



STATE BANK OF PAKISTAN
FINANCE DEPARTMENT
I.I CHUNDRIGAR ROAD
KARACHI

FD Circular Letter No.8 of 2021

January 21, 2021

The Chief Executives / Presidents
All Commercial Banks and Microfinance Banks

Dear Sir(s) / Madam,

Collection of FBR Taxes including Custom Duty through ADC and OTC Mechanism

The collection of FBR taxes and duties through Alternate Delivery Channels (ADC) was initiated in March 2018 in parallel to the traditional paper based manual system. The ADC mechanism allowed the tax payers to pay their taxes through internet/mobile banking, Automated Teller Machines (ATMs) or Over-the-Counter (OTC) of 16000 branches of commercial banks across the country. It also enabled Federal Board of Revenue (FBR) and Government Accounting Bodies to realize the tax proceeds on almost real time basis and record the transactions in their accounting system electronically. Considering the successful and smooth operations of ADC platform for over 2 years, FBR made it mandatory for Corporate Tax Payers to pay their taxes only through ADC mechanism from 17th August 2020. The other two categories i.e. Association of Persons (AOPs) and individual tax payers will also be gradually shifted to ADC mechanism thus completely eliminating the traditional tax collection system.

As another step towards digitization of taxes and duties collections, the FBR and Pakistan Customs has decided that effective 20 January 2021, Custom Duties exceeding Rs.1 million will be collected through ADC mechanism only. FBR and SBP has conducted a number of webinars and awareness sessions for the business community to ensure smooth transition to ADC mechanism. While we appreciate the effective role and contribution of banks in making this initiative a huge success, there are still complaints and concerns by the tax payers about low awareness of banks' field staff about the ADC particularly the OTC mechanism. It is therefore, advised and reiterated that following measures are taken on immediate priority:

- i. The banks' branches have fully functional OTC system integrated with 1Link to collect the Government taxes and duties. The branch staff should have full understanding of the system and should facilitate the tax payers in payment of taxes.
- ii. As the custom duty is dependent on exchange rate, it changes with the change in exchange rate. Thus, there may be cases where the tax payer generates Payment Slip ID (PSID) on day 1 and approaches the bank for payment, the next day and thus the amount of duty reflected on the Tax Payer's PSID is different from the one appearing on bank's terminal. In such cases if the Cheque presented is of lesser amount, the banks shall accept the additional amount in cash or Cheque as per the convenience of the tax payer. Further, in case the Cheque amount is greater than the custom

duty appearing on the bank's terminal, the excess amount shall be credited in the tax payer's account with the bank.

- iii. There have been complaints that the banks' branches do not accept the Cheque drawn on another branch of their bank for payment of taxes and ask the tax payer to visit the branch on which the Cheque is drawn. As all bank branches are online, the tax payer can pay the taxes in any branch of his/her bank. The banks shall ensure that all their branches are accepting the taxes and duties through ADC mechanism and that their customer can pay the tax in any branch of his/her bank.
- iv. The banks shall send SMS or email messages to their clients informing them that "They can pay their taxes and custom duty through internet/mobile banking, ATMs or in any branch of their bank by submitting a Cheque of the tax/duty amount and PSID."

Please acknowledge receipt.

Yours Sincerely,

Sd/-
(Rizwan Sarfaraz)
Senior Joint Director