



**T R A N S P A R E N C Y  
INTERNATIONAL-PAKISTAN**

5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII,  
Defence Housing Authority, Karachi.  
Tel: (92-21)-35390408, 35390409, Fax: 35390410  
E-mail: ti.pakistan@gmail.com  
Website: www.transparency.org.pk

3<sup>rd</sup> July 2012

Dr. Mohammed Yaseen  
Chairman PTA  
Pakistan Telecommunication Authority,  
Head Office, F/5-1,  
Islamabad.  
Fax: +92-51-2878155.

**Subject: Allegation of non deposit of GST on hidden sale of pre paid cards by 5 Cellular Companies-GST Evasion of Rs 47 billion**

Dear Sir,

Transparency International Pakistan has received a complaint of non deposit of GST on hidden sale of pre paid cards by 5 Cellular Companies.

The complainant has reported that in 2003-2004, when the total connections were 5 million, and annual revenue was Rs 27.84 million, GST paid to the Government of Pakistan was Rs 12.1 million. This was 44% of collection, though the rate of GST was 19.5%.

The complainant has reported that in the year 2010-2011 when the connections were 118 million, the approximate value of pre paid cards sold per month by each company were:

Mobilink	Rs 8.5 billion
Ufone	Rs. 7.4 billion
Telenor	Rs 8.0 billion
Warid	Rs 4.0 billion
Zong	Rs 4.75 billion
Total	Rs 31.65 billion
Total in 2010-11	Rs 379.80 billion

In the revenue of the 5 companies, post paid customers fee and users' billed charges paid through check, inter change charges are not included.

The average monthly collection of revenue reported by the complainant for FY 2010-11 is approximately Rs 42 billion per month, which comes to 504 billion for the FY 2010-11.

Against this reported collection, the 5 cellular companies have reported on PTA website Rs 262.76 billion revenue for FY 2010-11, thus a shortfall of Rs. 241.24 billion in revenue collection has been identified by the complainant.

The evasion of GST at 19.5% amounts to approximately Rs 47 billion.



Transparency International Pakistan requests PTA to kindly examine the complaint, and check the reporting procedure of cellular companies' sale of prepaid cards. Please also inform the following:

1. Whether the prepaid cards are being registered by FBR prior to PTA allowing sale of the cards? And whether the 5 cellular companies have got the prepaid cards registered by SBR Sindh and cleared by PTA prior to sale?
2. If this is not the procedure, what are the checks and balances used by PTA and FBR to know what is the actual expenses.
3. Is FBR being supplied the data by cellular companies on each and every cell phone user, and does FBR correlate this data with the tax returns of the cell phone users?
4. Is FBR being provided information by cellular companies about their sales agents who sell the pre paid cards, and the actual GST paid by these agents to cellular companies, who are supposed to file GST returns monthly, showing names of purchasers?

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,

Syed Adil Gilani  
Adviser

Copies forwarded for the information and action under the authority vested in their respective jurisdictions:

1. Chairman, Public Accounts Committee, Islamabad.
2. Registrar, Supreme Court of Pakistan, Islamabad.
3. Chairman, NAB, Islamabad.
4. Minister Finance, Islamabad.
5. Federal Tax Ombudsman, Islamabad.
6. Chairman FBR, Islamabad.