

Government of Pakistan
Revenue Division
Federal Board of Revenue
Inland Revenue

Islamabad the ^{22nd} January, 2021.

NOTIFICATION

S.R.O. 78 (I)/2021.— In pursuance to the Tax Administration Reforms culminating in merger of all inland taxes namely those imposed under The Income Tax Ordinance, 2001, The Sales Tax Act, 1990, The Federal Excise Act, 2006, and The Islamabad Capital Territory (Tax on Services) Ordinance, 2001, and the consequent creation of the Inland Revenue Service for the purpose of enforcement of and performance of functions thereof, and in exercise of the powers conferred by section 227A and section 227B of the Income Tax Ordinance, 2001, section 72C and 72D of the Sales Tax Act, 1990, and section 42C and 42D of the Federal Excise Act, 2005, and in order to consolidate reward rules issued separately from time to time and to put in place a uniform incentives regime for detection of tax evasion, meritorious services, and any other outstanding performance, across the Inland Revenue field formations, detachments and the headquarters, the Federal Board of Revenue is pleased to frame the following rules, namely:-

The Inland Revenue Reward Rules, 2021

1. Title and Commencement

- (i) These rules may be called The Inland Revenue Reward Rules, 2021.
- (ii) These rules shall come into force with effect from January 01, 2021.

2. Definitions

In these rules, unless the context other requires or permits, the following words and expressions shall be having the meanings as given below: -

(i) *Eligible Persons*

Following shall be eligible persons under the Reward Rules: -

- (a) The officers and staff deputed to exercise powers, enforce and/or perform functions and duties in designated entities under the specified statutes; and
- (b) Informers/Whistleblowers.

(ii) *Eligible Performance*

Following types of performance will be eligible for claim of reward under the Reward Rules: -

- (a) Detection and assessment/recovery of tax sought to be evaded;
- (b) Meritorious services; and

- (c) Extraordinary performance.

(iii) Specified Statutes

The term “specified statutes” for the purposes of these rules means: -

- (a) The Sales Tax Act, 1990;
- (b) The Federal Excise Act, 2006;
- (c) The Islamabad Capital Territory (Tax on Services) Ordinance, 2001;
- (d) The Income Tax Ordinance, 2001;
- (e) The Federal Board of Revenue Act, 2007; and
- (f) Any other law/Act notified by the Federal Board of Revenue as a specified statute.

(iv) Designated Entities

The term “designated entities” for the purposes of these rules means: -

- (a) Inland Revenue field formations i.e. Large Taxpayers’ Offices, Medium Taxpayers’ Office, Corporate Tax Offices, and Regional Tax Offices or any associated and subordinate detachments;
- (b) Inland Revenue Directorate Generals and their field offices;
- (c) Post Refund Analysis Cell (PRAC) established by the Inland Revenue Wing;
- (d) Inland Revenue (Operations) Wing, and its associated detachments;
- (e) Any FBR Wing tasked with Inland Revenue functions; and
- (f) Any other entity notified by FBR to be a designated entity.

(v) Informer/Whistleblower

The term “Informer,” or “Whistleblower” for the purposes of these rules means any person who, not being an employee of Federal Board of Revenue; –

- (a) Gets himself registered for the purposes of being an informer; and
- (b) Provides information in the shape of concrete evidence, which conclusively leads to detection of tax evasion, formulation of assessment/reassessment, and eventual recovery of the evaded tax(es); and
- (c) Lodges a claim on the prescribed format on the conclusion of the processes as at (b) above.

(vi) Tax Sought to be Evaded

For purposes of claim of reward by officers/officials of designated entities as defined under clause (iv) of Rule 2 and for informers/whistleblowers, “tax sought to be evaded” means, –

- In terms of sub-clauses (a), (b) and (c) of clause (iii) of Rule 2, detection of an un-registered person liable to be registered and/or detection of evasion or non-assessment including short-assessment of tax by a registered person or detection of payment of inadmissible refunds or claim of inadmissible input tax resulting in and leading to an assessment/determination of tax owed to the state.

Provided that a corresponding penalty under section 33 of the Sales Tax Act, 1990, and section 19 of the Federal Excise Act, 2005, representing an amount of tax sought to be evaded must have been imposed.

- In terms of sub-clauses (d) of clause (iii) of Rule 2, difference between tax originally paid on the basis of income originally assessed/declared (if any) and the tax calculated/computed on account of re-assessment of income framed on the basis of information collected or provided resulting in and leading to an assessment/determination of tax owed to the state.

Provided that a corresponding penalty under Sl. 12 of sub-section (1) of Section 182 of the Income Tax Ordinance, 2001, representing an amount of tax sought to be evaded must have been imposed.

(vii) Meritorious Services

The term “Meritorious Services” means and includes exceptional performance in any or a combination of the following areas:-

- (a) Exceeding budgetary targets through extra-ordinary planning and efforts;
- (b) Displaying exceptional results in the recovery of arrears;
- (c) Enlarging the base of tax-payers by adding large number of new taxpayers whose contribution to revenues would be substantial;
- (d) Exceptional performance in defending cases (by the Departmental Representatives) before the ATIR.
- (e) Displaying extra-ordinary devotion to duty and acumen towards making some original contribution.

(viii) Extraordinary Performance

The term “Extraordinary Performance” means a duly notified activity-oriented task assigned to and performed by an officer or a staff or a group of officers/staff up to an exhibited degree of excellence and within the timelines prescribed and pre-notified for the purpose.

(2) Admissibility of Reward

A reward shall be admissible to eligible persons of designated entities on account of eligible performance exhibited while enforcing and/or performing functions and duties under the specified statutes, and at the prescribed rates.

4. Competent Authority

- (i) For purposes of clause (iv) of Rule 2 --
 - (a) Member (Inland Revenue - Operations) shall be the Competent Authority to sanction reward to officers/members of staff deployed in entities designated in clauses (a) to (c) thereof; and

- (b) Chairman, FBR/Secretary (Revenue Division) will be the Competent Authority to sanction reward to officers/members of staff deployed at entities designated in clauses (d) and (e) thereof.
- (ii) For purposes of sub-clauses (b) and (c) of clause (ii) of Rule 2, Chairman FBR/Secretary (Revenue Division) will be the Competent Authority.
- (iii) For purposes of clause (v) of Rule 2, Chairman, FBR/Secretary (Revenue Division) will be the Competent Authority.

5. Amount of Reward

- (1) The amount of reward for an officer/member of staff of entities as designated in sub-clauses (a) to (c) of clause (iv) of Rule 2, would be as under: --
 - (a) Officer/member of staff detecting the tax evasion Lesser of 20% of the tax sought to be evaded or 2 years' salary as at the time of detection/filing of the detection report.
 - (b) Officer/member of staff completing the adjudication/assessment Lesser of 20% of the tax sought to be evaded or 2 years' salary as at the time of completion of adjudication/assessment.
- (2) If no appeal/revision has been filed against the assessment, the whole of the admissible reward shall be paid immediately after expiry of limitation for filing of appeal/revision.
- (3) In case an appeal has been filed against the assessment order the admissible reward claim would be processed as follows: -
 - (c) 50 % upon confirmation at 1st appeal forum; &
 - (d) 50 % upon completion of appellate process on point of fact i.e. Appellate Tribunal Inland Revenue (ATIR).
- (4) The reward will be paid only if the tax sought to be evaded has been recovered at least to the extent of 50% of the tax sought to be evaded.
- (5) In case detection and assessment have been made by the same officer, he shall be entitled to a reward of the lesser of 20% of the tax sought to be evaded or 3 years' salary as at the time of detection/filing of the detection report.
- (6) In case there are more than one claimants of reward on account of detection or assessment, the reward would be apportioned as per the recommendation of the Chief Commissioner or Director General concerned.
- (7) An Informer/Whistleblower in terms of clause (v) of rule 2 shall be entitled to a reward at the rate of 20% up to a maximum of Rs.5 million of the tax sought to be evaded in a single case.

6. Reward for Meritorious Services –

- (i) FBR, at the close of every financial year, may give rewards to officers/officials in recognition of the meritorious services rendered by them during the year.
- (ii) The amount of reward for meritorious services in no case will be less than 3 and more than 6 salaries in each single case.

7. Reward for Extraordinary Performance –

- (i) A Competent Authority may sanction reward for extraordinary performance under exceptional circumstances.
- (ii) The amount of reward for extraordinary performance in no case will be less than 12 and more than 24 salary in each single case i.e. each officer/staff involved in the assigned task.

8. Inland Revenue Welfare Fund --

- (i) An Inland Revenue Welfare Fund shall be established for the welfare of the eligible persons as defined in sub-clause (a) of clause (i) of Rule 2, under direct control and management of Member (Inland Revenue), Federal Board of Revenue.
- (ii) An amount equal to 10 per cent of the reward sanctioned under Rule 5 shall simultaneously be processed, approved and deposited in the Inland Revenue Welfare Fund.

9. Inland Revenue Operations, FBR, will administer these rules at the head office, and may issue instructions and guidelines for their implementation across the board.

10. While these rules cover all unfiled reward claims on past and future case, all pending reward claims already filed shall continue to be governed by existing applicable rules as at the time of notification of these rules.

11. The Reward Rules, 1980, Circulated vide Order C.No.63(88)IT-IV/75-pt., dated March 29, 1980; The Sales Tax Reward Order issued vide C.No.7(2)STC/98, dated November 30th, 1998; The Unified Reward Rules, 2006, circulated vide S.R.O. 1213(I)/2006, dated December 5, 2006 (to the extent applicable to IRS/Inland Revenue Wing), and SRO 398(I)/2016, dated May 5, 2016, shall stand rescinded.

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(Tariq Iqbal)
Secretary (Rules & SROs)