source: DCLG, UK published collection rates 2008/09*

It can be seen that even allowing for the fact that the reported figures in the Provinces are total collection figures they have a long way to go to reach the efficient collection in the UK. Most European countries have in year collection rates of over 90%.

### **2.3 Organisation of the E&T Department**

At the E&T Departmental level the technical issues are organised in three units:

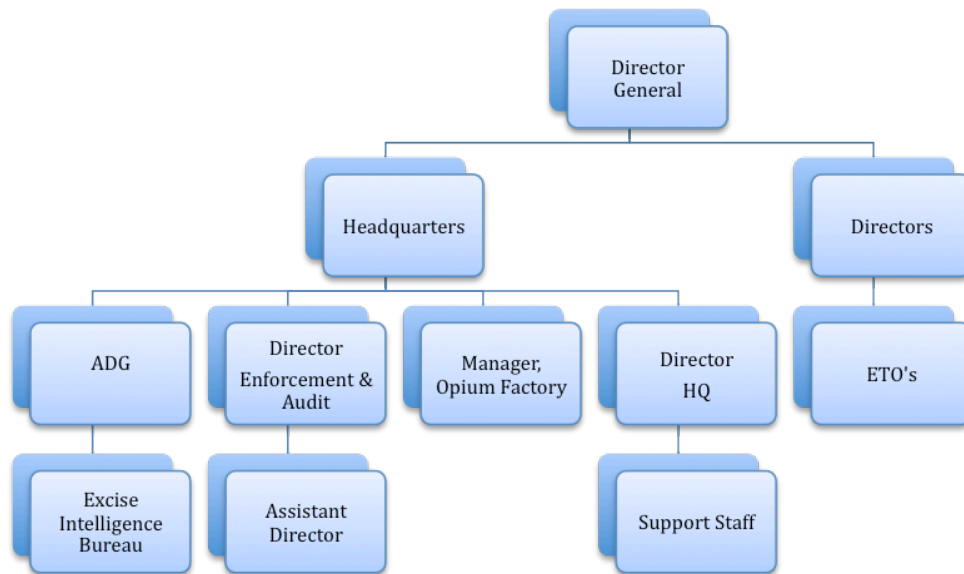
- *Excises, including the motor vehicle tax and registration;*
- *Taxes and fees;*
- *Statistical data collection.*

The internal units of the Directorate General (DG) are: -

- *The inspectorate with Excise Intelligence bureau;*
- *Enforcement and audit;*
- *A system analyst (IT);*
- *The opium factory, and*
- *The headquarter administration and office management.*

The territorial units of the DG comprise nine divisions, covering 36 districts and in Lahore 12 zone offices. Within these units there are approximately 350 tax circles (149 in Lahore and 201 in the remaining Districts).

**Figure 2.1: Organogram – Excise and Taxation Department**



## 2.4 Dispersed Management Structure

With the introduction of the Punjab Local Government Ordinance (PLGO) 2001 UIPT administration was devolved to local government but responsibility for the overall management control of UIPT remained with the Provincial E&T Department in the following areas –

- *Legislative Framework* – research and analysis, development and ensuring clarity and consistency of interpretation and standardization of practices;
- *Oversight and Guidance* – monitoring of activities of the devolved functions;
- *Audit* – responsible for quality control.
- *Capacity Building* – responsibility for capacity building in the interests of province wide consistency.

Local government became responsible for the following areas –

- *Policy Application* – responsible for formulating their discrete and flexible tax policy responding to annual budgetary changes;
- *Valuation* – It is intended that all valuation activities are carried by local government;
- *Billing and Collection* – responsible for billing and collection of the UIPT;
- *Staff Training* – responsible for the administration of staff training programmes;
- *Information Technology* – objective was to establish comprehensive IT infrastructure.



## **2.5 Devolved Taxes**

In the Punjab the assessment and collection of the UIPT is operated at the Provincial level in terms of the management control, but formally the District level governments are responsible for the organisation and management of the tax. Whereas the operation of motor vehicle taxes, professional tax and other taxes remains at provincial level in the responsibility of the E&T Department.

In practice none of the declared objectives of the devolved structure have been achieved and certainly in relation to the UIPT the local governments take little or no active participation in the billing, collection and enforcement processes. This is left to the provincial E&T department although the District staff are technically employed by local government.

On an international basis almost without exception, revenues from the property tax are assigned to local governments. The degree of discretion given to local governments to manipulate the tax may vary but the thinking that this tax belongs to local governments is well entrenched.

Over the past two decades there has been an unprecedented move toward decentralized governance all over the world. These changes have taken special significance in many developing and transitional countries where centralized systems were perceived to have failed to deliver improved general welfare.<sup>1</sup>

The promise of political, administrative and fiscal decentralization is that it can strengthen democratic representative institutions, increase the overall efficiency of the public sector and lead to improved social and economic welfare for countries that decide to adopt it. One critical assumption for expecting these results to happen is that decentralized governments will generally be more accountable and responsive to citizens' needs and preferences.

At the same time, there is general agreement among experts in decentralization that the increased accountability associated with decentralization can only be assured when sub-national governments have an adequate level of autonomy and discretion in raising their own revenues. This is not the case in the Punjab in spite of the intentions of the PLGO 2001.

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<sup>1</sup> Lincoln Institute of Land Policy Working Paper 2007

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### **EXCISE AND TAXATION DEPARTMENT**

#### **Section Three**

#### **Benchmarking - Human Resources**

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### 3.0 Benchmarking - Human Resources

#### 3.1 Sanctioned Posts

The total number of sanctioned posts in the E&T Department is 3,184, of which some 8% are on the payroll of the provincial government, i.e. directly employed in the office of the Directorate General. (Table 2.1 below) -

**Table 3.1: Public employees in tax administration by pay scale**

<i>Pay scale</i>	<i>Punjab provincial government</i>	<i>Local governments</i>	<i>Total Punjab</i>	<i>E&amp;T DG</i>	<i>E&amp;T Districts</i>	<i>E&amp;T Total</i>
BS-1-4	86 830	169 837	<b>256 667</b>	38	118	<b>156</b>
BS-5-15	229 718	367 065	<b>596 783</b>	195	2571	<b>2 766</b>
BS-16	13 005	40 192	<b>53 197</b>	14	166	<b>180</b>
BS-17-22	31 986	30 222	<b>62 208</b>	12	70	<b>82</b>
Unspecified	633	54 496	<b>55 129</b>			<b>0</b>
<i>Total</i>	<i>362 172</i>	<i>661 812</i>	<b><i>1 023 984</i></b>	<i>259</i>	<i>2 925</i>	<b><i>3 184</i></b>

Source: PKD Consultancy analysis of Punjab Development Statistics, 2008; E&T Department

The number of sanctioned posts was approved in 1994 and two-thirds of the employees are ‘experts’, working as assessors, inspectors and local tax administrators (clerks). The remainder are support staff, e.g. drivers (70), caretakers (52), sweepers (43), etc. (Table 2.2 below) -

**Table 3.2: Staff positions at E&T Department, 2009**

<i>Staff</i>	<i>Appropriated staff positions</i>
Director General, Additional DG	2
E&T Directors	12
Excise and Taxation Officers	60
Assistant ETO (assessors)	161
E&T Inspectors	719
E&T Clerk/Constable	1,021
<i>Subtotal technical staff</i>	<i>1,974</i>
<i>Additional technical staff, above BS-11:</i>	<i>190</i>

<i>Additional staff, BS-11 and below</i>	<i>1,019</i>
<b>Total</b>	<b>3,184</b>

*Source – PKD Consultancy Ltd analysis of sanctioned staff posts*

### **3.2 Composition of Staff by pay scale**

The organisation of the E&T Department is based on a territorial-hierarchical structure with mixed tax collection and enforcement functions. Comparing the employment structure of all government tiers in Punjab with the E&T Department by the basic pay scale, tax administration is dominated by the civil servants in BS-5-15 (58% in Punjab, 87% of E&T staff). The tax administration staff in all pay scale categories work mostly at the District Offices (92% of the total employees, compared to 65% for the Punjab generally. (Table 2.2 below)

**Table 3.3: Composition of administrative staff by pay scale**

<b>Pay scale</b>	<b>Punjab total</b>	<b>E&amp;T Total</b>	<b>Out of this: working at sub-provincial level</b>	
			<b>Punjab</b>	<b>E&amp;T Total</b>
BS-1-4	25.1%	4.9%	66.2%	75.6%
BS-5-15	58.3%	86.9%	61.5%	93.0%
BS-16	5.2%	5.7%	75.6%	92.2%
BS-17-22	6.1%	2.6%	48.6%	85.4%
Unspecified	5.4%	0.0%	98.9%	
<i>Total</i>	<i>100.0%</i>	<i>100.0%</i>	<i>64.6%</i>	<i>91.9%</i>

*Source: PKD Consultancy analysis of Punjab Development Statistics, 2008; E&T Department*

#### **3.2.1 Comparison with Provinces / FBR**

The following table shows the composition of staff by grades in the provinces relative to the Punjab. There appears to be relative parity in the grades in all the Provinces with the exception of grades BS 1 - 4 in Khyber Paktunkhwa, where they have a relatively higher number of lower grade posts than the remaining Provinces. Also both Islamabad and Khyber Paktunkhwa have a relatively higher number of senior managers in grades BS 17 – 22.

**Table 3.4: Summary of administrative staff by pay scale by Province**

Pay Scale	Punjab	%	Sindh	%	KP	%	Baloch	%	Islamab	%	FBR Income Tax	%
BS 1 - 4	156	4%	126	5%	99	11%	91	7%	3	3%	562	43%
BS 5 - 15	2,766	87%	2,082	85%	689	80%	983	80%	80	87%	659	50%
BS 16	180	6%	151	6%	32	4%	129	10%	4	4%	23	2%
BS 17 - 22	82	3%	80	3%	41	5%	26	2%	5	5%	65	5%*
<b>Total</b>	<b>3,184</b>	<b>100</b>	<b>2,439</b>	<b>100</b>	<b>861</b>	<b>100</b>	<b>1,229</b>	<b>100</b>	<b>92</b>	<b>100</b>	<b>1309</b>	<b>100</b>

Source: PKD Consultancy Ltd analysis.

Note: The statistics for FBR relate only to the sanctioned strength of the Income Tax Division in grades up to grade BS20

It is interesting to note, proportionately, the high number of lower paid posts in the Federal Board of Revenues (Income Tax Branch) as compared to the Provincial Taxation Offices. However, we were informed that staff at the FBR had received an increase in pay equivalent to twice their salary. This effectively makes a real comparison of the grades meaningless.

A more detailed analysis by grade shows the following –

**Table 3.5: Composition of administrative staff by pay scale by Province**

BPS	No of Posts Punjab	No of Posts Sindh	No of Posts KP	No of Posts Balochistan	No of Posts Islamabad	FBR Income Tax
20	1	2	1	1	1	2
19	12	9	1	3		9
18	12	4	7	1	1	31
17	57	65	32	21	3	0
16	180	151	32	129	4	23
15	5	7	2			15
14	786	437	161	53	1	177
13						21
12	75	21	18	51	2	66
11	90		47	155	24	1
10						100
9	107	67	21	51	6	172
8	0				9	1

7	631	428	137	214	13	128
6	0	71				0
5	1072	1051	303	459	25	0
4	0	41	46			46
3						1
2	3	8				342
1	153	77	53	91	3	174
	<b>156</b>	<b>2439</b>	<b>861</b>	<b>1229</b>	<b>92</b>	<b>1309</b>

### 3.3 Staffing Relative to Taxable Properties

Table 3.6 below gives an indication of the number of staff per properties (exclusive of exemptions)

**Table 3.6: Workload per member of staff**

	Punjab	Sindh	KP	Balochistan	Islamabad
No. of Posts	3,184	2,439	861	1,229	92
No. of Taxable Properties	1,329,086	n/a	315,762	n/a	n/a
Properties per Staff	417		367		

Source: PKD Consultancy Analysis

Note: The information was requested on several occasions from the other Provinces but was not forthcoming

### 3.4 Capacity Development and Training

The following table shows a comparison of the training undertaken within the Excise and Taxation Departments in the Province –

**Table 3.7: Comparison of staff training undertaken by Provinces**

Staff Training					
	Punjab	Sindh	Balochistan	KP	FBR
Professional / Academic Training	Limited number supported for higher academic qualifications	Specialized Training for the Officers at National Institute of Management	No	No	Yes Wide range of further training available



Technical Training	No	Training Courses for DDO's at Institute of Audit & Accounts	No	Training on the law given	Yes Routinely undertaken
On the job training	No	Training of Inspectors at Rangers Head Quarters  Training of Inspectors at Police Training Centre  Training of Cashiers at Institute of Audit & Accounts	No	Recent training for inspectors but not routinely carried out for all staff	Yes Routinely undertaken
I.T Training	No	No	No	No	Yes All staff have been trained
International Study Tours	Under consideration	n/k	n/k	Has been proposed	Yes
TNA Undertaken	Yes but only to a very limited extent	n/k	No	No	Yes for all staff

Source: PKD Consultancy Analysis

Table 3.7 above clearly indicates that training and development are not seen as a priority in the Department and this contrasts sharply with the structured approach taken by the Federal Board of Revenue where training is treated as a high priority and seen as a major vehicle to improving efficiency and hence collection performance.

In many countries, e.g. Malaysia, the USA and the UK, in taxation offices training is an inherent part of staff development and includes not only on the job training but also professional, vocational and management training and is delivered on an ongoing basis. Training is seen as one of the key areas for improving the efficiency and effectiveness of staff and a key element in improving collection and reducing corruption.

### 3.5 Written Procedures

In order to ensure consistency of approach to work and to dealing with customers it is common practice in tax collection offices in the West to provide staff with working

manuals and procedures (working practices manuals) that are updated on a regular basis, e.g. in the United Kingdom in local authority offices working practices are developed electronically and distributed via an intranet so that staff have access to them at all times and updating them is a simple exercise of updating one central set of working practices.

A comparison of the Provinces appears to show that such written procedures are not seen as a high priority.

**Table 3.8: Comparison of Working Practices**

Punjab	Sindh	Balochistan	KP	FBR
No	n/k	No	No Only copy of laws available on the internet	Yes

Source: PKD Consultancy Analysis

We were informed that as part of the reform process in the Federal Board of Revenues a set of written procedures has been developed and are updated on a regular basis.

### 3.6 Staff Surveys

#### 3.6.1 Reasons for engaging with Staff

An essential area of benchmarking for any organization is to understand how staff perceive the organization for which they work and the managers for whom they work. The way in which this can be achieved is by undertaking staff surveys at frequent, pre-determined periods. The Excise and Taxation Department has never undertaken such an exercise.

If one were to be undertaken the Department would be able to use the results of the survey to improve local working conditions and practices and to improve involvement and engagement with staff

Employee engagement is driven by a combination of factors. However getting two things right is of central importance:

- *Defining what the organisation stands for - including its mission, goals and aspirations; and*
- *Aligning and enabling people to deliver their part of this mission, e.g. communications, performance management, training and development, recognition and reward.*

An employee engagement survey could help the Department to pinpoint:

- *What it is doing well (and not so well);*
- *The outcomes of doing these things – i.e. the extent to which the Department's employees are in fact engaged.*

By undertaking a survey of its staff the Department can measure, prioritize and then take action in the right areas, whether across the whole organization or within groups of employees.

The drivers for undertaking a survey can be summarised as:

- *Goal clarity*
- *Task satisfaction*
- *Employee involvement*
- *Teamwork*
- *Learning & development*
- *Recognition & reward*
- *Leadership & management*
- *Resources & support*

The outcomes from engaging with staff are:

- *Pride in the organization*
- *Commitment to long term career*
- *High levels of discretionary effort*
- *Willingness to recommend and advocate the organization*
- *Care about the future of the organization*

### 3.6.2 Types of Engagement

There are a number of ways to engage with staff as described below:

- **Satisfaction Surveys.** *Routinely measure employee satisfaction with various aspects of their jobs, such as management, growth opportunities, pay and benefits, training and development, etc.*
  - **Engagement Surveys.** *To determine if E&T's employees are fully engaged in the organization and if the goals of each employee are aligned with the goals of the Department.*
  - **Benefits Surveys.** *An employee benefits survey is useful to find out which benefits are most important to the staff, and in which programs employees intend to participate.*
  - **New Employee Questionnaires.** *Create a new employee questionnaire to streamline the new employee orientation process. Quickly collect an employee's contact information, hardware and software requirements, training needs, program preferences, etc.*
  - **Training Questionnaires.** *Get feedback about training course content, instructors, job usefulness, pace, length, etc. Establish success measures for in-house and external training courses.*
  - **Exit Interviews.** *Provide an anonymous means of gathering feedback about the Department during the employee exit process. Data gathered via questionnaires*
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*can be used to evaluate the Department's performance with regard to employee turnover, employee satisfaction, benefits, and management behaviour.*

### **3.6.3 Staff Satisfaction Survey**

A starting point for a survey would be a staff satisfaction survey the purpose being to create a benchmark against which future surveys can be judged. A survey of this nature can be directed to all staff, or just staff in one area of the Department or staff at different levels within the Department. In order to create a benchmark for future surveys the consultants believe that any initial survey should be to all staff.

An example of the type of questionnaire that may be used by the Department is given in Annex One.

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## Institutional Development / Public Financial Management

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### **EXCISE AND TAXATION DEPARTMENT**

#### **Section Four**

#### **Benchmarking – Customer Services**

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## **4.0 Benchmarking – Customer Satisfaction Survey**

### **4.1 *Customer Relations***

The E&T Department is essentially a customer service department that has considerable interaction with its customers through its front line offices, through telephone contact, through correspondence and through the website. At no point has the Department asked its customers about the services it provides yet one of the most important benchmarks for delivering a good service is the perception that customers have of the service they receive.

Ensuring that the department's customers receive a good service requires knowing both the good and the bad about their interactions with and perceptions of the department. In order to ensure the delivery of a good and timely service customer satisfaction is critical to long-term development of the department and improved collection levels and is one of the most important areas of benchmarking.

Customers whose needs remain unmet will remain dissatisfied. When it comes to financial performance, most organisations look hard and often at tangible assets, but often neglect their most valuable intangible asset - the customer. Improving financial performance requires understanding current levels of customer satisfaction, what it means for the future, and identifying ways to optimize it.

Currently, the Provincial Government is struggling to balance budgets in the face of an economic slowdown, rising inflation and high interest rates, all key factors in the revenue they collect. In the coming months, the Provincial Government will be forced to make a number of difficult decisions about how to allocate scarce resources across an array of public programs and services and/or raise taxes to generate more revenue. Incorporating input from community residents into policy decisions is vital to the improvement process and necessary to ensure a successful program of change. Good government depends on strong public support and a citizenry that is invested in the development and growth of their community.

An effective customer satisfaction survey program should focus on measuring customer perceptions of how well the department delivers on the critical success factors and dimensions of the business. These usually include factors like service promptness, staff responsiveness, and understanding of the customer's problem.

### **4.2 *Evaluating the Ongoing Customer Relationship***

Customer satisfaction surveys, typically conducted once or twice a year, are appropriate when interactions with the customer are ongoing or very frequent, making this type of study common among many government-to-customers and are highly effective for specifically measuring the quality of customer service. They measure satisfaction and performance levels in areas such as quality, service, delivery, and responsiveness as well as the department's ability to meet customer expectations and needs.

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### **4.3 Conducting a Customer Satisfaction Survey**

There are a number of ways that surveys can be undertaken with customers -

- *Face-to-face*
- *Exit survey* - As they are about to walk out of the office ask them to complete a questionnaire.
- *Telephone survey* - Call them on the telephone If the department has their phone number, and their permission, call them after their visit and ask how satisfied they are.
- *Mail them a questionnaire* - This technique has been used for a long time. The results are predictable.
- *Email them a customer satisfaction survey*
- *Email them an invitation to take a customer satisfaction survey*

An example of a Customer Service Questionnaire is set out at Annex Two.

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## Institutional Development / Public Financial Management

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### **EXCISE AND TAXATION DEPARTMENT**

#### **Section Five**

#### **Benchmarking – Urban Immoveable Property Tax**

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## 5.0 Benchmarking – Urban Immoveable Property Tax

### 5.1 Revenue Targets

The Federal Government has suggested that a target of 1% of GDP is an achievable target for the provincial governments but to do this would imply an increase in taxes of some 137%. According to the World Bank report in 2007 this would actually lead to a level of taxes that would exceed 1% of GDP. The World Bank estimate that if an international average for developing countries was used to set the revenue target this would imply an increase of 111% over the present level of taxes.

**Table 5.1: Local Property Taxes as a percentage of GDP**

Local property taxes as a percentage of GDP	
Bosnia and Herzegovina*/ (2007)	below 1%
Bulgaria (2007, all types!)	0.34%
Moldova (2008)	0.4%
Rep. of Macedonia (2007)	0.5%
Romania (2005)	0.6%
Serbia	0.3%
Kosovo	0.44%
OECD average, 2004 (23 European countries)	0.71%
International average for developing countries <sup>2</sup>	0.50
Pakistan	0.03%

Source: PKD Consultancy Analysis

### 5.2 Property Tax Revaluations

There are three main approaches to the basis of valuation -

#### 5.2.1 Capital Value Approach

This is normally based on the market value of the property as at the specified baseline date. This may be a current date such as the start of the tax year or as in the case in

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<sup>2</sup> World Bank Report 2010

Sweden, a date two years earlier than the tax year concerned. This has the advantage of ensuring the valuation authorities are able to consider all the evidence available before arriving at their valuations.

Market value is usually defined on the basis of a property's best and/or highest value. This approach may give rise to potential valuation issues where a property is used for a purpose that cannot generate the best or highest value. It may be possible in some cases for the taxpayer to dispute what the best and/or highest value is. This is particularly the case in mixed commercial areas where their properties are used for a wide range of uses, as well as raising arguments as the value of such use.

### **5.2.2 Rental Value Approach**

This is normally based on the open market rental value of the property as at specified date. A number of countries (England, Wales, Scotland and the Republic of Ireland) specify a baseline date (often termed the antecedent valuation date (AVD)) some time before the new values come into to effect thus ensuring the valuation authorities are able to consider all the evidence available before arriving at their valuations.

The (open) market rental value may be restricted as to the assumptions that can be made with regard to considerations such as changes of uses and alterations. For example in England and Wales one is not permitted to envisage a change of use of a property to another higher value use nor is one permitted to envisage even minor physical changes to the property. The rationale for the approach is that the tax is levied on the occupier and the amount of tax is based on the use to which the property is actually put to, not its potential value.

One problem that has been raised with the use of a rental approach is in those instances where some form of rent control restricts the rental value and hence distorts the basis of valuation. Whilst this criticism may be valid for some countries outside Europe, there is no evidence that any rent control is exercised in the countries that have adopted a rental value base.

Many properties are of such a nature that they would never let in the market and consequently alternative approaches to their valuation have to be adopted.

The use of a revenue (or accounts) approach has been adopted in England and Wales for many types of leisure related property and its use probably will increase especially for some of the larger and complex network type properties such as gas, water and electricity. The cost approach, which is related to the cost of construction, is probably a more widely accepted approach both in England and Wales as well as other European countries. One must not underestimate the considerable difficulties of relating cost to rental value and testing that the resulting value is appropriate.

### **5.2.3 Overall or Unit Approach**

The overall or unit approach does not relate to a property's values, neither rental nor capital but rather to its size. The tax is then levied at a prescribed rate per sq.m or per unit, which may vary depending on the predominant use of the property. These rates

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may be loosely based on rental or capital values but are more often an arbitrary rate fixed by the appropriate taxation authorities.

It is useful to note that in 1997, The Netherlands moved away from such a system in favour of a market related capital value approach. A number of countries in the emerging democracies have adopted the overall unit approach often due to a lack of property information, a limited and restricted property market as well as insufficient resources to enable the development of alternative systems. The move to a value based system will probably take place as and when resources and circumstances permit.

#### 5.2.4 Other Approaches

A number of other approaches have been encountered. The first is that of the capital value banding approach that has been adopted for the valuation of residential property for Council Tax within England, Wales and Scotland. This approach is based on property being ascribed to various value bands rather than valuing each individual property precisely.

In France, Spain and Switzerland the *taxe professionnelle* and the Local Business Taxes both include the value of the property plus a percentage of salaries in the case of France, and the business profits in the case of Spain and Switzerland.

The system in place in the Punjab may be described under this heading of 'Other Approach' The system is loosely based on rental values but has been corrupted in to a set of tables against which fairly arbitrary values are set. Unlike the English, Welsh and Scottish system the values in the tables are not based on actual values.

### 5.3 Revaluations

Regular revaluations are, or should be, a regular feature of a property tax to ensure that the value of the tax base keeps pace with the market pace and underpins the real value of the revenue receipts from property tax.

Table 5.2 shows the frequency at which the tax base is reviewed and updated in the countries shown.

**Table 5.2: Comparison of Revaluation Periods**

Country	Name of Tax	Date of last review and/or frequency of review
Bulgaria	Real estate tax	<i>1<sup>st</sup> January 2006 – the legislation enables the government to determine the next revaluation date.</i>
	Land Tax	<i>Values are based on either market value or insurance value Based on market value</i>

Country	Name of Tax	Date of last review and/or frequency of review
Czech Republic	Agricultural land, woodland for business, fish farm land	Revalued every five years
Romania	<i>Impozite si taxe locale</i> —Building Tax	Annual—either value in accounts or insurance valuation.
	<i>Impozitul per teren</i> —Land Tax	Annual—by change of tax rate only
Spain	<i>Impuesto de valor de los terrenos de naturaleza urbana</i> —Urban Land Appreciation Tax	This is not an annual tax - it is imposed on the sale of the property. The taxable base is the same as in the local real estate tax
	<i>Impuesto sobre bienes inmuebles</i> —Local Real Estate Tax	The law establishes a maximum of 8 years between revaluations
England	Council Tax	No revaluations since 1993
	Non domestic Rating	2010—every 5 years
Wales	Council Tax	2005
	Non-domestic Rating	2010—every 5 years
Scotland	Council Tax	No revaluations since 1993
	Non-domestic Rating	2005—every 5 years
Northern Ireland	Rates - Commercial properties	2009 – every five years
	Rates – Domestic properties	2007 (First revaluation for some 30 years)
Punjab	Urban Immoveable Property Tax	Every 5 years but law allows up to 3 years extension 2010 (last revaluation 2002)

Whilst the above table shows that there have been reasonably regular revaluations (except the Council Tax in England and Scotland) many countries have either no provision for regular revaluations of the tax base or have postponed such revaluations, often on many occasions. As a result the tax base bears little resemblance to the value on which it is stated to have been based, capital or rental values. Problems associated with the lack of an updated tax base can give rise to high effective tax rates to offset a lack of buoyancy in the tax base and this is often perceived negatively by taxpayers. If a lack of revaluation is not offset by high tax rates as has been the case in the Punjab then there is an effective loss of real value in the revenue generated from the property tax.

#### 5.4 Indexation of Tax Rates

Many countries have attempted to overcome the problems associated with infrequent revaluations by some form of indexation by either the use of actual annual

revaluations, indexation of an earlier revaluation or by self assessment declarations made by the taxpayer.

Whilst annual indexation between regular revaluations of say 4 or 5 years may ensure a relatively accurate tax base its use becomes more questionable when the base has not been updated for 10 or 20 years. France is a good example of where the base was last reviewed anywhere between the mid 1970's and 1980's depending on the tax and the property and its location. The position is made far worse where the property market is changing rapidly especially in major towns and cities.

The use of indexation in the property field is common in mainland Europe as the rents of commercial property are usually increased annually by an index to ensure the tenant is paying a rent approximating to the rental value of the property. In most countries the retail price index is often adopted whilst in others, such as France and Spain, an index has been specifically designed for the purpose. Even in the area of property leasing it is considered that the use of such indexes will mean that the rent paid is often below that of the true rental value of the property. In the United Kingdom the non-domestic property tax increase on annual basis by the rate of inflation but with the domestic property tax local authorities are allowed to increase the tax based on their expenditure needs – however the Government provides guidance on what the maximum level of increase is expected to be. The guidance includes penalties if any particular local authority exceeds the advised level of increase.

For local taxation purposes the same issues apply. Any index adopted needs to be closely related to the property market in that location and for the specific property type. In most cases, the index is a single figure applied across the whole of the country and for all types of property.

In France the total increase in the index since 1981 is 243%, but since 1988 the annual indexation has only been between 0% and 2% p.a. The current index, 0% for land and 1% for buildings, is far below changes in property values.

In the Punjab there has been no indexation of the tax rate and the result is lost revenue as indicated in Table 5.3 below:

**Table 5.3: Indexation – Loss of Income**

Year	Inflation Index <sup>1</sup>	Actual Collection Rs. <sup>3</sup>	Indexed Collection <sup>2</sup> Rs. <sup>3</sup>	Revenue Loss Rs. <sup>3</sup>
2001-02	100%	1,940		-
2002-03	103.10%	1,996	1,996	-
2003-04	107.81%	2,051	2,115	64

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2004-05	117.82%	1,961	2,114	153
2005-06	127.15%	2,189	2,579	390
2006-07	137.03%	2,213	2,814	601
2007-08	148.67%	2,453	3,361	908
2008-09	161.31%	2,500	3,717	1,217
Total				3,333bn

Source: PKD Consultancy analysis

Notes: Inflation index used is the Consumer Price Index obtained from the Federal Bureau of Statistics website.

The base year used for the Indexed Collection is 2002/03,

The amounts shown are in millions.

The table shows clearly that the value of revenues from UIPT has fallen in real terms over the past few years because of a lack of revaluation and a static tax rate. On an international level indexation is used in one form or another to ensure that the income base is buoyant in between revaluations.

## 5.5 Exemptions and Reliefs

### 5.5.1 Exemptions

Whilst there are considerable variations internationally the subject of exemptions can be considered from two viewpoints:

- *Exemptions and reliefs that are given due to the nature of the taxpayer*
- *Exemptions and reliefs that are given due to the nature of the property.*

Countries may adopt either or both approaches.

In Spain some exemptions and reliefs are established by central government but each municipality can decide when they apply and also set the rate, with some legal limitations.

It is not possible to produce a definitive list on exemptions that could be applied to all countries. However some common features can be identified as to the types of properties where some form of relief or exemptions may be granted:

- *Land owned by the state and used for the provision of public services, such as schools, hospitals, cemeteries etc. are usually exempt or excluded from the tax legislation (for example, Bulgaria, Sweden, the Netherlands, Moldova, Czech Republic, Estonia);*
  - *Land and property used for religious purposes (for example, UK, Denmark, Czech Republic, Bulgaria and Spain);*
  - *Historic land and buildings (for example, United Kingdom, Portugal, Poland);*
-



- *Agricultural land (for example, Ireland, United Kingdom, Macedonia, Bulgaria);*
- *Relief based on ecological concepts such as use of solar panels for electricity production, or recycled water for some domestic usages, etc.*

### **5.5.2 Reliefs**

With regard to relief to taxpayers, this takes many diverse forms and can include:

- *Relief to persons of pensionable age (France, Moldova, Estonia), or*
- *Related to certain personal circumstances: large families or university students as occupiers,*
- *Relief to disabled persons (United Kingdom, Czech Republic, Moldova, Slovakia, Estonia, Poland, France);*
- *Relief of either a percentage of the tax for owner-occupiers of residential accommodation (Bulgaria) or an initial amount of the tax can be remitted (France);*
- *Income based relief scheme (United Kingdom, Northern Ireland, Scotland and Wales).*

Although not considered reliefs in the normal sense associated with local taxation, some countries have also introduced often highly complex arrangements that limit the amount of tax payable. For example in the United Kingdom some form of transitional relief limits the amount by which the non-domestic rating bill can be increased in any single year. Likewise in France, provisions also limit the amount of *taxe professionnelle* payable.

There is no really common approach to this area across European countries other than the very limited areas described above. Most countries have developed systems that satisfy their individual needs and are often closely linked with other forms of taxation or state aid and benefits.

The reliefs provided in the UIPT Act 1958 are relatively straightforward and accord mostly with international practice. The two areas in which they vary are the relief provided to widows and retired civil servants and the blanket 5 Marla exemption.

### **5.5.3 Income based Exemption / Relief Schemes**

In some countries there are income based relief schemes that assist those who incomes are low and who can least afford to pay the property tax. The schemes range from the very sophisticated and detailed such as the benefit scheme operated in the United Kingdom in relation to domestic taxpayers to the less sophisticated operated in many of the States in the USA: -

- *Homestead exemptions are reductions in the amount of assessed property value subject to taxation for owner-occupied housing. Most homestead exemptions provide the same reduction in the assessed property value for all eligible households.*
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- *However, some programs offer exemptions that phase out as income increases. This is a form of “circuit breaker” program that usually occurs when tax credits decrease as income increases.*

State governments offer two types of *property tax credit* programs:

- *Homestead credit programs that provide the same reductions in property taxes to all eligible households, and*
- *“Circuit breaker” programs in which tax credits decrease as income increases.*

A further option operated in many countries is a Property tax deferral program that allows older and disabled homeowners to defer payment of all or a portion of their property taxes until the sale of their property or death. The deferred taxes become a lien against the value of the home.

These types of schemes enable Government to assist those who cannot afford to pay property taxes without the need to allow blanket reliefs that by definition provide assistance to all regardless of ability to pay.

## **5.6 Business Processes**

As part of an earlier project<sup>3</sup> the consultants undertook a detailed review of the business processes in the Excise and Taxation Department and for convenience a detailed description of the processes relevant to the UIPT is included in a separate document entitled “Part Two – Business Processes” together with detailed process maps.

It is not intended to repeat the work of that report as it is available to the Department but the principal conclusion that can be reached from the work undertaken in relation to the UIPT is that the systems are currently manual and this is in sharp contrast to international practice where systems are largely electronic (e.g. UK, Spain, USA, Lithuania and in some States in India e.g. City of Chennai).

### **5.6.1 Computerisation**

The position on computerisation relative to the other Provinces is indicated in Table 5.4 below: -

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<sup>3</sup> Fiscal and Financial Management Reform - Taxation Reforms 2009 (PRMP)

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**Table 5.4: Computerization of UIPT across the Provinces**

	Punjab	Sindh	Balochistan	Khyber Pakhtunkhwa
UIPT	Basic database system under development <ul style="list-style-type: none"> <li>• Will produce challans</li> <li>• No enforcement action</li> <li>• No 'e' links for payment</li> </ul>	Under Development <ul style="list-style-type: none"> <li>• 85% Complete</li> <li>• No enforcement</li> <li>• No 'e' links for payment</li> </ul>	Not Known	System implemented in 2008 for billing <ul style="list-style-type: none"> <li>• No assessment, collection or enforcement capability</li> </ul>

Source: PKD Consultancy analysis

Each of the Provinces are roughly in the same position so far as computerisation is concerned and all appear to have simply created electronic versions of manual systems. In the best of European countries property tax systems are fully automated and have links with the banks and post offices for automated payments. They also have integration with computer aided valuation systems and Document Management Systems.

There is no effective computerisation in the Punjab E&T Department and the system that is currently being developed, if benchmarked against modern property tax systems in Europe lacks the following –

- A comprehensive property assessment module;
  - To allow the periodic appraisal of properties and then entry of that and related information.
- Management of exemptions, reliefs and allowances;
- Access to relevant and current legislation;
- An automated payments processing / collection system; incorporating electronic payments made by money transfer or cash handling as well as an electronic payment/information exchange with the banks;
- An automated enforcement process;
- End of year / beginning of year processing tasks;
- Electronic internal check;
- Integration with a document management system to allow access to the historical records and all correspondence received by the department.

- Integration with an electronic working practices / procedures manuals;
- Interoperability with other systems / applications (e.g. Microsoft Office, SharePoint);
- Links to the banks and court systems;
- User defined reporting / MIS facilities; incorporating a financial management information system that allows forecasting and budgeting and a separate management information system that displays various dashboards providing information about the ETAC system data.
- A built-in help system/training mode; Providing context sensitive help to users relating to the screen or field they are looking at;
- Links to a complaints handling system; Allowing customers complaints to be linked to their property and the history of the correspondence made available to a member of staff to allow them to review, progress and when appropriate close the complaint;
- A comprehensive auditing function; Allowing all changes made to the records held to be fully audited providing a complete history of individual records / transactions and who has dealt with them.

### **5.6.2 Improving Collection through Computerisation**

The principal reasons for computerising the tax collection process are to –

- *Improve efficiency and effectiveness through timely billing and collection;*
- *Improve productivity;*
- *Reduce corruption;*
- *Improve collection rates.*

These objectives can be seen by the experience in Chennai Corporation, India, which collected Rs.323.79 crore as property tax in 2008-09, an increase of almost Rs.33 crore over the collection in the previous fiscal year. The increase in the collection came without any change in the tax rates but was credited to computerization of the collection process as the main reason for the significant increase. The principal reasons being that the use of information technology tools helped in providing a better analysis of the target groups for efficient collection.

### **5.6.3 Punjab E&T Approach to Computerisation**

The computer system that has been developed (the ETAC system is essentially a computerized manual system that does little more than produce the Challans. There has been an “on and off” approach to its development and even the production of the specification from which the developers worked was written by head office staff without input from front line staff. There was no vision developed of what the

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Department wanted and expected from the system – due largely to a lack of experience of computer systems and their capabilities.

This approach can be contrasted with the approach taken by the Federal Board of Revenue which was to -

- *Develop a Concept / Vision.*
- *Undertake a detailed discovery and design stage.*
- *Software Development.*
- *Comprehensive Testing.*
- *Roll-out and Change Management.*

The FBR took an Incremental development approach – maintaining a complete vision of future systems model, but building the system incrementally with thorough testing at each stage.

Their vision was comprehensive –

- *Step 1 (Foundational Systems)*
- *Data capture Systems.*
- *Control systems.*
- *Policy planning support systems.*
- *Step 2 (Payback Systems)*
- *Revenue Enhancement systems, because the ultimate measure of success is revenue collection.*
- *Discretion minimization systems.*
- *Risk assessment systems.*
- *Taxpayer facilitation systems.*
- *Centralized database (A business imperative)*
- *Browser based User Interface supporting*
- *Internet*
- *Intranet*
- *Extranet*
- *e-filing (Taxpayer portal)*
- *Electronic Fund Transfer*
- *Risk Assessment, and Targeted Audits*
- *Data Warehouse (OLAP/BI Tools)*
- *Document imaging and indexing - Total integration within FBR*
- *Stronger integration with external databases*

In developing their approach one of the key decisions was to put together a team of people to develop the system comprising –

- *Subject expert(s) providing mentoring and strategic inputs on contemporary best practices. (International Consultants).*
  - *Technology knowledgeable tax experts drawn from within the tax organization (Tax Officers).*
  - *Business knowledgeable Technologists (PRAL).*
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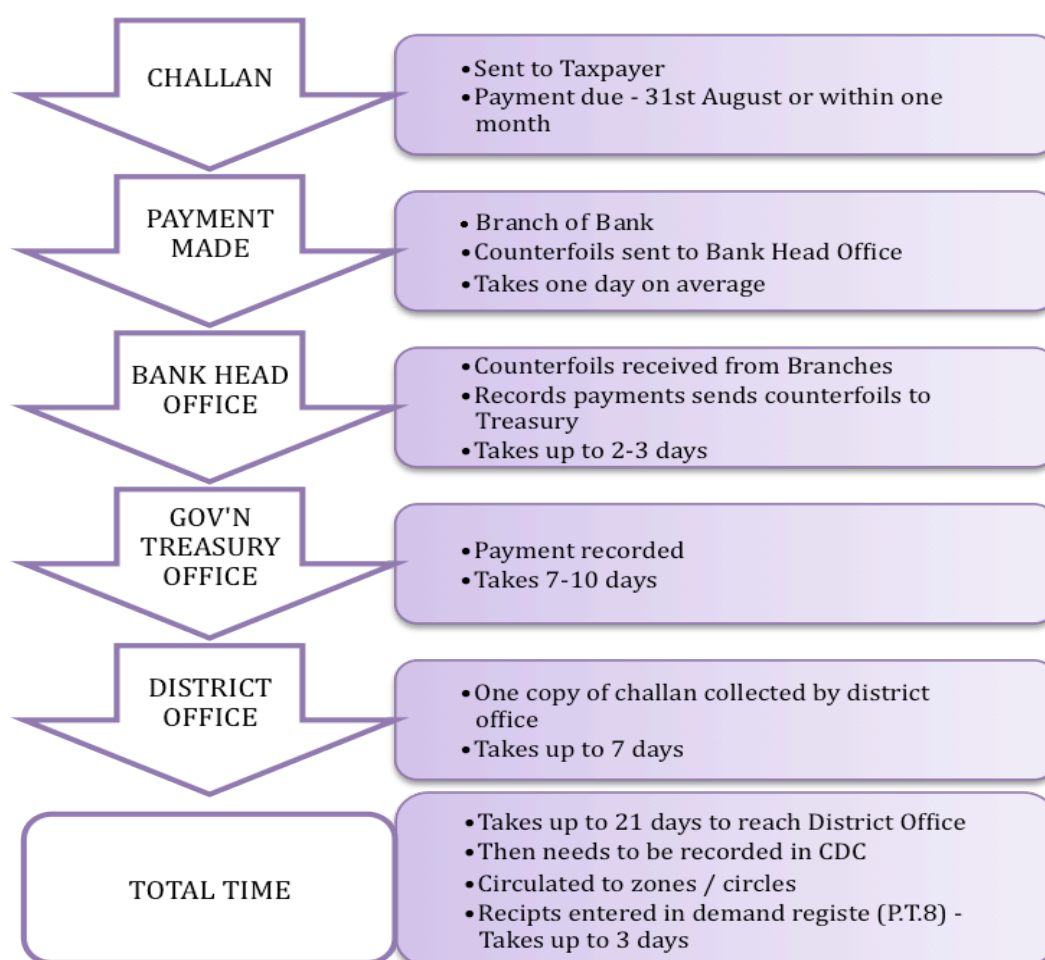
- *Pure Technologists (PRAL).*

This structured approach contrasts completely with the ad hoc, amateurish approach taken by the E&T Department and there is no doubt that there are key elements of the FBR approach that could be usefully studied by the E&T Department before any further development of the ETAC system takes place..

#### 5.6.4 Payment Processes

A straightforward example of the benefits that can be gained from an electronic system that is integrated with the banks is in the speed in which payments are posted to a taxpayers account. In the Punjab this period is approximately 21 days as can be seen from Table 5.5 below: -

**Table 5.5: Computerization of UIPT across the Provinces**



Source: PKD Consultancy analysis

In a fully integrated system, e.g. in the United Kingdom, France , Germany if a taxpayer makes payment in to a bank that payment will transferred electronically to

the taxation authority at the end of the working day and automatically posted to the taxpayer's account the following day.

In addition a variety of electronic methods of payment are accepted –

- *Direct Debits.*
- *Direct Credits.*
- *Credit Card payments.*
- *Debit card payments.*

Payments are facilitated via the banking system, on-line, over the telephone including using mobile technology.

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### **EXCISE AND TAXATION DEPARTMENT**

#### **Section Six**

#### **Benchmarking – Motor Vehicle Taxes**

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## 6.0 Benchmarking – Motor Vehicle Taxes

### 6.1 MVT Revenues

Revenues from motor vehicle taxes is an important element of the Punjab government revenues accounting for some 45% of the taxation income collected by the Excise and Taxation Department.

In recent years the tax base for motor vehicles, particularly motor cycles has been expanding quite considerably as more new vehicles have been registered, however, over the past two years because of rising prices, high interest rates and the general economic climate the number of new vehicles being registered is declining as can be seen from the following table –

**Table 6.1: Numbers of Registered Vehicles**

Vehicles Category	No of Vehicles Registered 2007 / 08	No of Vehicles Registered 2008 / 09
Motorcycles	542,828	444,244
Motor cars	95,725	37,258
Others	453,099	548,703
Total	1,091,652	1,030,205

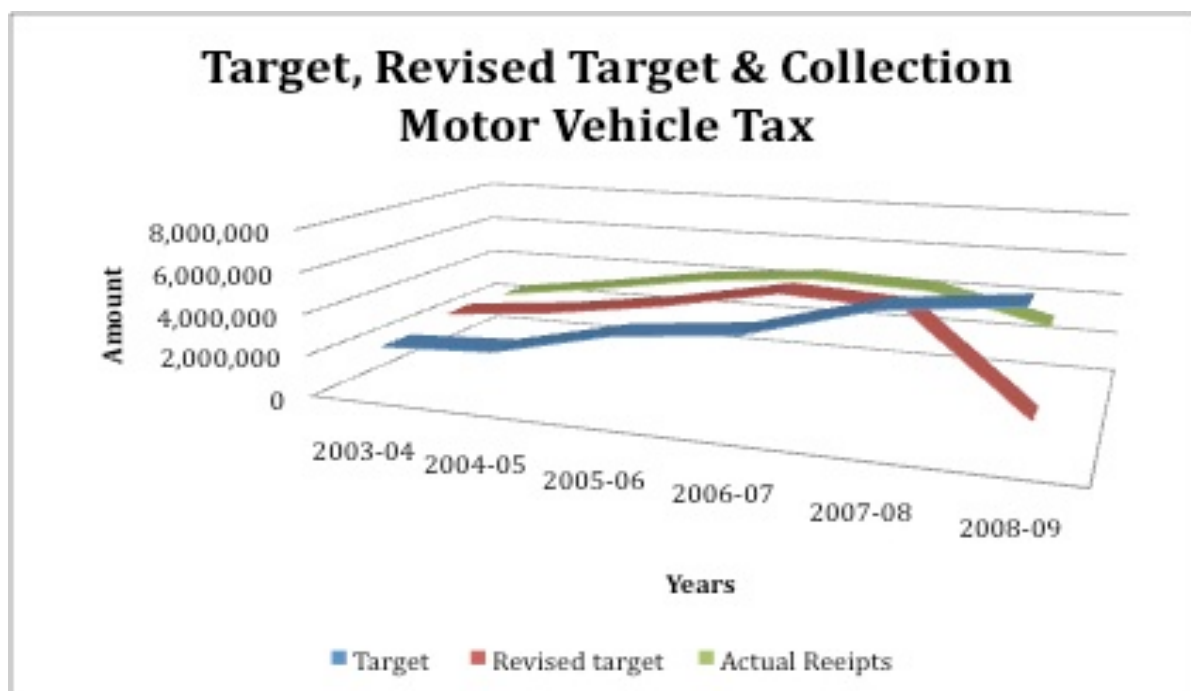
Source: PKD Consultancy analysis

This decline in the number of registered vehicles is, of course, reflected in a reduction of income in 2008 / 09 as can be seen in Table 3.3 below –

**Table 6.2: MVT Collection**

Year	Target Rps.bn	Revised Target Rps.bn	Actual Collection Rps.bn
2003 - 04	2,260,000	2,581,231	2,410,949
2004 - 05	2,535,000	3,100,000	3,162,971
2005 - 06	3,793,000	3,894,000	4,025,763
2006 -07	4,348,160	4,972,086	4,527,612
2007 - 08	5,915,819	4,672,000	4,335,359
2008 - 09	6,515,819	4,050,000	4,129,876

Source: PKD Consultancy analysis

**Figure 6.1: MVT Revenues**

Source: PKD Consultancy analysis

The following table shows the relative performance with the other Provinces in 2008/09 -

**Table 6.3: MVT Collection Relative to Other Provinces**

	Punjab			Sindh			Khyber Pakhtunkhwa			Balochistan		
	Target Rps bn	Actual Rps bn	% age	Target Rps bn	Actual Rps bn	% age	Target Rps bn	Actual Rps bn	% age	Target Rps bn	Actual Rps bn	% age
MVT's	4,050,000	4,129,876	102	1,916,100	2,118,953	111	665,000	609,306	92	342,510	320,997	94

Source: PKD Consultancy analysis

It is impossible to measure the relative performance because of the unreliability of the targets, which in the case of the Punjab were initially determined by the Finance Department and not the E&T Department.

## 6.2 MVT Tax Rates

MVT Tax rates in the Punjab have stayed basically the same in the Punjab since 2000 with only minor amendments being made in some categories. A comparison with the tax rates in the other Provinces (Annex ) shows that all the Provinces are broadly levying the same level of taxes

In the majority of European countries motor vehicle taxes are seen as an important source of revenues and are subject to annual rises in the tax rates. In the Punjab there has been no effective increase in the tax rates since 2000 in spite of a rise in the consumer price index of some 195% between 2000 and 2008. In real terms the value of the income has fallen.

### **6.3 MVT Process**

The current system of registration relies on the vehicle owner informing the Excise and Taxation Department of his/her ownership – Rule 23 of the Punjab Motor Vehicle Ordinance 1965 specifies, “new vehicles should not be driven without being registered”. Since February 2009 penalties have been applied to those owners who do not register their vehicles within 60 days of purchase of the vehicle e.g. a vehicle that is registered between 60 to 120 days following purchase the owner is subject to an enhanced registration fee of 125% of the original amount. The fact that registration is the responsibility of the owner leads to the Department having to deal, quite literally, with hundreds of thousands of individual owners each year. Similar systems apply in the other Provinces.

A full review of the business processes is contained in the accompanying report “Excise and Taxation – Business Processes”.

In terms of how other countries deal with MVT in the European Community the registration procedure is not harmonised at Community level. In other words, different procedures are applied and different documents required in the various Member States. However, national rules must comply with a number of principles under Community law including issues relating to the testing of vehicles for roadworthiness before they are registered. In European countries the registration of new vehicles is generally undertaken at dealer level rather than directly between car owners and the registration authority.

In Spain tax on motor vehicles is a direct tax, mandatory and the management of which is fully carried out by Local Councils. It is a tax levied on ownership of motor vehicles. Taxpayers are those individuals or entities appearing as holders in the log book. The tax amount is calculated under a tariff table. The table assigns every type of vehicle a minimum amount to pay. This minimum amount depends on: the output tax of the vehicle, the number of seats, cargo capacity and engine capacity.

Every type of vehicle has a different criterion for the calculation of the minimum:

- |                                     |                         |
|-------------------------------------|-------------------------|
| • <i>Car</i>                        | <i>output-power.</i>    |
| • <i>Bus</i>                        | <i>seats available.</i> |
| • <i>Trucks</i>                     | <i>usable load.</i>     |
| • <i>Tractors</i>                   | <i>power tax.</i>       |
| • <i>Trailers and semi trailers</i> | <i>usable load.</i>     |
| • <i>Mopeds and motorcycles</i>     | <i>cubic capacity.</i>  |

In Malaysia the car dealer will arrange the road tax, which is geared to the size of the car engine and basically owners of cars with engines sizes over 2,500cc can expect to

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pay a high annual tax. For example the road tax for an 1800 cc car is just RM325 a year rising to RM895 for a car with 2500cc. After that the rate increases by RM250 for every 100cc so a car with 3,000cc will cost RM2,155 a year. For cars with an engine over 3 litres the rates climb even more steeply. As in most countries drivers are expected to display the road tax in the windscreen of the car. No reminders are issued for the renewal and the onus is on the owner to renew the tax or face a fine.

#### **6.4 Computerisation**

The Department has developed a computerised motor vehicle taxation system that is currently being rolled out to the 36 Districts. Computerisation was started in Lahore and after one year, we were informed that recovery of MVT had risen by 3 times (some officers take the view that this was not the case).

The following table indicates the level of computerisation relative to the other Provinces –

**Table 4.: Computerisation Relative to Other Provinces**

<b>Punjab</b>	<b>Sindh</b>	<b>Khyber Pakhtunkhwa</b>	<b>Balochistan</b>
System Developed	System Developed	System Developed	System Developed
No capability for electronic payment	No capability for electronic payment	No capability for electronic payment	No capability for electronic payment

*Source: PKD Consultancy Analysis*

The relative position between the Provinces appears to be much the same. .

#### **6.5 Collection Procedure**

##### **6.5.1 Tie Up Vehicles**

In relation to non-tie up vehicles the token tax is collected through the 'post offices' at specific windows allocated for this purpose. The taxpayer shows his registration documents to the counter clerk, who reviews the last tax receipt (PT-24) and collects the applicable tax including any penalty that is due for the period starting from the last payment date (mentioned on PT-24) to the current date.

The counter clerk then makes out a new PT-24 for the amount of tax collected and forwards this along with registration book to the ledger clerk. The ledger clerk refers to the taxpayer's record of tax payments (if he had paid his last tax in that post office), which is maintained in the form of standard manual registers known as PT-3. This is the record of payments of token tax is maintained by that post office.

For taxpayers paying tax for the first time in a particular post office, a tax payment number is allotted to them. For the taxpayers who migrate from one

post office area to the other one a fee of rupees 50 is charged and a transfer advice is obtained from the previous postmaster to enable and update the record for the current period in the new post office.

If the ledger clerk is satisfied that amount of tax collected as per PT-24 is adequate as per the taxpayer's history, he stamps the PT-24 and records the new tax receipt in the register accordingly. On completion of this process the ledger clerk returns the receipt along with registration book to the taxpayer and a collection statement is forwarded to the MRA.

Although the central records are computerised the payment and renewal process are essentially manual systems.

This compares to the position in the United Kingdom and most European countries where MVT is fully computerized and all transaction can either be undertaken on line or through local post offices – who do not hold the records of motor vehicles but who transfer information and payments on line to the central authority responsible for MVT. In renewing the annual road tax in the UK the vehicle owner has to the Post Office the following –

- *A completed application form – that has been previously sent by the taxation authority.*
- *A copy of an insurance certificate or cover note – must be valid when the tax disc starts.*
- *A valid MOT certificate – if the car or motorcycle is over three years old showing that it has been tested as roadworthy by an authorised garage – must be valid when the tax disc starts.*
- *The payment shown on the reminder.*

The payments and the application are recorded and notified electronically to the central authority. Payment and renewal will show the following day against the vehicle owner's record in the central database.

### **6.5.2 Non-Tie Up Vehicles**

Token tax is deposited in an approved branch of National Bank of Pakistan or the State Bank. The owner of the vehicle completes a standard deposit Challan Form 32-A and deposits the payable amount at the bank. Form 32-A is completed in triplicate; the owner retains the original copy. In the United Kingdom banks are not involved in the process.

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## Institutional Development / Public Financial Management

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### **EXCISE AND TAXATION DEPARTMENT**

#### **Section Seven**

#### **Benchmarking – Professional Tax**

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*MAY 2010*

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## 7.0 Benchmarking – Professional Tax

### 7.1 Professional Tax Revenues

The Professional Tax is administered under the provisions of The Punjab Finance Act 1977 and the Punjab Professional and Trade Tax Rules 1977. It is levied on and collected from those persons engaged in a profession, trade, calling or employment in the Province of the Punjab. At approximately Rs.300,000 annually it does not represent a significant source of income but it has been steadily increasing over the years as more classes of taxpayers have been brought in to liability. – As can be seen from Table 7.1 below –

**Table 7.1: PT Revenues**

Year	Target	Revised Target	Actual Collection	%age Achievement against R.T	%age Achievement against A.T
2003 - 04	260,000	270,000	197,433	73	76
2004 - 05	300,000	266,000	200,920	76	67
2005 - 06	300,000	300,000	232,833	78	78
2006 -07	400,000	310,000	270,723	87	68
2007 - 08	370,000	360,000	298,449	83	81
2008 - 09	370,000		298,096	0	81

Source: PKD Consultancy Analysis

An analysis of the business processes is shown in the accompanying report entitled 'Excise and Taxation – Business Processes'.

It is not a significant tax in the other Provinces as can be seen from the Table blow –

**Table 7.2: PT Revenues Relative to the Other Provinces**

	Punjab			Sindh			Khyber Pakhtunkhwa			Balochistan		
	Target	Actual Rp 000	%	Target	Actual Rp 000	%	Target	Actual Rp 000	%	Target	Actual Rp 000	%
Professional Tax	350,000	384,493	110	225,000	201,811	94	83,000	95,340	115	900	951,023	106

Source: PKD Consultancy Analysis

## 7.2 Computerisation

The following table indicates the level of computerization of the professional tax within the Provinces.

**Table 7.2: Computerisation within the Provinces**

Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan
None	System under Development	None	System under development – To be implemented in July 2010

Source: PKD Consultancy Analysis

This compares to the position in Chennai, India Online where computerisation of the Professional Tax has taken place. Payment may be made online and taxpayers can check the status of their payment through the Municipal website.

## 7.3 Comparison with Other States

Professional tax is not a common tax internationally. It is levied in Pakistan and in India where the tax is charged by Municipal Corporations and most of the States in India. The maximum tax payable per annum is Rs. 2,400/- and according to salary. This tax is paid by every employee working in Private organizations and is deducted by the employer every month and remitted to the Municipal Corporation. Mandatory like income tax but an exemption is allowed against income tax for the payment made. In Delhi the tax is a minimum of Rs.600/- per annum and a maximum of Rs.2400/- based on salary.



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## Institutional Development / Public Financial Management

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### **EXCISE AND TAXATION DEPARTMENT**

#### **Annexes**

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## **Annex 1 Staff Satisfaction Questionnaire**

# **Government of the Punjab**

## **Excise and Taxation Department**

### **Staff Satisfaction Survey**

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**Excise and Taxation Staff Satisfaction Survey****Why is this survey taking place?**

The purpose of the Staff Satisfaction Survey is to -

- *Obtain an understanding of staff perception of the Department and the way in which they are treated.*
- *Evaluate the way in which the Department deals with its staff.*
- *Highlight any areas that may be improved.*

**What happens to my completed questionnaire?**

Once the completed questionnaires are collected, the information will be collated and analysed in order to highlight where the Department could improve and the questionnaires will be filed away.

**Will my answers remain confidential?**

All answers will remain confidential.

**Why have I been chosen for this questionnaire?**

The recipients of this questionnaire were chosen at random from within the Department

**How long do I have to complete the questionnaire?**

To ensure that your answers are included in our analysis, completed questionnaires need to be returned within one week of receipt.

**Any more questions**

If you have any other questions, please contact:

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## Excise and Taxation Staff Satisfaction Survey

(Please tick the boxes as appropriate)

1. Overall, how satisfied or dissatisfied are you with your present job?	
	Please Tick
Very satisfied	<input type="radio"/>
Fairly satisfied	<input type="radio"/>
Fairly dissatisfied	<input type="radio"/>
Very dissatisfied	<input type="radio"/>

2. Below are a number of factors that may apply to your working life. Please tell us how satisfied or dissatisfied you are with each of these factors in YOUR job?				
	Very satisfied	Fairly satisfied	Fairly dissatisfied	Very dissatisfied
Interesting work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Basic pay	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Existing Benefits package (e.g. Holidays, Allowances etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Existing Retirement package (e.g. Pension)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Job security	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Friendliness of colleagues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Working hours	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Working environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Workload	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resources for your section	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Making the best use of your skills and ability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Feedback on your performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Feeling you have accomplished something worthwhile at work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The input you have into scheduling your workload	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The level of training you receive to do your job well	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Opportunity to show initiative in the work you do	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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**3. Below are a number of factors that may apply to your working life. Please tell us how satisfied or dissatisfied you are with each of these factors in YOUR job?**

	Agree	Strongly agree	Disagree	Strongly disagree
If I perform well I will be rewarded for my efforts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am happy with the career development opportunities available to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**4. I am now going to ask you to rate the Department as a place to work compared with other organizations that you have worked for? Would you rate it as**

One of the worst	<input type="radio"/>
Below average	<input type="radio"/>
About average	<input type="radio"/>
Above average	<input type="radio"/>
One of the best	<input type="radio"/>

**5. Below are a number of statements that could be used to describe your immediate line manager, i.e. the person to whom you report to on a day-to-day basis.**

**For each, please tick the box that you think most applies to your line manager?**

	Always	Usually	Rarely	Never
Is approachable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Is open in his approach to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consults me on matters where I can contribute	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Makes decisions quickly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Makes clear what is expected of me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Listens to my ideas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Acts on my ideas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gives me credit if I've done a good job	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gives me feedback on how I am doing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Identifies my training and development needs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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**6. Please answer the questions below relevant to management style**

	Agree	Strongly agree	Disagree	Strongly disagree
Senior management are not interested in listening to staff opinions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Speaking up on issues where you disagree with management can damage your career prospects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Senior management acts fairly in their day-to-day treatment of staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that my contribution is valued within the business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am told why things happen within my team	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**7. Please tell us how much you agree or disagree with the following statements.**

	Agree	Strongly agree	Disagree	Strongly disagree
Communications are good between different sections in the Department	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Change is well managed in the Department	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**8. Again using the same scale, please tell us how much you agree or disagree with the following statement?**

	Agree	Strongly agree	Disagree	Strongly disagree
I would speak highly of the Department to people outside the organisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**DEMOGRAPHICS**

The Excise and Taxation Department will integrate equality and diversity best practice into everything it does to ensure equality to all members of staff. To help in monitoring the effectiveness of our equality and diversity policies please answer the following questions. The information will be used solely for monitoring purposes.

**9. How long have you worked in the Excise and Taxation Department?**

---

Less than 6 months	<input type="radio"/>
More than 6 months but less than 1 year	<input type="radio"/>
1 to 2 years	<input type="radio"/>
2 to 6 years	<input type="radio"/>
6 to 10 years	<input type="radio"/>
10 to 15 years	<input type="radio"/>
15+ years	<input type="radio"/>

<b>10. Please indicate your Gender</b>	
Male	<input type="radio"/>
Female	<input type="radio"/>

<b>11. Please indicate your Age</b>	
18–34 years	<input type="radio"/>
35–44 years	<input type="radio"/>
45–54 years	<input type="radio"/>
55+ years	<input type="radio"/>

<b>12. Please indicate your grade?</b>	
BS 1 - 4	<input type="radio"/>
BS 5 - 10	<input type="radio"/>
BS 11 - 15	<input type="radio"/>
BS 16 - 17	<input type="radio"/>
BS 18 – 19	<input type="radio"/>

<b>12. Which Department do you work in?</b>	
Secretariat	<input type="radio"/>
DG's Office	<input type="radio"/>
Regional Office / Divisional	<input type="radio"/>
District Office	<input type="radio"/>
Opium Factory	<input type="radio"/>

We would like to thank you for taking time to complete our survey; the answers you have given will help us to shape the way the Department operates.

Please return the completed questionnaire to –

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## **Annex 2 Customer Satisfaction Questionnaire**

# **Government of the Punjab**

## **Excise and Taxation Department**

### **Customer Satisfaction Survey**

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### **Excise and Taxation Customer Satisfaction Survey**

#### **Why is this survey taking place?**

The purpose of the Customer Satisfaction Survey is to -

- Obtain an understanding of our customers' perception of the service provided by the Department.
- Evaluate the way in which the Department deals with its customers.
- Highlight any areas of our customer service that would benefit from improvement.

#### **What happens to my completed questionnaire?**

Once the completed questionnaires are collected, the information will be collated and analysed in order to highlight where the Department could improve and the questionnaires will be filed away.

#### **Will my answers remain confidential?**

All answers will remain confidential. If you choose to leave your name and address for future surveys, it will be added to a database that will contain only addresses and NOT answers from your questionnaire.

#### **Why have I been chosen for this questionnaire?**

The recipients of this questionnaire were chosen at random from everyone who had contact with the Department.

#### **How long do I have to complete the questionnaire?**

To ensure that your answers are included in our analysis, completed questionnaires need to be returned within one week of receipt.

#### **Any more questions**

If you have any other questions, please email them to:

<i>Please note; You do not need to complete this box if you wish to remain anonymous</i>	
Name	
Address	
Telephone No.	

---



## Excise and Taxation Customer Satisfaction Survey

### Section A: General Information

(Please tick the boxes as appropriate)

<u>Section A: General Information</u> (Please tick the boxes as appropriate)	
1	Did you receive a Challan from us?
	<input type="radio"/> Yes
	<input type="radio"/> No

2	What was the Challan for - e.g. Property Tax or any other taxes and duties:

3	If the Challan was for the property tax did you receive it before 31 <sup>st</sup> August?
	<input type="radio"/>
	<input type="radio"/>
	Please tell us how many notices you received during the financial year

4	Did you pay the tax by the given date?
	<input type="radio"/>
	<input type="radio"/>
	If not – why not?

5	When you received your Challan Was it easy to understand?
	<input type="radio"/> Yes
	<input type="radio"/> No
	If no, how could we improve it

6	<b>Is the location of your concerned E&amp;T office convenient for you</b>
	<input type="radio"/> Yes
	<input type="radio"/> No
	<b>If no, please explain</b>

7	<b>Do you consider our opening hours suitable for your needs</b>  Our phone lines are currently open: 08h.00 to 16h.00 (Monday to Friday) Our District Offices are currently open: 8h.00 to 16h.00 (Monday to Friday (Closed between 12h.00 and 14h.00 on Fridays)
	<input type="radio"/> Yes
	<input type="radio"/> No
	<b>If no, what hours would suit you better?</b>

9	<b>What method of payment do you use to pay your taxes</b>
	<input type="radio"/> Post Office
	<input type="radio"/> At the Bank
	<input type="radio"/> At the E&T Office – Please state which office

10	<b>What other methods of payment would you like us to make available?</b>
	<input type="radio"/> Banks other than National Bank of Pakistan
	<input type="radio"/> Via the Internet
	<input type="radio"/> Via the Telephone
	<input type="radio"/> Credit Card
	<input type="radio"/> Payment at an E&T Office

	<input type="radio"/> <i>Other – Please specify</i>
--	---

<b>Section B: Please base the following answers on the last time you contacted the Excise and Taxation Office to discuss your taxes</b>	
<b>11</b>	<b>Please state the reason for contacting us</b>
	<input type="radio"/> <i>Urban Immoveable Property Tax</i>
	<input type="radio"/> <i>Motor Vehicle Taxes</i>
	<input type="radio"/> <i>Professional Tax</i>
	<input type="radio"/> <i>Other Tax – Please state which –</i>
	<input type="radio"/> <i>Other reasons – Please state what –</i>

<b>12</b>	<b>If you telephoned us, how long did you have to wait before the phone was answered? (Please leave blank if you did not contact us by phone)</b>
	<input type="radio"/> <i>Less than a minute</i>
	<input type="radio"/> <i>1-5 minutes</i>
	<input type="radio"/> <i>6-10 minutes</i>
	<input type="radio"/> <i>11-15 minutes</i>
	<input type="radio"/> <i>Over 15 minutes</i>

<b>13</b>	<b>Was this phone delay acceptable? (Please leave blank if you did not contact us by phone)</b>
	<input type="radio"/>
	<input type="radio"/>

<b>14</b>	<b>Could the person you spoke to answer all your questions?</b>
	<input type="radio"/> Yes
	<input type="radio"/> No

15	<b>If you wrote to us, did we respond within 10 working days? (Please leave blank if you did not contact us in writing)</b>
	<input type="radio"/> Yes
	<input type="radio"/> No

16	<b>If you e-mailed us, did we respond within 10 working days? (Please leave blank if you did not contact us in writing)</b>
	<input type="radio"/> Yes
	<input type="radio"/> No

17	<b>If you contacted us in person, how long did you have to wait in the office / reception area? (Please leave blank if you did not contact us in person)</b>
	<input type="radio"/> 0-5 minutes
	<input type="radio"/> 6-10 minutes
	<input type="radio"/> 11-30 minutes
	<input type="radio"/> 31-60 minutes
	<input type="radio"/> Over an hour

18	<b>Could the person you spoke to answer all your questions?</b>
	<input type="radio"/> Yes
	<input type="radio"/> No

19	<b>Which office did you visit?</b>
	<b>Was the office clean and tidy?</b>
	<input type="radio"/>
	<input type="radio"/>
	<b>What was your overall impression of the office and what changes would you like to see?</b>

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<b>20</b>	<b>Were the prescribed forms available in the office?</b>
	<input type="radio"/>
	<input type="radio"/>

<b>21</b>	<b>Were leaflets explaining the Taxes and Exemptions / Reliefs / Appeals available in the office?</b>
	<input type="radio"/> Yes
	<input type="radio"/> No

<b>22</b>	<b>Overall were you satisfied with the service you received?</b>
	<input type="radio"/> Yes
	<input type="radio"/> No
	<b>If no, Please explain why:</b>

<b>23</b>	<b>Have you ever used our website?</b>
	<input type="radio"/> Yes
	<input type="radio"/> No

<b>24</b>	<b>Which website did you use?</b>
	<input type="radio"/> Excise and Taxation Wbsite
	<input type="radio"/> Motor Vehicle Taxation Website

<b>25</b>	<b>What did you use our online services for?</b>
	<input type="radio"/> To make a complaint
	<input type="radio"/> Look up information
	<input type="radio"/> Other – Please explain:

26	<b>Were our online services easy to use?</b>
	<input type="radio"/> Yes
	<input type="radio"/> No
<b>If no, what made using our on line services difficult?</b>	

27	<b>Did you find what you wanted on our website?</b>
	<input type="radio"/> Yes
	<input type="radio"/> No
<b>If no, what would you like to see us include on our website?</b>	

28	<b>As a result of your contact with the Department to what extent do you agree or disagree with the following statements? (Please tick one box for each statement)</b>				
		<b>Strongly Agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
	• <i>The staff were helpful and polite</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	• <i>I was given clear answers to my questions</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	• <i>The member of staff who dealt with my enquiry was knowledgeable</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>If you disagree or strongly disagree please say why:</b>					

29	<b>On a scale of 1-10, with 1 being the worst and 10 being the best, what mark would you give us for overall service? (Please tick one box only)</b>									
	<b>WORST</b>									<b>BEST</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

30	<b>How would you prefer to provide information to the Department?</b>	
	<input type="radio"/>	Visit to the office
	<input type="radio"/>	By post
	<input type="radio"/>	By telephone
	<input type="radio"/>	Receive a visit from us
	<input type="radio"/>	By email

31	<b>What do we need to do to improve our service?</b>

### Section C: Demographics

The Excise and Taxation Department will integrate equality and diversity best practice into everything it does to ensure equality of service delivery to all members of the community. To help in monitoring the effectiveness of our equality and diversity policies please answer the following questions. The information will be used solely for monitoring purposes.

32	<b>Please indicate with a tick your gender</b>	
	<input type="radio"/>	Male
	<input type="radio"/>	Female

<b>33</b>	<b>Please indicate with a tick your age</b>
	<input type="radio"/> 16 - 25
	<input type="radio"/> 26 – 40
	<input type="radio"/> 41 – 59
	<input type="radio"/> 60 – 70
	<input type="radio"/> 80 +
<b>34</b>	<b>Do you have a disability?</b>
	<input type="radio"/>
	<input type="radio"/>
<b>If yes – what can we do to make access to our offices easier?</b>	
<p><b>We would like to thank you for taking time to complete our survey; the answers you have given will help us to shape the way we communicate with you in the future.</b></p> <p><b>Please return the completed questionnaire to –</b></p>	



### Annex 3 Provincial Comparison of Motor Vehicle Tax Rates

#### GOODS TRANSPORT VEHICLES

PUNJAB	SINDH	KHYBER PAKHTUNKHWA	
(a) Electric propelled vehicle not	a) Electric propelled vehicle	a) Vehicle not exceeding	
exceeding 1250 kg (unladen weight) 500/-	no exceeding 1250 kg 500/-	1250kg (Unladen weight ) 500/-	a) less t Per Qua
(b) Not exceeding 4060 kg 1000/-	b). Not exceeding 4060 kg 800/-	b) Upto 2030 Kg 800/-	b) from
(c) 4061 to 8120 kg 2200/-	c) 4061 to 8120 kg 2000/-	c) 2031 to 4060 Kg 820/-	c) Exce
(e).8121 to 12000 kg 4000/-	d) 8121 to 16000 kg 6000/-	d) 4061 to 6090 Kg 1200/-	e) from
(f)12001 to 16000 kg 6000/-	e) Cranes Upto 8129 kg 2000/-	e). 6091 to 8120 Kg 2000/-	f) from

<b>(g)</b> 16001 to 60000 kg <b>8000/-</b>		<b>f.)</b> 8121 to 12000Kg <b>4000/-</b>	
		<b>g).</b> 12001 to 16000Kg <b>6000/-</b>	
		<b>f)</b> Exceeding 16000 Kg <b>8000/-</b>	
		<b>f)</b> Exceeding 16000 Kg <b>8000/-</b>	

## PASSENGER TRANSPORT VEHICLES PLYING FOR HIRE

<b>PUNJAB</b>	<b>SINDH</b>	<b>KHYBER PAKHTUNKHWA</b>	<b>BALUCHISTAN</b>
<b>a)</b> Vehicle plying for hire	<b>a)</b> Busses plying in KMC area	<b>(a)</b> Tricycle/ Rickshaw with	<b>(a)</b> Tricycle/ Rickshaw <b>113/-</b>
With 60% of total length of route plying within the limits of a Corporation, falling Municipality.	(i) More than 20 seats <b>100/-</b>	seating capacity of not more than 3	<b>(b)</b> Motor vehicle (per seat) <b>25/-</b>
(per seat) <b>140/-</b>	(ii) Minibuses 7 to 19 seats <b>160/-</b>	ii. Not more than 4 persons	
	<b>(b)</b> Busses plying outside KMC area	iii. 4 to 6 persons	
	<b>(i).</b> Air-Condioned (per seat)	iv. more than 6 persons, plying	

	<b>150/-</b>	on A routes <b>180/-</b>
	<b>(ii) Non A/C (per seat) 100/-</b>	<b>(b)</b> Motor vehicle with seating capacity of more than 6 but not more than 20 persons exclusively within the limit of Corporation / Municipality (per seat) <b>100/-</b>
<b>b) Mini Buses with seating capacity of more than 6 and less than 20 plying for hire Municipality or Cantonment (per seat) 180/-</b>	<b>(c) Taxi</b>	
	<b>(i) Upto 4 persons 520/-</b>	<b>(c)</b> Motor vehicle with a seating capacity of more than 20 persons plying for hire exclusively within the limits of Corporation/ Municipality or partly within or partly outside such limits with 60% of the total length of the route falling with. <b>100/-</b>
	<b>(ii) 5-6 persons 660/-</b>	
	<b>(ii) More than 6 persons per seat per annum 200/-</b>	
	<b>(d) Tricycle Rickshaw</b>	
	<b>For 3 persons 400/-</b>	

## FEE FOR ISSUING DUPLICATE REGISTRATION CERTIFICATE

PUNJAB	SINDH	KHYBER PAKHTUNKHWA	BALUCHISTAN
(a) Transport vehicle <b>1000/-</b>	All vehicles <b>200/-</b>		Motor Cycle <b>500/-</b>
(b) Other vehicle <b>500/-</b>			Transport Vehicle <b>1200/-</b>
			Goods Carrier <b>1000/-</b>

## ALL PASSENGER VEHICLES NOT PLYING FOR HIRE

PUNJAB	SINDH	KP	BALUCHISTAN
Vehicle with seating capacity	Vehicle with seating capacity	Vehicle with seating capacity	
(a) Upto 3 seats <b>500/-</b>	(a) Upto 3 seats <b>500/-</b>	(a) Upto 3 seats <b>500/-</b>	a) 0.75 % of Value - less than 1000cc
			b) 1.25 of Value for 1000 Cc and more
(b) Seating capacity of more than 3 persons but not more than 6 persons with Engine	(b) Seating capacity of more than 3 persons but not more than 6 persons with Engine Capacity	(b) Seating capacity of more than 3 persons but not more than 6 persons with Engine Capacity	

Capacity	(b) Seating capacity of more than 3 persons but not more than 6 persons with Engine Capacity	(b) Seating capacity of more than 3 persons but not more than 6 persons with Engine Capacity	
(i)Not exceeding 1000CC. <b>600/-</b>	(i)Not exceeding 1000CC. <b>1000/-</b>	(i) Less than 800CC. <b>500/-</b>	
(ii)1001 to 1300 CC <b>1200/-</b>	(ii)1001 to 1300 <b>1500/-</b>	(ii)801 to 1000CC <b>500/-</b>	
(iii)1301 to 1500 <b>2000/-</b>	(ii)1301 to 1600 <b>3000/-</b>	(iii)1001 to 1300 <b>1000/-</b>	
(iv)1501 to 2000 <b>3000/-</b>	(iii)1601 to 2000 <b>3200/-</b>	(iv)1301 to 1500 <b>1800/-</b>	
(v)2001 to 2500 <b>4000/-</b>	(iv)2001 to 2500 <b>3500/-</b>	(v)1501 to 2500 <b>2500/-</b>	
(vi)Above 2500 CC <b>5000/-</b>	(v)Above 2500 CC <b>5000/-</b>	(vi)Above 2500 CC <b>5000/-</b>	

(c) Busses & Station Wagon not for hire ( per seat ) <b>300/-</b>	(c) Each additional seat <b>200/-</b>	(c) Seating Capacity of more than 6 persons <b>800/-</b>	
(d) Other than Busses & Station Wagon not for hire ( per seat ) <b>800/-</b>	(d) Tractor (i). Without trolley <b>200/-</b> (ii) With Trolley <b>300/-</b>	(d) Tractor with or without Trailers <b>600/-</b>	
(e) M.C./ Scooter (Life Time Tax) 1200/-	(e) Motorcycle/ Scooter Per anum <b>80/-</b>  (ii) Motorcycle / Scooter (Newly registered)  Life Time Tax <b>1,000/-</b>	(e) Motor Cycle/Scooter (LifeTime Tax) <b>1000/-</b>	
	(iii) Already registered from		
	the date of registration Life Time Tax		
	(I) Upto 5 years <b>600/-</b>		

	(II) 5 to 10 years <b>300/-</b>		
	(III) 10 to 15 years <b>100/-</b>		
<b>Rebate</b> 10 years old vehicles (from date of reg.) <b>25%</b>	<b>Rebate</b> a. 10 years old (from date of reg.) <b>25%</b> b. 15 years old <b>50%</b>		

## ALTERATION FEE

PUNJAB	SINDH	KHYBER PAKHTUNKHWA	BALUCHISTAN
Other Vehicles 1500/-	Alteration fee is equal to Transfer Fee.		a) Public Transport Vehicle / Heavy Transport Vehicle / Truck & Oil Tanker/ Passenger Vehicles. 1500/-
Transport Vehicle 3000/-			
			b) Private Vehicles. 1000/-

## RATE OF TRANSFER FEE

PUNJAB	SINDH	KHYBER PAKHTUNKHWA	BALUCHISTAN
(a)A Motorcycle, a Scooter	<u>COMMERCIAL</u>		Public Transport Vehicle / Heavy Transport Vehicle / Truck & Oil Tanker/Passenger vehicle. <b>2000/-</b>
And invalid carriage or a trailer not having more than two wheel and weighing more than one ton in un-laden weight <b>150/-</b>	(a.)Truck/ Bus etc <b>1250/-</b>		Mini Truck, Mini Buses. <b>1000/-</b> Station wagon, Motorcar, jeep <b>1200/-</b>
	b) Pickup/ Mini bus upto 25 seats <b>1000/-</b>		Motor Cycle. <b>250/-</b>
	c) Pickup upto 1000 CC <b>800/-</b>		Rickshaws. <b>(Not Transferable)</b>
	d).Pickup upto 796 CC <b>650/-</b>		
	e) Rickshaw <b>650/-</b>		
(b) Heavy Transport Vehicle <b>4000/-</b>			



	<u>NON-COMMERCIAL</u>		
(c) Any vehicle other than HTV	<b>a)</b> Upto 800CC <b>650/-</b>		
with engine capacity	<b>b)</b> More than <b>800/-</b>		
i) upto 1000cc. <b>1200/-</b>	<b>c)</b> Pickup & Station		
ii) Exceeding 1000 cc but not exceeding 1800cc <b>2000/-</b>	<b>e)</b> Wagon having capacity  1000CC & above <b>1000/-</b>		
iii. Exceeding 1800 cc. <b>3000/-</b>			

## RATE OF REGISTRATION FEE

PUNJAB	SINDH	KHYBER PAKHTUNKHWA	BALUCHISTAN
<b>a.</b> .Motorcycle/ Scooters, Tractors	<b>a.</b> All commercial vehicles and Motorcycles. <b>1%</b>	<b>a.</b> All commercial vehicles and	<b>a).</b> Public Transport Vehicle / Heavy Transport Vehicle / Truck & Oil Tanker . <b>75% of value</b>

and Trucks Buses / Rickshaws / Taxis/ Pick-ups <b>1%</b>	<b>b. Other vehicle with engine power:-</b>	Motorcycles. <b>1%</b>	<b>b) Rickshaws 800/-</b>
			<b>c) Motor Cycle    1% of value</b>
	(i) Upto 1300 cc. <b>1%</b>	<b>b. Other vehicle with engine power: -</b>	<b>d) Private Vehicles</b>
<b>b. Combined Harvesters, Rigs, Fork Lifters, Road Rollers, Construction and earth moving machinery such as Wheel Loader, Cranes, Excavators, Graders, Dozers and Pipe Layers, Road Making and Road/ Sewerage Cleaning Plants      300/-</b>			i. <b>0.75 %</b> of Value for less than 1000 cc
	(ii) 1301 to 2500 cc. <b>2%</b>	(i) Upto 1300 cc. <b>1%</b>	ii. <b>1.25 %</b> of Value for 1000 CC and more
	(iii) Exceeding 2500 cc. <b>4%</b>	(ii) 1301 to 2500 cc. <b>2%</b>	
		(iii) Exceeding 2500 cc. <b>4%</b>	

		<b>c. Tractor                      1000/-</b>	
<b>c. Other vehicle with engine power:-</b>			
(i) not exceeding 1000CC. <b>1%</b>			
(ii) Exceeding 1000 cc but not exceeding 2000cc <b>2%</b>			
(iii) Exceeding 2000cc <b>4%</b>			

