1ST BIANNUAL REPORT ON MONITORING OF IMPLEMENTATION OF NFC AWARD

(July – December, 2024)

GOVERNMENT OF PAKISTAN
NATIONAL FINANCE COMMISSION SECRETARIAT

PREFACE

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

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

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

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

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

5. The biannual monitoring report for the period from July to December, 2024 was approved by the Federal and Provincial Finance Ministers for laying before both Houses of the Parliament and Provincial Assemblies.

6. The biannual report contains total FBR collections during July-December, 2024, details of Divisible / Non Divisible Pool Components, Vertical Distribution of shares between Federal and Provincial Governments, Horizontal Distribution of shares among the Provinces and detail of Grant-in-Aid as well as Straight Transfers to the Provinces.

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

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Secretary
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Islamabad, the 19th March, 2026

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EXECUTIVE SUMMARY

This 1st Biannual Monitoring Report on implementation of 7th NFC Award during Financial Year 2024-25 covers the period from July to December, 2024. Total tax collection, as reported by FBR, remained Rs.5,674.002 billion for the period under report. After subtracting non-divisible pool components and 1% each as collection charges and additionality for Khyber Pakhtunkhwa on account of War on Terror (WoT), the net divisible pool comes to Rs.5,475.985 billion. The Provincial share comes to Rs.3,148.690 billion, leaving a balance of Rs.2,327.295 billion for the Federal Government. The Provincial share has been distributed as Rs.1,629.132 billion to Punjab (51.74%), Rs.773.003 billion to Sindh (24.55%), Rs.460.339 billion to Khyber Pakhtunkhwa (14.62%) and Rs.291.153 billion to Balochistan (9.09%) @ 45% of its protected budgetary share. Khyber Pakhtunkhwa also received Rs.55.311 billion on account of War on Terror.

During the period July to December, 2024, Rs.32.566 billion, Rs.66.583 billion, Rs.17.611 billion and Rs.11.416 billion were transferred to Provinces on account of Royalties on Crude Oil, Natural Gas, Gas Development Surcharge, and Windfall Levy respectively, after deduction of collection charges. Similarly, an amount of Rs.3.843 billion has been transferred to provinces on account of Excise Duty on Natural Gas during the reported period.

The Province of Sindh is entitled to receive Grant-in-Aid equivalent to 0.66% of the provincial share out of the net proceeds of the divisible pool, as compensation for losses on account of abolition of Octroi and Zilla Tax (OZT). Accordingly, an amount of Rs.20.781 billion was released to Government of Sindh on this account.

INTRODUCTION

1.1 The 7th National Finance Commission concluded its recommendations on 30th December, 2009, which were given legal cover through President's Order No.5 of 2010 ***"Distribution of Revenues and Grants-in-Aid Order 2010" (Annex-I) and President's Order No. 6 of 2015 (Annex-II)***. The main responsibilities entrusted to the Federal and Provincial Governments through this Award are:

a. Distribution of Divisible Pool Taxes between the Federation and Provinces and among the Provinces as prescribed in the Award (Articles 3 and 4 of the Order).

b. Transfers of Royalties, Surcharge on Natural Gas and Excise Duty on Gas to the Provinces as prescribed in the Award/ Constitution (Articles 5 & 6 of the Order).

c. Provision of obligatory grants to Provinces as prescribed in the Award (Article 7 of the Order).

d. Entrusting collection powers of GST on Services to Provinces (Article 8 of the Order).

e. Achieving 15% tax to GDP ratio by the year 2014-15. To achieve this target, a path was recommended by the NFC for both Federal and Provincial Governments (Clause 2 of Article 9 of the Order).

f. Maintaining fiscal discipline both at Federal and Provincial levels (Clause 3 of Article 9 of the Order).

1.2 Clause (3B) of Article 160 of the Constitution empowers the Federal and Provincial Finance Ministers to monitor implementation of the Award biannually and lay a report in this regard in both Houses of the Parliament and the Provincial Assemblies. Accordingly, this report presents the implementation status of the above provisions of the President's Order for the period from July to December, 2024.

DISTRIBUTION OF DIVISIBLE POOL TAXES

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

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

2.1: FBR Tax Receipts

2.1.1 Federal Board of Revenues (FBR) reported the following tax collection for the first half of the Financial Year 2024-25:

TABLE-I: Total FBR Collection (July – December, 2024)

(Rs. in billion)

Provisional collection reported on fortnightly basis during July - December, 2024	5,202.306
Arrears worked out on receipt of final collection for FY-2023-24 reported and released in FY-2024-25	471.696
Total Collection reported during the period of report	**5,674.002**

2.1.2 The releases to the Provinces during 1st half of FY 2024-25 were made on the basis of FBR collection amounting to Rs.5,674.002 billion. During the corresponding period of last Financial Year (FY 2023-24), the FBR collection was Rs.4,143.168 billion (inclusive of arrears of previous year).

2.2: Distribution of Divisible Pool Taxes

2.2.1 Article 3 (1) of the President's Order explains components of divisible pool taxes. Receipts of the FBR also include some non-divisible components. Therefore, after deducting such components, the gross divisible pool taxes were worked out to be Rs. 5,614.968 billion against total tax receipts of Rs.5,674.002 billion. A detailed breakup in this regard is given as follows:

TABLE-II: Details of Non Divisible Pool Components

(Rs. in billion)

	1st half of FY 2024-25
Total FBR Receipts	**5,674.002**
Less Non-Divisible Pool Components	**59.034**
WWF	35.785
GST on Services (ICT)	8.024
Excise Duty on Natural Gas	3.921
Exp. Development Surcharge	11.304
Gross Divisible Pool Taxes	**5,614.968**

2.3: Vertical Distribution

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

Table-III: Vertical Distribution of Shares (July-December, 2024)

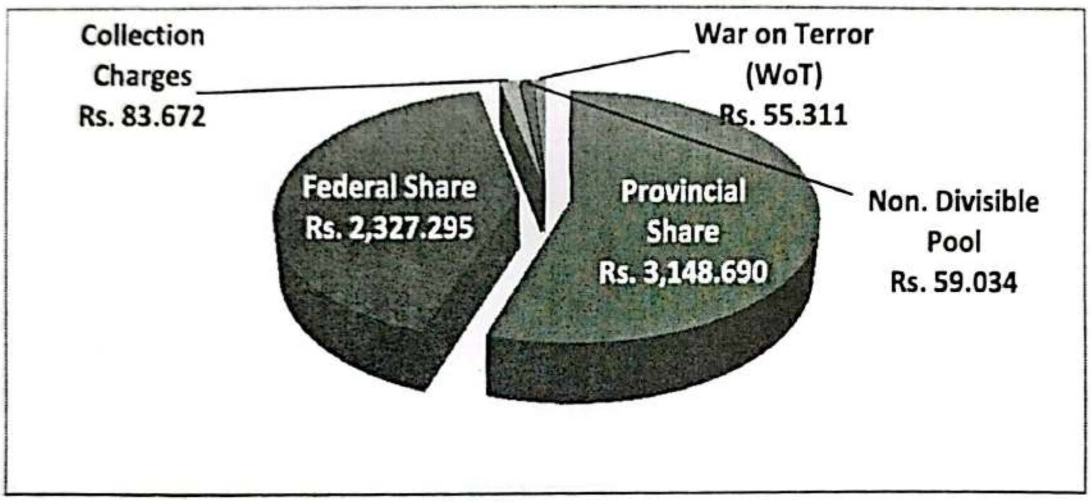
(Rs. in billion)

Divisible Pool Taxes	FBR Collection Reported	Collection Charges (1%)	Net Divisible Pool Taxes	1% set aside for WoT for KPK	Balance Net Div. Pool	Provincial Share (57.5%)
Divisible Pool Taxes	**5,614.968**	*** 83.672**	**5,531.296**	**55.311**	**5,475.985**	**3,148.690**
Income Tax	2,752.217	55.044	2,697.173	26.970	2,670.202	1,535.366
Capital Value Tax	7.040	0.071	6.969	0.070	6.900	3.967
Sales Tax (Excl. GST on Services)	1,916.224	19.162	1,897.062	18.970	1,878.092	1,079.902
Federal Excise(Excl. ED on NG)	351.693	3.517	348.176	3.482	344.694	198.199
Customs(Excl. Export Dev. Surcharge)	587.794	5.878	581.916	5.819	576.097	331.256

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

2.3.2 Following Pie Chart shows the distribution of Total Tax Collection:-

(Rs. in billion)



2.4: Horizontal Distribution

2.4.1 Article 4(2) of the President's Order provides percentage share of each Province in the Provincial share, out of divisible pool taxes. Provincial shares against their percentages for the period from July-December, 2024 have been worked out as follows:-

Table-IV: Horizontal Distribution of Shares (July-December, 2024)

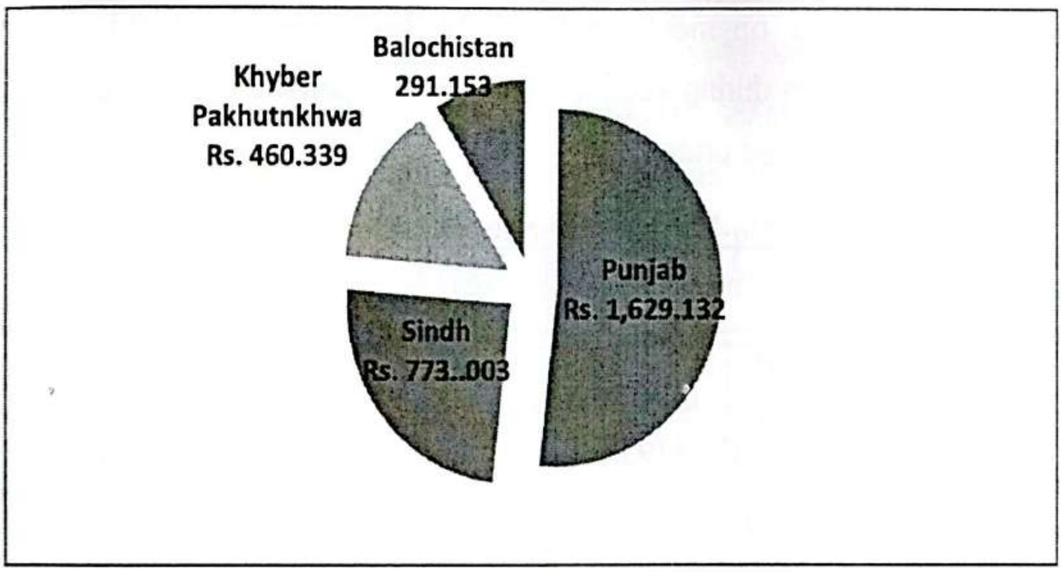
(Rs. in billion)

	Total	Punjab	Sindh	K.P.	Balochistan		Total (Provinces)
	(100%)	(51.74%)	(24.55%)	(14.62%)	(9.09%)	Addit.	
Divisible Pool (excluding arrears)	2,905.196	-	-	-	** 264.082	27.071	291.153
Divisible Pool Taxes (Including Arrears)	**3,148.690**	**1,629.132**	**773.003**	***460.339**	**286.216**	**4.937**	**291.153**
Income Tax	1,535.366	794.398	376.932	224.470	139.565	16.719	122.846
Capital Value Tax	3.967	2.053	0.974	0.580	0.361	-	0.361
Sales Tax(Excl.GST on Services)	1,079.902	558.741	265.116	157.882	98.163	13.845	112.008
Federal Excise(Excl. ED on NG)	198.199	102.548	48.658	28.977	18.016	3.568	21.583
Customs(Excl. Export Dev. Surcharge)	331.256	171.392	81.323	48.430	30.111	4.244	34.355

* Share of Govt. of KP including WoT for the reported period comes to Rs. 515.650 billion, however, an amount of Rs. 514.408 billion was transferred to the Province, as Rs. 1.242 billion was released in excess of the due share during the period from Jan to June, 2024 which has been adjusted /recovered from the Province.

** The share of Balochistan on the basis of actual collection has been worked out as Rs. 264.082, however, pursuant to the guaranteed budgeted share in the Award, Rs.291.153 was transferred to Govt. of Balochistan during the reported period.

(Rs. in billion)



2.4.2 Above Pie chart shows Horizontal Distribution of Provincial Share.

2.5 Additionality to Khyber Pakhtunkhwa & Balochistan

2.5.1 Article 3(2) of the President's Order entitles Province of Khyber Pakhtunkhwa to receive 1% of the net proceeds of undivided divisible pool taxes in addition to its formal share, to meet the expenses on WoT. An additional amount of Rs.55.311 billion has been paid to Khyber Pakhtunkhwa Province on this account during the period of report. As this arrangement remains protected during the currency of the Award, the share of Khyber Pakhtunkhwa Province is calculated as under:-

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

(Rs. in billion)

	July-December, 2024
Share in the Divisible Pool (14.62%)	460.339
1% War on Terror	55.311
Total:-	**515.650**

2.5.2 Similarly, Clause (3) of Article 4 of the Order also guarantees that Balochistan Province shall receive its share in the net proceeds of divisible pool taxes as per annual budgetary projections, and any shortfall shall be made up by the Federal Government from its own resources. As this arrangement for Balochistan remains protected during the currency of the Award, therefore, the payments were planned @ 45% for first half of the year and 55% for the second half of that Financial Year, synchronizing the payments with FBR's tax collection trend, which normally gets pace during second half of FY. Accordingly, detail of funds transferred is given as under:

Table-VI: Additionality to Balochistan

(Rs. in billion)

	July-Dec, 2024
Share in the Divisible Pool (9.09%)	286.216
Additionality provided by the Federal Government	4.937
Total:-	**291.153**

STRAIGHT TRANSFERS/ GRANTS-IN-AID

3.1: Distribution of Royalty on Crude Oil

3.1.1 Article 5 of the Order relates to the distribution of net proceeds of Royalty on crude oil. Petroleum Division is responsible for collection of this levy and reports to Finance Division on monthly basis for onward transfer to the Provinces. Accordingly, the entire net proceeds reported by Petroleum Division during July – December, 2024, were distributed amongst the provinces in accordance with the said provision, as follows:

Table-VII: Royalty on Crude Oil

(Rs. in billion)

	Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan	Total
July – Dec, 2024	5.209	14.638	12.469	0.250	**32.566**

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

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

Table-VIII: Royalty on Natural Gas, GDS & Windfall Levy (July – December, 2024)

(Rs. in billion)

	Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan	Total
Royalty on Natural Gas	1.289	35.171	15.847	14.276	**66.583**
Gas Dev. Surcharge	0.752	14.988	0.318	1.553	**17.611**
Windfall Levy on Crude Oil	8.431	2.060	0.924	0.001	**11.416**
Total	**10.472**	**52.219**	**17.089**	**15.830**	**95.610**

3.3: Distribution of Excise Duty on Natural Gas

3.3.1 As per Article 161 (1) of the Constitution of Islamic Republic of Pakistan, the excise duty on Natural Gas is required to be paid to the Province in which the well head of Natural Gas is situated. FBR is the collection agency for this levy. The proceeds so collected are reported to the Finance Division on monthly basis for onward transfer to Provinces. Accordingly, net proceeds of Rs.3.843 billion were distributed amongst the Provinces, as presented in the following table:

Table-IX: Excise Duty on Natural Gas

(Rs. in billion)

	Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan	Total
July – Dec, 2024	0.112	2.385	0.693	0.653	**3.843**

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

3.4 Grant-in-Aid to Sindh Province

3.4.1 Under Article 7 of the Order, Sindh Province is entitled to receive a Grant-in-Aid equivalent to 0.66% of the Provincial share in the net proceeds of the divisible pool as compensation for losses on account of abolition of Octroi and Zila Tax (OZT). During the period of report, the provincial share in the divisible pool was Rs.3,148.690 billion. Accordingly, the said Grant-in-Aid worked out to be Rs.20.781 billion, which stands released.

4.1 General Sales Tax on Services (GSTS)

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

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

Table-X: GST Collection by the Provinces

(Rs.in billion)

	B.E. 2024-25	Receipt up to December, 2024	(%) over B.E.
Provinces	**719.000**	**261.222**	**36.33%**
Punjab	294.000	109.162	**37.12%**
Sindh	350.000	122.880	**34.11%**
Khyber Pakhtunkhwa	39.000	18.528	**47.48%**
Balochistan	36.000	10.652	**29.59%**

MISCELLANEOUS PROVISIONS OF PRESIDENT'S ORDER

5.1: Miscellaneous

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

5.2: Streamlining Tax Collection Systems

5.2.1 Article-9(2) provides for streamlining of tax collection to improve taxation and to maintain fiscal discipline by the Federal and Provincial Governments, in this regard, the NFC recommended that the Federal and Provincial Governments would streamline their tax collection systems to reduce leakages and increase revenues through efforts to improve taxation in order to achieve 15% tax to GDP ratio by the terminal year of the Award i.e. 2014-15. It was also recommended that Provinces would initiate steps to effectively tax the Agriculture and Real Estate Sectors.

5.2.2. **Federal Government**

FBR Reforms Updates

FBR in short period of time, has taken revolutionary steps to equip the revenue organization with modern tools and technologies in order to make it highly efficient organization. Major reform and other initiatives are given below:

I. **Transformation Plan (TP):**

i. **Digitization:** Improving economic linkages, digitizing processes, and strengthening digital delivery.

ii. **Capacity building and digital adoption of the workforce**: Building institutional capacity through expert oversight, performance incentives, and training.

iii. **Digitally enabled Anti-smuggling initiatives**: Deploying digital solutions to curtail smuggling through digitally enabled enforcement stations across critical chokepoints.

A detailed implementation roadmap has been developed with the following key areas/ interventions based on potential impact and relevance to FBR's operations.

i. **HR/ Capacity Enhancement**: Hiring of 3rd Party Audits, development of audit mentors and sectoral experts, hiring of law firms. Set up of the model tax office for improved oversight.

ii. **Value Chain Digitalization**: Production tracking and enforcement across priority sectors, digital invoicing for B2B sales, and POS integration across provinces.

iii. **Internal System Digitalization**: AI-based audit selection, Digital workflows and taxpayer journeys, Chabot for taxpayer facilitation, data integration.

iv. **Policy Changes**: Required policy changes including, external bodies, e.g., SBP, ICAP, SECP

v. **Anti-smuggling**: Digital Enforcement Stations (Indus & Balochistan), restructuring of the Directorate of Intelligence, Customs Enforcement, National Targeting Center, scoring system of Clearing Agent, Cargo Tracking System. Anonymous and automated clearing systems for goods.

vi. **BPR Implementation / RMS Scanners**: Improvement of Risk Management System, deployment of scanners, redesign of customs workflows and taxpayer journeys, AI model for the post clearance audit.

vii. **PRAL Transformation**: Overall reform of governance structure and working model, set-up of Advanced Analytics Hub and Procurement Cell.

viii. **Short Term Revenue**: Performance management routines against revenue collection targets.

Early Impact and Progress:

i. Implementation of initiatives is currently underway, yielding tangible results.

ii. Production counting solution has been deployed across all sugar mills, increasing tax collection by 47 percent (PKR 12.4 billion) between December, 24 to February 2025 compared to the previous year. Furthermore, PKR 9.8 billion in fraudulent sales tax claims were blocked through advanced analytics.

iii. Faceless assessment, rolled out to eliminate collusion between importers and tax officers, has reduced average clearing time by approximately 80 percent and increased revenue collection by 13 percent.

iv. Integration of POS systems for restaurants with FBR across all four provinces has been completed.

v. An AI-driven audit selection tool for corporate sales and income tax has been deployed, identifying over 200 cases worth PKR 13.3 billion during its initial roll-out.

vi. Operational efficiency has been significantly improved through restructuring of the Directorate of Intelligence, reducing its officer structure from 56.3 to just 100. A new, empowered PRAL, Board (the digital arm of FBR) has been established to enhance the delivery of digital interventions.

II. Inland Revenue Service – Legal Measures:

i. The Finance Act, 2024 has revised income tax rates on salaries for individuals, particularly increasing the tax on high-salaries persons. New tax slabs have been induced, lowering the taxable income threshold and raising rates for high-income earns, with the highest rate reaching 35 percent.

ii. The rate of tax on dividends received from a mutual fund and the rate of tax to be deducted on dividends received from a mutual fund, which derives 50 percent or more of its income from profit on debt, has been enhanced to 25 percent.

iii. Sections 236G and 236H of the Income Tax Ordinance, 2001, previously applied to specific sectors, have now been extended to cover all sectors through the Finance Act, 2024. Under Section 236G, manufactures and commercial importers are required to collect advance tax on sales to distributors, dealers, and wholesalers, while Section 236H applies to sales to retailers by manufacturers, distributors, wholesalers, and importers. The removal of sector-specific applicability aims to broaden the tax base and document the supply chain.

iv. Additionally, tax rates for non-filers have been significantly increased up to 2 percent under Section 236G and 2.5 percent under Section 236H serving as a strong incentive for registration and compliance.

v. The rates of withholding tax (WHT) under sections 236C and 236K have been revised with a progressive slab structure based on the value of the property.

vi. For individuals on the Active Taxpayers List (ATL), the applicable rates are 3 percent for properties valued up to Rs. 50 million, 3.5 percent for properties valued between Rs. 50 million and Rs. 100 million, and 4 percent for properties exceeding Rs. 100 million. However, for late filers included in the ATL., higher rates apply 6 percent, 7 percent, and 8 percent, respectively, for the same property valued slabs.

vii. For non-ATL individuals, the rates are significantly higher: 10 percent under section 236C, and 12 percent, 16 percent, and 20 percent under section 236K for the respective property value categories.

viii. The government introduced a Federal Excise Duty (FED), on the first sale or transfer of immovable properties, including residential and commercial units. The rates were set at 3 percent for Active Taxpayers (filers), 5 percent for late fillers, and 7 percent for non-filers.

ix. FED on cement in Pakistan was increased from Rs. 2 per kilogram to Rs. 4 per kilogram, effective from July 1, 2024. This 100 percent hike aims to boost government revenue, with projections estimating an additional Rs. 60 billion in the fiscal year 2024.25.

x. The government imposed a FED of Rs.15 per kilogram on the supply of white crystalline sugar by any person to manufacturing, processing, or packaging entities. This measure, effective from July 1, 2024 aims to enhance revenue collection from the sugar industry.

xi. FBR increased the FED on international air travel effective July 1, 2024 to boost revenue. However, there is a rebate of Rs. 7500 for travelers to GCC countries holding labor visa printed on their passports, duly verified by the Protector of Emigrants (Bureau of Emigration and Overseas Employment).

III. Customs Related Measures:

i. Faceless Customs Assessment (FCA) – Faceless Customs Assessment (FCA) system has been introduced to check revenue leakages and speedy assessment. It is operating through its Centralized Appraising Unit at South Asia Pakistan Terminal (SAPT), Karachi, and it is handling the clearance of imports made through four Customs Appraisement Collectorates of Karachi. It is expected to drastically reduce additional documentation and physical examinations. Since its inception on 15.12.2024, FCA has resulted in a 62 percent decrease in physical examinations and a 75 percent reduction in documents called for assessment purposes. FAC has resulted in an 83 percent reduction in Average Clearance Time from 107 hours to 18 hours.

ii. Development of Digital Enforcement Stations (DES) – This is a major anti-smuggling intervention under FBR's Transformation Plan to curb smuggling, which will positively impact revenue collection. Under this intervention, 27 DES are being established on key choke points / crossings on the River Indus and Hub, besides strengthening 10 existing Customs Check posts in Balochistan and upgrading them to the level of DES. This strategy will significantly reduce the volume of smuggling in the country.

iii. Cargo Tracking System: A fully automation tracking of cargo movement under Cargo Tracking System goods (CTS) is being established to effectively distinguish the legitimate duty / taxes paid goods from smuggled goods.

IV. Compliance Risk Management System:

i. FBR has rolled out a Machine Learning (ML) based Compliance Risk management (CRM) system in its filed formations to detect anomalies, identify, assess, rank and address tax compliance risks based on diverse data sources. Techniques like clustering and multivariate analysis help indentify outliers in group specific data, revealing hidden patterns of potential fraud, thus helping flag high risk cases for auditors. The system includes targeted campaigns, incentives and behavior change efforts to address non-compliance, with feedback mechanisms ensuring responsiveness to taxpayers' concerns.

ii. The system is up and running in all Large, Medium and Corporate tax offices in the country and anomalous cases with risk rating and profiling are available on the dashboard to all the assessing officers. This is resulting in optimal utilization of scarce audit resources in the field and providing a decision support system to officers to focus audit resources on risky cases, leading to FBR's ultimate goal of revenue enhancement.

iii. FBR is working to develop the same system for on-corporate cases of Income and Sales Tax, and work is at an advance stage.

5.2.3 Government of the Punjab

Government of Punjab has taken following steps for streamlining the Tax Collection for effective implementation of NFC Award during the period of report:

Fiscal Operations for Streamlining the Tax Collection

I. Excise & Taxation Department

i. The ET&NC Department imposed life time motor vehicle token tax on subsequent purchasers for 10 years with 10% depreciation in tax rate for each financial year after registration in order to mobilize the revenue as subsequent owner does not pay token tax.

ii. Moreover, motor vehicle token tax regime has shifted from engine capacity to invoice base value in order to collect more tax from high value vehicles keeping in view the great variation in prices of various make/model vehicles with same engine capacity.

iii. The ET&NC Department proposed changes to Urban Immoveable Property Tax with an aim to enhance transparency and public benefit by transitioning from a rental-based valuation system to a capital value system starting January 1, 2025. This shift will provide a clearer and more equitable method of assessing property taxes. Introducing self-assessment will further promote transparency, as property owners will have a direct role in determining their tax obligations, fostering a sense of accountability within the community.

II. Board of Revenue

i. The Rates of Court Fees applicable vide Schedule I and II of Court Fees Act, 1870 (VII of 1870) were enhanced, as such fees have not been revised for a considerable time. The proposed changes in the court fees were necessary for maintaining the equilibrium between the rates of fees and the rate of inflation. However, some of the components of Schedule I and II were further rationalized and reduced w.e.f. 13.09.2024 by Government of the Punjab.

ii. The rates of various Articles e.g. [affidavit, agreement relating sale of immovable property, contract, divorce, power of attorney executed for authorizing not more than 10 persons, Power of Attorney executed between relatives, re-conveyance and Surrender of Lease] of Schedule-I of the Stamp Act, 1899 like were also revised.

III. Mines and Minerals Department

i. Revision in Royalty Rates of Rock Salt & Brine, Fire/ China/ Ball clay, S. Sand, Bentonite & Gypsum, Fuller Earth, Laterite, Bauxite & Ocher, Coal and Royalty for Limestone & Argillaceous Clay was proposed @ 6% of Ex Factory Sale Price of Cement or Clinker.

ii. In order to expand the coverage of welfare facilities and fill the deficit gap in needs and available monetary resources by the Mines and Minerals Department, upward revision in the rate of **Excise Duty** ranging from Rs.30/- to Rs.50/- per ton was proposed. [Amendment in the Excise Duty on Minerals (Labour Welfare) Act, 1967 (VIII of 1967)

IV. Cash Management Fund

The establishment of the Cash Management Fund (CMF) enables the short-term investment of surplus funds in secure, low-risk instruments, allowing the government to earn additional income, better manage cash flows, and ensure liquidity for operational needs as required and to fulfil international commitments.

V. Enhanced Revenue from Traffic Fines and Driving License Fee

The introduction of digital systems such as the Punjab Police e-Challan system and online driving license application portals ensured greater transparency, reduced leakages, and strengthened enforcement. A revised fee structure, aligned with improved service delivery and stricter testing standards, encouraged higher public compliance. As a result, this initiative led to a notable increase in public participation and is well reflected in the significant rise in receipts collection from traffic fines and driving license fee.

5.2.4 Government of Sindh

The following measures have been taken by Government of Sindh, in order to streamline the tax collection, as required under Para-9(2) of the President's Order 2010:

I. Sindh Tax Revenue Mobilization Plan (2022-26)

STRMP-II has been developed covering financial period from 2022 to 2026. Revenue target has been set to grow from Rs. 232 billion (2020-21) to Rs. 600 billion (2025-26).

II. Revenue Mobilization Measures Taken by Sindh Government

i. Mandatory biometric verification for all new vehicle registration, available at all Excise offices and NADRA e-sahulat centers.

ii. Biometric verification for vehicle transfers, effective May 3, 2025, for both sellers and purchasers.

iii. Online collection of Motor Vehicles Registration fees, Transfer fees, and Annual Tax payments through 1 Link / ADC.

iv. Advance payment of Motor Vehicle Tax for up to 5 years for convenience of general public.

v. Introduction of heavy penalties for late registration and transfer of vehicles.

vi. Online collection of Professional Tax, with manual payment systems deactivated to enhance transparency and security.

vii. Amendments to the Motor Vehicle Ordinance (MVO) 1965 to prevent the use of unregistered / illegal number plates, requiring registration within 30 days with Security Featured Number Plates and Smart Cards.

viii. Replacement of old number plates with new ones.

ix. Online application and collection system for new Security Featured Number Plate.

x. A ban has been imposed upon the movement of open letter vehicles on all roads, aimed at enhancing tax recovery and strengthening security measures, as these vehicles often evade taxation, resulting in significant revenue losses, and pose a threat to public safety and national security, thereby encouraging vehicle owners to register their vehicles, increasing tax revenue and improving overall security.

xi. Mandatory sharing of vehicle manufacturing data by manufacturers/ assemblers with ET&NC Department.

xii. Non-compliance with data sharing provision will result in halted vehicle registration and reporting to relevant regulators for further action.

xiii. In case of non-compliance, with the provision of sub-section (1), the registration of all affected vehicles manufactured, assembled, or sold will be suspended until the manufacturer or assembler complies with the requirements. A report of non-compliance will be forwarded to the relevant regulatory authorities for further action in accordance with applicable laws (amended from time to time).

xiv. Sindh Sales Tax on Services Act, 2011 was amended through the Sindh Finance Act, 2024 through which tax base was enhanced together with important amendments/ additions as made in the provisions of Act, 2011 specifically the increase in standard rate from 13% to 15% to harmonize the same with rates as in KPSToS Act, 2023 BSToS Act, 2015, ICT Ordinance, 2000 and FE Act, 2005.

xv. SRB is providing full support and cooperation to the National Tax Council in its endeavor to harmonize the various sales tax laws for the purpose of clarity, non-ambiguity and facilitation and EODB. One of the landmark achievement made in this regard include harmonized place of provision of Services Rules, 2023 as notified by all Sales Tax Administrations, including SRB.

xvi. Besides increasing its own training facility in its Sindh Institute of Fiscal Management (SIFM), SRB has also become ICAO Training Organization outside Practice (TOop) and has been recognized as first ever Public Sector Tax Organization to align with the Sindh Government vision of human capital development and also makes SRB to strengthen the tax system and touch the new heights of tax ecosystem, revenue collection and compliance monitoring. This collaboration between ICAP and SRB adds a feather in its achievement and pursuits;

xvii. Strict enforcement of system of linking the taxpayers' POS system with the electronic system of SRB during the first half of FY 2024-25 yielded a revenue of Rs. 2,659 million during this period as compared to the revenue of Rs. 2301 million in the corresponding period of FY 2023-24 which shows substantial increase of (+) 22% in collection of SST on restaurant services;

xviii. SRB notified Sindh Sale Tax Special Procedure (Tax on specified Services) Rules, 2023 whereby the banks were notified as collection agents of the SST for advertisement services, Software and IT Services and market research agency services received from abroad with a view to tap an area where tax payment was not properly enforced previously. The operation of the said Rules had resulted in enhancement of SST revenues in these sectors without causing any issue or problem to the foreign based service providers and the Sindh based service recipients.

xix. To further streamline the collection of SST on restaurant services, SRB notified Sindh /Sales Tax Special Procedure (Collection Agent) Rules, 2024 whereby food delivery platforms / third party food delivery services providers have been notified collection agent of certain amount of SST on the restaurant services provided through them.

xx. SRB has prescribed procedure for collection of SST on the services (OTT services, software and IT related services, advertisement services, market research agency services) provided to residents in Sindh by the person located outside Pakistan. For this purpose, the concept of Collection Agent (i.e. the institutions e.g. Banks, remitting the charges to the services providers abroad) has been introduced to improve enforcement.

xxi. With the introduction of harmonized Single portal-single Return in the matters of federal as well as provincial sales taxes / FED, SRB is now receiving its return from certain class of Services providers (Cellular Mobile Operators and PTCL and Microfinance Sector and Oil and Gas Sector) under the said Single Portal / Single Return System. This step has been lauded by all stakeholders besides the international donor organizations. SRB is committed to providing full support, cooperation and assistance to FBR / Portal in extending his Single Portal / Single Return to other sectors of services tax;

xxii. Legal Wing of SRB was strengthened and reinvigorated which resulted in disposal of several SRB litigation cases in favours of SRB (CPLAs in the Supreme Court and the CPs / Suits in Sindh High Court) and;

xxiii. SRB also strengthened and reinvigorated its Survey and Development Wing for detection of unregistered units and non-payers and non-filers in relation to SST. This resulted in detection of 130 unregistered units (during

July, 2024 to December, 2024) which were registered and allotted Sindh Sales Tax Registration Number (SNTNs) and also resulted in obtaining due compliance from the non-payers and the non-filers.

III. **Establishment of a Facilitation Center:**

A facilitation center has been established in the upscale Clifton area of Karachi at Showroom No. 2 Clifton Marina, Block-7, Boot Basin Clifton Karachi, which commenced operations since, 26th May, 2025 to provide the following services:

i. Counters for registration and collection of motor vehicle tax
ii. Counters for issuance of professional tax challans.
iii. A NADRA facilitation center for biometric verification at the time of vehicle registration and transfer
iv. Delivery of premium number plates to successful bidders

IV. **Alternate Delivery Channel (ADC)**

The Government of Sindh has already introduced the Alternate Delivery Channel (ADC) services as a back end payment mechanism, whereby, taxpayer can pay their dues to the GoS through their desired bank and banking channel. Currently, following levies of Sindh Revenue Board, Excise, Taxation and Narcotics Control Department and Sindh Public Service Commission (SPSC) are on-boarded and it has also been extended to other levies of Government of Sindh:

i. Sales Tax on Services
ii. Motor Vehicles Tax
iii. All SPSC Fees

5.2.5 Government of Khyber Pakhtunkhwa

The Provincial Government, Khyber Pakhtunkhwa has taken certain steps/measures for streamlining of their taxes for the FY 2024-25 **placed at Annex-III.**

5.2.6 Government of Balochistan

The detailed revenues measures taken by Government of Balochistan are tabulated below.

	Departments.	Revenues Measures
01.	**Balochistan Revenue Authority GOB**	The department in collaboration with the Federal Board of Revenue (FBR) and sister provinces' authorities, has undertaken the following measures: - • BRA has a further enhanced its digital platforms for taxpayer facilitation, including modules for registration, return filling, and online payments, these measures have significantly reduced leakages, enhanced transparency, improve taxpayer convenience. • Revenue collection during the said period recorded steady growth as compared to the corresponding period of previous year, reflecting enhanced compliance and effective enforcement initiatives. • Special emphasis has been placed on expanding the tax net by identifying and registering unregistered service providers. This has been achieved through data matching techniques, the use of third party information, and targeted awareness campaigns. • In line with NFC recommendation, BRA is actively coordinating with both federal and provincial tax authorities under the harmonization frame work to eliminate instances of double taxation and to streamline the classification of taxable services, furthermore BRA, alongwith other Provincial Revenue Authorities, has already shifted to the negative list approach, thereby ensuring uniformity, clarity, and simplification in taxation across provinces. • Steps are being undertaken to examine taxation potential and real estate related services and agriculture services, where constitutionally permissible. This diversification is aimed at broadening the revenue base.

	Departments.	Revenues Measures
02	**Provincial Transport Authority**	• Transport Department has taken steps to increase revenue collection by introducing security papers for printing of route permits form to reduce leakages and increase revenue collection, which has produced fruitfull results by increasing revenue of this Authority. The earlier forms were printed on simple paper which were easily printed and tampered outside, causing loss in revenue generation. • Secondly, this department has demanded digitalization of record in last year in SNE from Finance Department, as a result, Finance Department has approved the budget in this regard which will help this authority to increase the tax collection.
03	**Board of Revenue Balochistan**	• The AIT Act,2025 has been passed by the Provincial Assembly on 3rd February, 2025 and duly notified on 9th February, 2025. Above mention AIT has been made at par with FBR tax regime. • The AIT rules have been drafted and are currently under review, compliance of a new tax regime will be ensured through these rules. • The AIT mobile application has been developed and training for its use is currently underway to enhance digital facilitation and streamline operation. • A Steering committee on AIT collection for next FY has been notified to oversee implementation and provide strategic direction. • A communication campaign has been initiated at districts and divisional level to raise awareness and ensure stakeholders engagement. • Training of revenue staff on the new tax regime has been successfully conducted, under the schedule for May, 2025. Forty (40) Assistant Commissioners and Tehsildars have been trained on assessment calculation and collection of taxes. • A Memorandum of Understanding (MoU) has been signed with the Federal Board of Revenue

	Departments.	Revenues Measures
		(FBR) to facilitate data sharing and strengthen coordination. • Data regarding registering the farmers has been gathered and process of registration of the farmers is underway. The Districts Administration has been advised to ensure registration of all small and large scale farmers. • Crop inspection mechanisms have been put in place to ensure accurate assessment and verification, collectors have been advised to prepare estimate of AIT. • An audit of AIT and property tax has been conducted to ensure compliance, and transparency. • Recoveries have been initiated and progress is being monitored regularly. • Regular meetings at the Districts and divisional level, under the convenership of the respective commissioners, have been institutionalized to monitor progress and address operational challenges. • Keeping in view the importance of tax collection for provincial property and financial independence, AIT has been made part of agenda of DCs conference for regular updates and discussion.
04	**Energy Department**	• The excise duty on natural gas has remained PKR.10.0 Per MMBTU since,2010, as wellhead price varies from $3.7 to $6 in different zones and leases, it is recommended that excise duty shall be linked with wellhead price of the gas, which can be 2.5%of the wellhead price instead of PKR 10/MMBTU.
05	**Excise Taxation and Narcotics Department**	• Agriculture and Real Estate sectors, both come in the preview of board of Revenue. However, Excise Taxation Narcotic Department is entrusted with the responsibility of collection of urban immoveable property tax –e provincial tax. • GIS based automation is in hand, Introduction of Capital Value based taxation instead of prevailing rental value, in the upcoming FY would also help achieve the objectives.

5.3 Fiscal Discipline

5.3.1. Article 9(3) of said order provides that Federal and Provincial Governments would develop and enforce mechanism for maintaining fiscal discipline at the federal and provincial levels through legislative and administrative measures. In this regard, efforts of the Federal Government as well as Provincial Governments are reproduced as follows:

5.3.2. Federal Government

At Federal level, Public Finance Management Act, 2019 was promulgated with a view to strengthen management of public finances, improve implementation of fiscal policy, clarify institutional responsibilities and strengthen budgetary management. Federal and Provincial Government are working in close coordination to increase revenues and curtail non-essential expenditures:-

I. Implementation of Austerity Measures vide letter dated 4th September, 2024:

i. There shall be a complete ban on purchase of all vehicles exception of operational vehicles, such as ambulances and other medically equipped vehicles, fire fighting vehicles, buses & vans for educational institutions, solid waste vehicles and motor bikes;

ii. There shall be a complete ban on purchase of procurement of machinery / equipment with the exception of those required for hospitals / laboratories / agriculture / mining / schools;

iii. There shall be a complete ban on creation of new posts including contingent paid / temporary posts;

iv. There shall be a complete ban on continuation of contingent paid / temporary posts beyond one year;

v. There shall be ban on treatment abroad at Government expense;

vi. There shall be a complete ban on all non-obligatory visits abroad where GoP funding is involved.

vii. The Austerity Measures notified by the Cabinet Division vide O.Ms. No 7-1/2023-Min-I and No. 9-148/2002-Min-II dated 28.02.2023 will remain applicable unless modified or withdrawn by the Federal Cabinet.

viii. All posts lying vacant for last three years shall be abolished.

II. **Strategy for Additional Allocation and Re-appropriation of Funds during FY 2024-25 vide OM dt 24th Sep, 2024.**

i. No supplementary grant for any additional unbudgeted spending over the parliamentary approved level shall be considered by the Finance Division except in cases of severe nature disasters.

ii. During 1st half of FY 2024-25, the overall/consolidated fiscal deficit stood at 1.2% of GDP which was 2.3% of GDP in the 1st half of FY 2023-24. Major reasons for decrease in fiscal deficit were increase in revenue receipts and controlling expenditure through effective measures of the Federal Government.

5.3.3. **Provincial Governments**

Government of the Punjab

I. **Performance of Own Source Revenue (OSR):** The Government of Punjab performed exceptionally well in achieving its targets for the first half of the FY 2024-25 through improved tax administration and compliance. Provincial tax receipts stood at Rs.173.237 billion against a budgetary target of Rs.471.911 billion showing an increase of 08 percent compared to the same period last year FY 2023-24. Similarly, Rs.281.391 billion was collected against a budgetary target of Rs. 488.432 billion as non-tax receipts during first half of FY 2024-25 showing an increase of 388% percent compared to FY 2023-24. The increase in non-tax receipts mainly pertains to proceeds from Cash Management Fund.

II. **Ease of Paying Taxes:** E-pay is the first ever Government Payment aggregator in Pakistan for Public to Government (P2G) & Business to Government (B2G) payments for facilitation of tax payers and businesses. The platform has increased the digital transactions of Own Source Revenue significantly and collected Rs. 652 Billion from 74 million plus transactions up to December 2024. A total of 18 departments and 87 taxes/levies have been digitized which is resulting in improved service delivery through better collection and enforcement of Govt. levies/taxes.

III. **GST Harmonization and Digitization**

i. Development of end-to-end integrated solution for business processes of PRA on IRIS platform

ii. All tax payments are received through Alternate Delivery Channels (ADCs) which is routed through E-pay Punjab

iii. Tax collection is monitored through Dashboard and analysis of revenue data is done

iv. Improved electronic Invoice Management System (e-IMS) directly linked to Return

v. Collaboration of PRA with FBR to develop single tax portal

IV. **Database Integration:** Government of Punjab has approved Database Integration Plan, enabling provincial revenue collecting departments and agencies in collecting more revenues through effective enforcement of the relevant laws, rules and regulations and facilitating these departments and agencies to systematically gather and analyze the data available with various institutional units in the public as well as private sector. By making a large set of data available to the revenue collecting departments and agencies, the database shall lower the requirement to approach the taxpayers time and again to obtain data that is already available with the government in one form or the other.

Government of Sindh

Cash Monitoring:

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

Government of Khyber Pakhtunkhwa

I. While considering the Budget Estimates for the Financial Year 2024-25 the Provincial Cabinet, Government of Khyber Pakhtunkhwa approved certain guiding principles to curtail the recurring expenditure effective from 1st July 2024 **(Annex-IV).**

II. To maintain financial discipline and in time availability of funds, the Government of Khyber Pakhtunkhwa upon approval of competent authority has devised a release policy for both current and development expenditure for the FY 2024-25 **(Annex-V).**

The Gazette of Pakistan

EXTRAORDINARY

PUBLISHED BY AUTHORITY

ISLAMABAD, MONDAY, MAY 10, 2010

PART I

Acts, Ordinances, President's Orders and Regulations

GOVERNMENT OF PAKISTAN

MINISTRY OF LAW, JUSTICE AND PARLIAMENTARY AFFAIRS

Islamabad, the 10th May, 2010

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

PRESIDENT'S ORDER NO.5 OF 2010

AN

ORDER

to provide for distribution of revenues and certain grants

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

Price: Rs. 5.00

[2438 (2010) Ex.Gaz)

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

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

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

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

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

(a) **"net proceeds"** means, in relation to any tax, duty or levy, the proceeds thereof reduced by the cost of collection, as ascertained and certified by the Auditor-General of Pakistan; and

(b) **"taxes on income"** includes corporation tax but does not include taxes on income consisting of remuneration paid out of the Federal Consolidated Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ASIF ALI ZARDARI,
President.

SYED SULTAN AHMED,
Senior Joint Secretary.

Annex-II

REGISTERED No. M - 302 / L.-7646

The Gazette of Pakistan

EXTRAORDINARY
PUBLISHED BY AUTHORITY

ISLAMABAD, THURSDAY, JULY 2, 2015

PART I

Acts, Ordinances, President's Orders and Regulations

GOVERNMENT OF PAKISTAN

MINISTRY OF LAW, JUSTICE AND HUMAN RIGHTS

Islamabad, the 1st July, 2015

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

PRESIDENT'S ORDER NO. 6 OF 2015

AN

ORDER

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

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

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

Price : Rs. 2.00

[1002 (2015)/Ex. Gaz.]

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

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

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

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

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

MAMNOON HUSSAIN,
President.

JUSTICE (R)
MUHAMMAD RAZA KHAN,
Secretary.

PRINTED BY THE MANAGER, PRINTING CORPORATION OF PAKISTAN PRESS, ISLAMABAD.
PUBLISHED BY THE DEPUTY CONTROLLER, STATIONERY AND FORMS, UNIVERSITY ROAD, KARACHI.

Annex-III

MEASURES FOR STREAMLINING OF TAXES BY GOVT. OF KP

I. The Government of Khyber Pakhtunkhwa reduced rate of Sale Tax on Services to one percent (1%) for 10 categories/sectors including Print Media, Industrial workshops, Cinematographic Services, Property Dealers etc. Further, rates of Sales Tax on Services also reduced for 17 categories/sectors mainly Construction, Marriage Halls, Hotels & Restaurants etc. Furthermore, in the Wedding Halls and Beauty Parlors where RIMS is implemented, the tax rate reduced to 5% as well as the tax rate reduced to 0% for health insurance services including Sehat Card.

II. Total collection on account of Sales Tax on Services made by Khyber Pakhtunkhwa Revenue Authority (KPRA) during the first half of the Financial Year 2024-25 is **Rs. 18,523.000** million thus a total of **Rs.18,518.000** million against the target of **Rs.39,000.000** million has been realized.

II. The Budget target was fixed as **Rs. 39,000.000** million for the Provincial revenue generating Tax & Non-Tax Departments.

Annex-IV

Economy/Austerity Measures

I. Salary budgeting has been done at actual filled positions, therefore, hiring against vacant positions shall be subject to budgetary ceilings.

II. There shall be a complete ban on:

   i. Creation of posts excluding completed Developmental Projects.

   ii. Purchase of vehicles except Ambulances, Earth moving machinery, Fire Trucks, Tractors, Trucks, Buses, Passenger vans, Prisoners Vans, Motorcycles, Water Bowser Trucks, Recovery/Rescue vehicles, Rescue/Life Saving boats.

   iii. Participation in workshops/seminars and training abroad involving provincial funds.

   iv. Holding Seminars and Workshops in Five Star Hotels involving provincial funds.

   v. Treatment abroad on Provincial Government's expense.

III. All Administrative Secretaries and Heads of Autonomous/Semi-Autonomous Bodies, being Principal Accounting Officers, shall conduct meetings of Departmental Accounts Committee regularly so as to ensure internal audit of their respective Departments / Organizations.

IV. Expenditure shall be restricted to the funds released and the Administrative Departments shall not incur expenditure in anticipation of additional or supplementary grants.

V. To bring efficiency in revenue collections, "Provincial Revenues Review Committee" shall meet regularly under the chairmanship of Minister Finance to review the performance of all revenue collecting entities of the Provincial Government and to propose structural changes, performance indicators, legal reforms and other realignments in the procedures.

VI. Contingent paid staff shall be engaged during the course of the financial year 2024-25 only after approval of the Finance Department.

VII. No appointment shall be made against leave vacancies without prior approval of Finance Department.

VIII. No appointment will be made against vacant posts (except appointment by promotion) without obtaining NOC from the concerned Surplus Pool.

IX. Principal Accounting Officers will make sure that no appointment is made against vacant posts of dying cadre and will also initiate disciplinary action, if such appointments have been made previously.

X. No developmental scheme involving creation of posts and purchase of vehicles, machinery & equipment and furniture (Revenue Component), will be considered without prior clearance of Finance Department.

XI. No department shall retain receipts in Bank Accounts. The Departments must remit all Receipts to Provincial Account forthwith except where Departments/ facilities have been specifically permitted under some Statute/Act. All MTIs shall share the balances in Reserve Fund with Finance Department on quarterly basis along-with the Procurement Plan. Release of subsequent quarter's budget shall be subject to submission of reserve funds balances to Finance Department. All Grants in Aid to Bar Councils and Press Clubs shall be released as per approved criteria. Any fund over and above the approved criteria shall be released with the approval of Chief Minister, Khyber Pakhtunkhwa.

XII. No funds will be utilized on account of annual and special repair of such Roads & Buildings (AOM&R) which have been repaired / rehabilitated during last three years except flood and earthquake affected Government infrastructure. To ensure the scope and standard of such works, Director General, Monitoring & Evaluation (M&E), shall inspect the sites periodically and provide a quarterly report to P&D & Finance Department. The concerned SDO shall submit a certificate to the effect that no funds have been utilized for Repair & Maintenance of the concerned Road & Building in the last three years

XIII. The advertisement charges allocated under Current Revenue Expenditure shall be utilized on current side only. As regards expenditure on developmental side, necessary provision will be made in the PC-I(s)/Costs Estimate(s) of the concerned scheme(s) whereas the devolved Department's expenditure on this account shall be met out of Account-IV/V, as the case may be, of the district concerned.

XIV. All posts which are lying vacant for the last three (03) years shall be abolished by Finance Department unless justified by the Administrative Department.

XV. P&D Department shall initiate district & sectoral plan spread over the next three (03) years as part of the mid-term development framework for the purpose of improved planning & eliminate wasteful expenditure.

XVI. All Autonomous/Semi-Autonomous bodies, Medical Teaching Institutions, other Institutions and Authorities under Provincial Government shall adopt the measures within their respective organizations with the approval of their competent forums.

XVII. Principal Accounting Officers shall overall review the Departmental overall budgets and ensure judicious spending of various entities. Any intra departmental adjustments/ re-appropriations shall be done at level of Principal Accounting Officers to bridge budgetary/ release gaps.

A. **Development Expenditure:**

TYPE OF SCHEMES	FUNDS RELEASE METHODOLOGY
1. Ongoing approved schemes	The allocated funds will be released to each sector as proposed by Planning & Development Department
2. New schemes	The allocated funds will be released to each sector as proposed by Planning & Development Department
3. Schemes with 'R' status in ADP 2024-25	Funds will be released to the schemes of **'R' status** in ADP 2024-25 on the basis of notified Revised Administrative Approval.

I. District wise complete breakup of the umbrella schemes shall be provided by the Department after release of funds

II. No release shall be made in the name of individuals with respect to Umbrella schemes.

III. 100% release will be made for procurement of medicines and any other essential heads under schemes of Health Department on the request of the Department.

IV. All release, including Intra-Sectoral re-appropriation approved by Administrative Departments to development schemes shall be punched in SAP system by Administrative Departments themselves and not by the Finance Department.

B. Current Expenditure – Provincial

S. NO	OBJECTS	FUNDS TO BE RELEASED
1.	Salary and Pension*(except Honoraria which shall be released on case-to-case basis)*	100%
2.	Electricity Sui Gas Charges Advertisement Charges (Current side only) Financial Assistance to the families of Government servants who die while in service	100%
3.	Rest /Others	25%
4.	Purchase of Physical Assets	25%
5.	Maintenance & Repair **	On case -to -case basis
6.	Wheat Subsidy	On case -to -case basis
7.	Medical Teaching Institutions (MTIs)	25% each quarter; However, 4th quarter release shall be subject to availability of financial resources.
8.	Funds at the disposal of Finance Department	Release on case-to-case basis through re-appropriation as per Guidelines contained in Finance Department's circular letter No. BO. I/FD/5-17/2014 - 15 dated 12/06/2015

NOTE:

i. **Medical Charges***: - The funds released under object A01274-Medical Charges shall be utilized by the concerned sanctioning authorities only up to the limit of medical re-imbursement claims i.e **Rs.30,000/-** where verification / authentication by Director

General, Health Services, Khyber Pakhtunkhwa is not required under the prevailing rules/policy instructions. The incurrence of expenditure against the remaining claims shall be authorized by Finance Department on case-to-case basis as usual subject to fulfillment of all codal formalities.

ii. **Repair & Maintenance**:**—The funds allocated for civil works including Public Health Engineering & Irrigation, maintenance and repair of Roads, Highways, Bridges and Buildings, Machinery & Equipment will be released on case-to-case basis with the approval of competent forum and issuance of Administrative Approval.

iii. **Release of Withheld Budget:**—The withheld budget under Current Expenditure (Provincial) will be released on monthly basis subject to availability of financial resources. The individual demands for release of balance funds shall be examined at the level of concerned sections and decided by the competent authority based on justification(s) provided by the Administrative Department concerned."

iv. **Grant in Aid:**— Grant-in-Aid will be released on case-to-case-basis as per prevailing law, rules and policy/instructions.

C. Development & Current Expenditure – Local Governments

SR.#	GRANT	FUNDES TO BE TRANSFERRED
1.	Salary	On monthly installment basis subject to adjustment of balance available from previous month.
2.	Non-Salary	On quarterly installment basis subject to availability of financial resources.

D. Grant to Local Councils

SR.#	GRANT	FUNDES TO BE TRANSFERRED
1.	TMA	On quarterly installment basis subject to availability of financial resources.
2.	Grant to VCs/NCs	**100%** share of the Grant on quarterly installment basis subject to availability of financial resources.
3.	Cantt: Board	On quarterly installment basis subject to availability of financial resources.

E. **Development Authorities**

Grant-in-Aid shall be released to the concerned development authority as per prevailing Law, rules and policy/ instructions.

F. **Urban Immovable Property Tax**

UIPT funds shall be transferred to the respective Development Authorities/TMAs on a need basis, subject to the availability of resources.

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