



# Newsletter

# FINTECH

## What's Inside

### EXPLORE

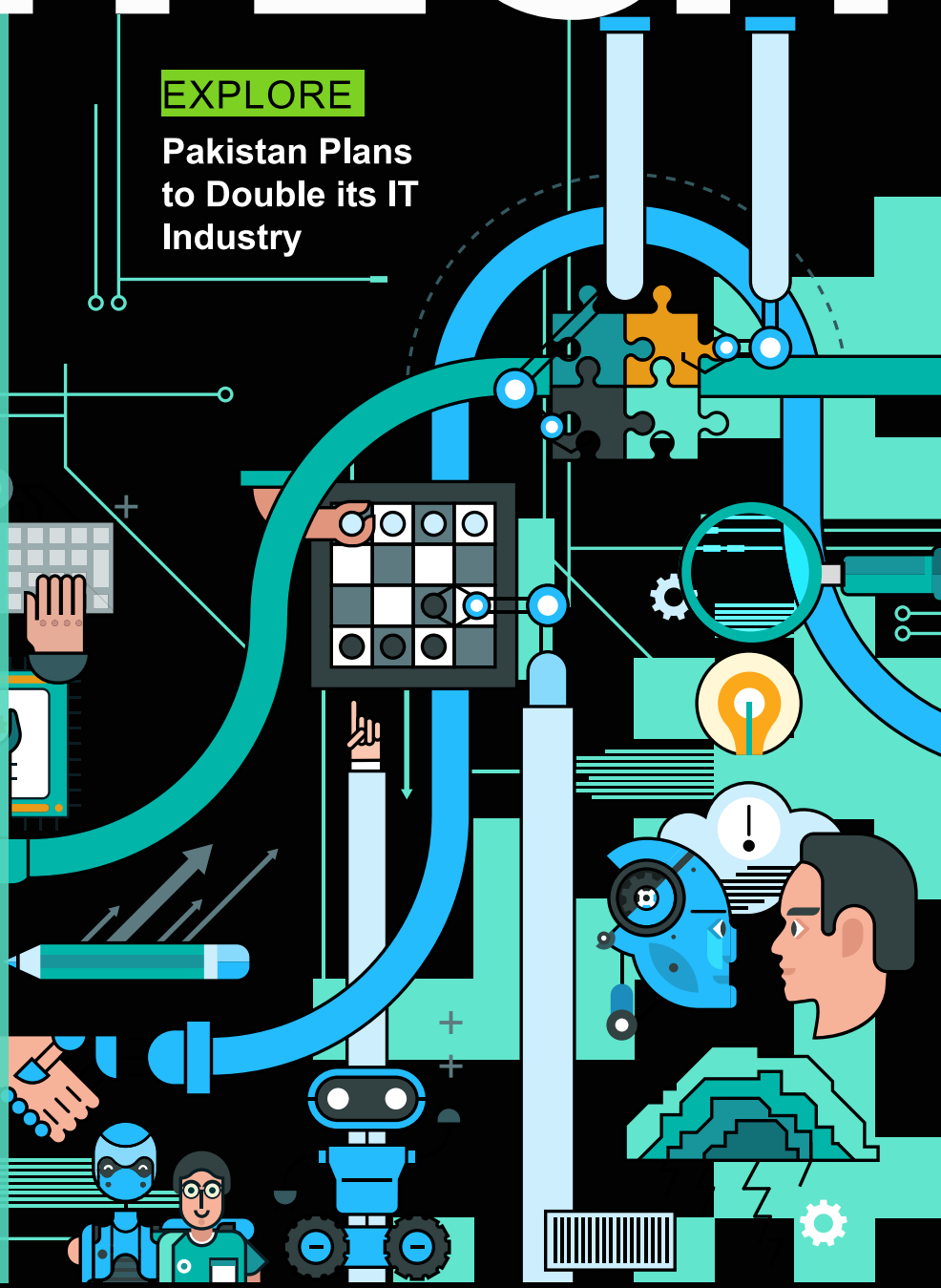
Pakistan Plans to Double its IT Industry

ePay Punjab collects token tax worth PKR 7.7 Billion+

Finance Department of Punjab planned to integrate with micro payment gateway

NA Committee recommends withdrawal of GST on Agricultural Equipment

Government imposes heavy tax on profit from saving certificates



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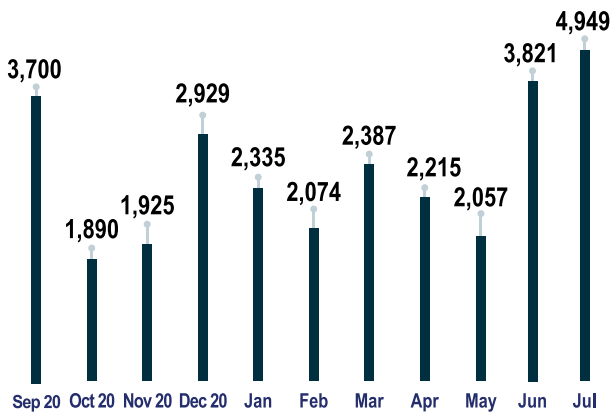
# ePAY PUNJAB

Progress (as of 31st July 2021)

- 01** ePay Punjab crossed **7.8 Million Transactions** amounting to **PKR 36 Billion +** revenue collection in **21 months**
- 02** ePay Punjab collects token tax worth **PKR 7.7 Billion+**
- 03** Launched Traffic Challan in Lahore, Gujranwala, Faisalabad, Multan and Rawalpindi collected **1.73 Billion PKR** within a span of **15 months** only.
- 04** Lahore Transport Company's "Route Permit" officially launched on **22nd June, 2021**.
- 05** A total **21 levies** of **10 departments** can be digitally paid via ePay Punjab
- 06** Work in progress with all **36 Districts** of Punjab for Online Payment of **Traffic Challan** and will be launch in coming Fiscal year.

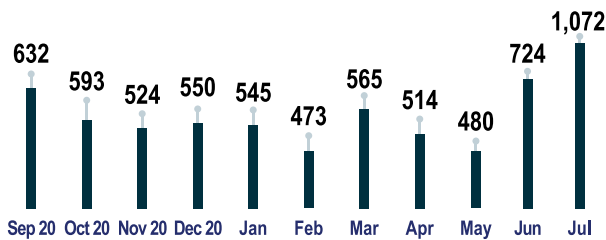
## Monthly Collection (In Million)

**Total PKR. 36.20 Billion +**



## Breakdown of Volume (In PKR Value Range)

**7.8 Million + Transactions**



**New Record**

**Highest Revenue Collection**  
In a single day

**PKR 686 Million+**  
15th April 2021

## Total 21 Levies (Pay your taxes digitally via ePay Punjab)



## Addition of Internet Payment Gateway Channel in ePay Punjab

ePay Punjab is acquiring Internet Payment Gateway services and arranging **signing ceremony** with following principals:



## ePay Upcoming Weeks

### Levies & Expected Timeline

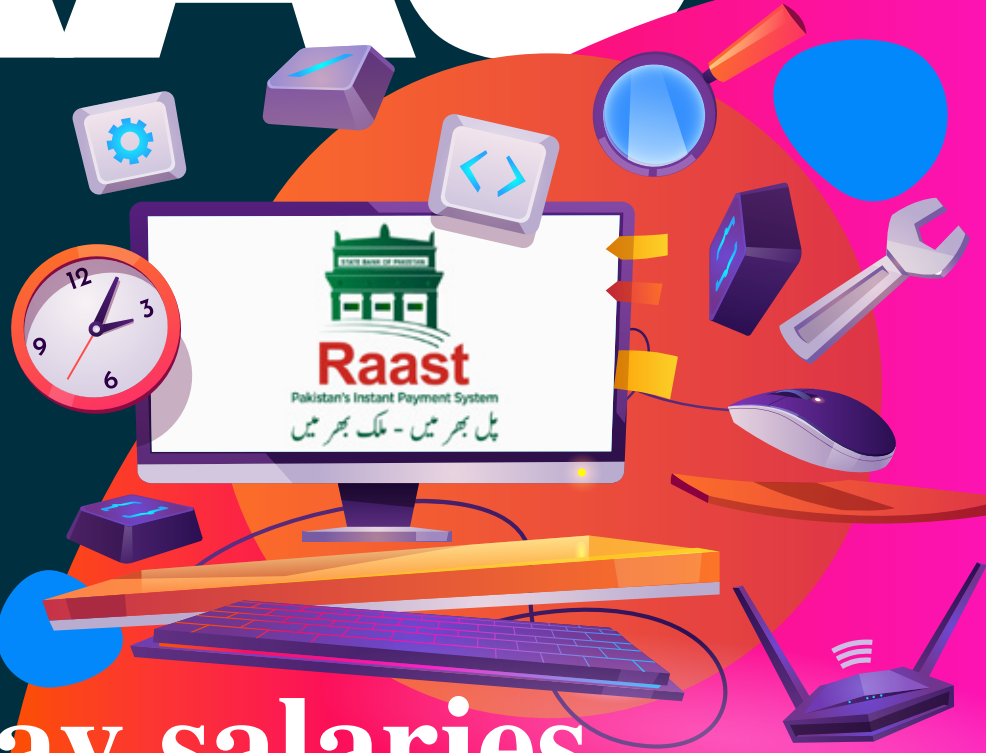
- Agriculture Income Tax..... Third Quarter of 2021
- Mines & Minerals..... Fourth Quarter of 2021
- Character Certificate Fees..... Fourth Quarter of 2021
- Driving License..... Fourth Quarter of 2021
- Cattle Market Fees..... Third Quarter of 2021
- Lahore Ring Road Authority Traffic Challan..... Third Quarter of 2021
- PESSI Receipts..... Third Quarter of 2021
- LDA Receipts..... Third Quarter of 2021
- EToll Charges..... Fourth Quarter of 2021
- Arms Certificate Fees..... Fourth Quarter of 2021

### Disbursements Plan & Expected Timeline

- PSPA Grants..... Third Quarter of 2021
- Benevolent Funds/Zakat..... Fourth Quarter of 2021

# RAAST

To facilitate the citizens, and increase Government of Punjab revenue, Finance department has taken an initiative to digitize the payments made to the Government under Online Payment of Govt. Receipts. For that purpose, Finance department of Punjab planned to integrate with micro payment gateway services of RAAST for the collection of G2P (Government to Public) & G2B (Government to Businesses) Payments Tax receipts.



## Govt to pay salaries, employee pensions via RAAST instant payment system

The Finance Department of Punjab has given approval to Punjab Information Technology Board for integration with RAAST.

Integration of RAAST with ePay Punjab has been started. At the moment requirement are finalized between State Bank of Pakistan and Punjab Information Technology Board's Tech Teams . The module will be developed and implemented in coming eight(8)weeks.





# MoU Signing Ceremony between Teamup and Pakistan Fintech Network

Teamup and Pakistan Fintech Network (PFN) have signed a Memorandum of Understanding on the 9th of June 2021. The ceremony was attended by key personnel from both organizations. Nadeem Hussain, Chairman, PFN and Zouhair Khaliq, co-founder Teamup signed the MoU to open avenues for collaboration between the two parties.

Both organizations are keen to leverage respective institutional expertise in terms of technology, knowledge, network and management aspects towards strengthening Pakistan's innovation and entrepreneurship ecosystem.



# DIGITAL BANKING – PAVING THE WAY FOR A FINANCIALLY INCLUSIVE PAKISTAN.



The ongoing global pandemic has led towards a digital transformation across all sectors and made it indispensable for individuals as well as organizations to adapt to the 'new normal' sooner rather than later, a major part of which has meant switching towards digital, cashless payments.

COVID-19 caused huge migration to digital payments which gave Fintech organizations a great opportunity to innovate and bring further ease to users. The rapid digital shift has increased the number of digital transactions and payments not only across Pakistan, but worldwide, and this trend is not only here to stay, it is bound to gain traction over time.



# GOVT PROPOSES SALES TAX ON E-COMMERCE

The federal government has proposed to impose a sales tax on the sale of goods through an online marketplace. The FBR's proposal includes new measures to make e-commerce marketplaces liable for VAT/GST on sales made by online traders besides, data sharing and enhanced co-operation between tax authorities and online marketplaces.

These new measures provide governments with the tools needed to ensure that online platforms play their part in the collection of taxes. They will also level the playing field for those on high streets and in malls, which have had to compete against online competitors enjoying a tax advantage.

## Pakistan's IT sector exports outperform all other sectors, with a 5 yearly revenue

According to the annual Pakistan Economic Survey FY 2020-21, during the first two quarters of FY 2020-21, the overall investment in the Telecom sector exceeded \$465 million. The survey further revealed that Pakistan's IT sector outperformed all other sectors of the country's economy by recording an 18.85% growth in foreign exchange reserves, higher than any other sector in the past 5 years.





# Pakistani Company Receives Largest IT Order From **Japanese** Corporation

Japanese company called Bears Inc Japan which is currently building high-tech platforms to expand its services globally announced that it would be awarding orders to a Pakistani company called Saffron Group to ensure the creation of an Information Technology based platform for real estate. The development of this platform will cost nearly \$3.2 million out of which most have been utilized for the investment on a proper road map.

This order was one of the largest direct orders of a Japanese corporation to Pakistan in the field of Information Technology. Furthermore will encourage the top companies from Japan to consider IT solutions from Pakistan hence allowing the country to explore opportunities.

# FBR introduces e-hearing system for tax audits, assessment cases

The Federal Board of Revenue (FBR) has introduced a system for the online electronic hearing of tax audits and assessments cases to facilitate the taxpayers towards the payment of their tax obligations.

The e-hearings would be recorded and archived for further legal and administrative utilization. With the introduction of the e-hearing module, the taxpayers would no longer be required to visit the offices for hearings and physical hearings carried out in the offices would be completely phased out.



## NA Committee Recommends Withdrawal of GST on Agricultural Equipment

The sub-committee of the National Assembly Special Committee on Agricultural Products has recommended the withdrawal of General Sales Tax (GST) on agricultural equipment and apparatus.

Because the entire fertilizer sector business is being run on credit, and that the government had given a subsidy of Rs. 252 billion on gas to the sector during the last ten years. Additionally, the fertilizer sector has given benefits to the tune of Rs. 604 billion to the public.

# Here's How Pakistan Plans to Double its IT Industry

With technology being the sole contributor to the country's advancement, the government is aiming to improve the IT industry by establishing tech zones across the country. The government had approved the transfer of 150 acres of land to the Special Technology Zone Authority (STZA) in order to introduce a special zone primarily focused on technological advancements.

Moreover, it is expected that the country will have more than one zone by next year. In addition, there is a 10-year waiver on corporate tax and imports of any equipment or building that is required for the tech zones as this will give Pakistan's IT industry a certain push.

These tech zones will then result in more job opportunities for young people especially those who are hyper-focused in numerous technology areas.





## **FBR Launches Tax Recovery Drive against Cooperative Housing Societies**

The Federal Board of Revenue (FBR) launched a tax recovery drive against the Cooperative Housing Societies (CHS) to ensure tax compliance, submission of audited accounts, and documentation required by such housing societies.

The FBR has also directed the field formations to finalize pending cases of taxation of Cooperative Housing Societies (CHS) for recovery of revenue from the CHS. It also directed field formations to ensure that not only that all CHSs file their tax returns properly but also that the tax returns are duly enclosed by audited accounts on an accrual basis.

## **Banks Demand Government to Withdraw Super Tax**

The banking industry has requested to bring down the bank's tax rate to 29 percent, as is applicable for the other sectors of the economy. It is also requested that super tax at 4 percent for banks, being discriminatory, be abolished.



# **FBR is Deducting 1-2% Tax on IT Related Exports**

The Federal Bank of Revenue (FBR) has initiated deduction of tax from the exports earnings of companies providing IT and IT-enabled services at a rate of 1 to 2%. Commercial banks are deducting 1% from every incoming transaction who are income tax filers, whereas tax at the rate of 2% is being deducted on the inflows of the amount in the bank account for non-filers.

The deduction of tax through the banking channels will not bode well for the industry as it will discourage inflows of exports and ultimately the most sought-after, foreign exchange.



# **Govt imposes heavy tax on profit from saving certificates**

The Federal Board of Revenue (FBR) has imposed a uniform withholding tax rate of 15 percent on filers and 30 percent on non-filers for profit on saving certificates, putting financial burden on small investors who don't exist on active taxpayers list (ATL).



# TEAM



**Faisal Yousaf**  
Director General



**Salik Farooq**  
Senior Programme Manager

We have had an amazing journey coming to where we are today. The ePay Punjab is facilitating citizen for digital payments since 2019 through qualified team and is being supervised by the Senior Program Manager under the headship of Director General, Punjab Information Technology Board.



**Shehzad**  
Programme Manager



**Ali Cheema**  
Sr. Software Engineer



**Ayesha Fazal**  
Android Developer



**Gibran Shah**  
UI/UX Expert



**Hafiz Ibrar**  
Sr. Software Engineer



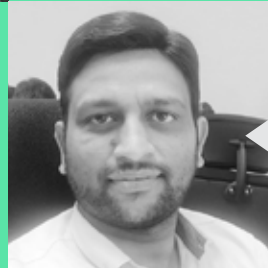
**Ibrar Ahmed**  
IOS Developer



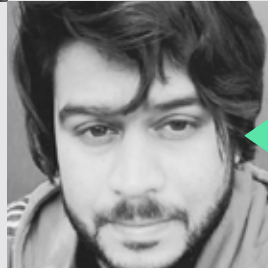
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Support Officer



**Aqsa Tehreem**  
Support Officer



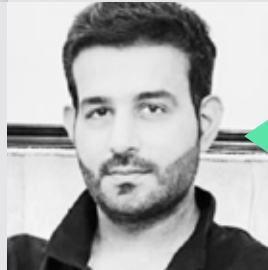
**Muzamil**  
Assistant Programme Officer



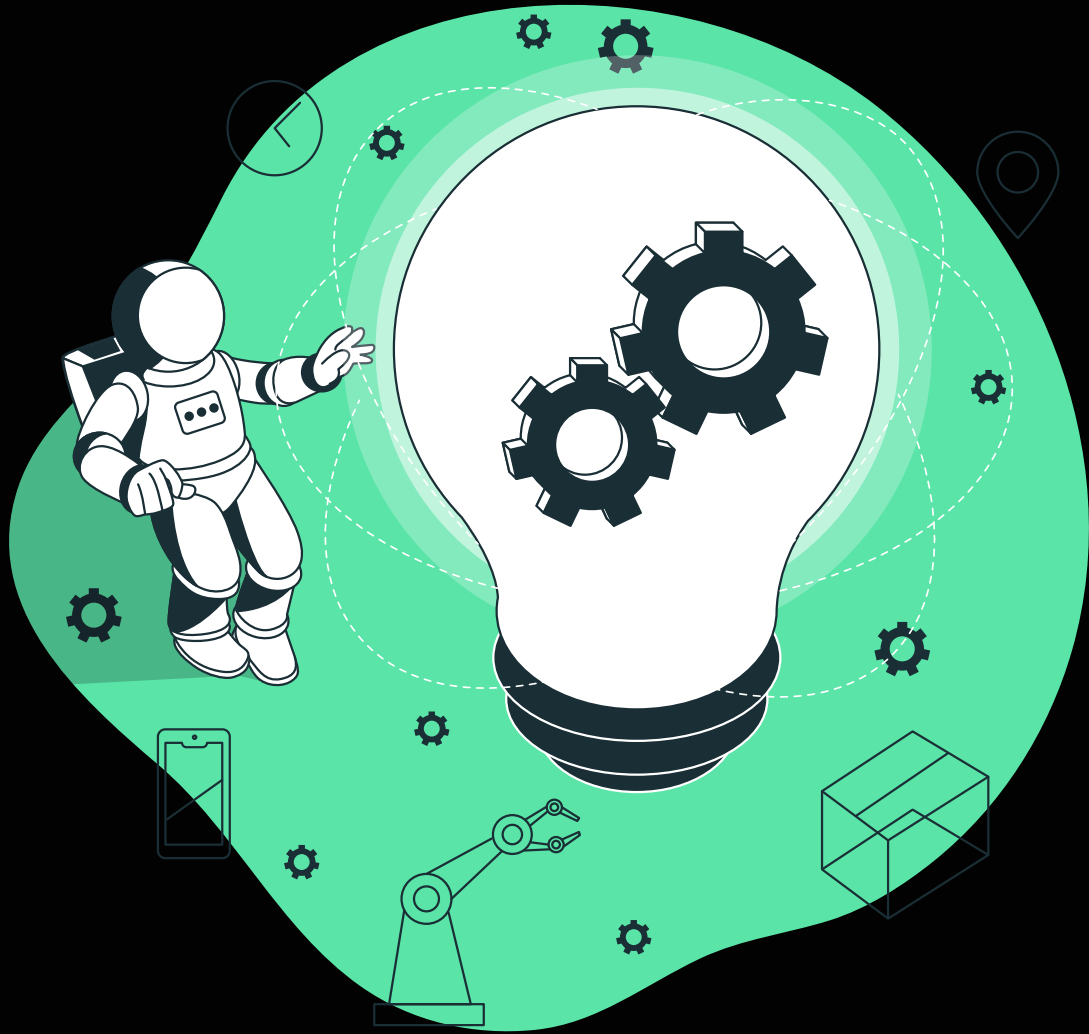
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**M.Farid**  
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Punjab Information Technology Board

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