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Thursday, 04 April 2013 09:31 -

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**LAHORE** - In a haste to issue a Request for Proposal (RFP) for the Procurement Tax Labels and Supervision System to tackle illicit trade of tobacco in Pakistan, the Federal Board of Revenue has resorted to sheer violation of the PPRA Rules 2004, through its tendering process advertised on March 13, 2013. Legal experts believe that the current RFP does not respect the PPRA Rules 2004, in particular Rule 10 (Specifications), Rule 13 (Response Time) and Rule 15 and 16 (1) (Pre-Qualification Process).

Expressing their concerns, the tobacco manufacturers said that the system will fail to increase revenues for the government on the one hand and burden the legitimate, taxpaying tobacco industry and its customers on the other. They were of the opinion that, FBR's plan to introduce Procurement Tax Labels and Supervision System in its current shape will not result in achieving the objective of curbing the illicit trade in Tobacco products, as the system specified in the RFP has already failed to curb illicit trade or increase revenues in number of countries, including Malaysia, Turkey, Brazil, and was rejected in many states of the USA.

Experts have already pointed out that the particular tender process initiated by FBR and the specified solution and requirements are solely focused on the use of paper-based stamps and this shows that only one very specific solution could meet the tender requirements as currently stipulated. This bears the high risk for the Federal Board of Revenue (FBR) that there is not enough competition for the most effective solution possible in terms of both functionality and cost. It may be mentioned here that the paper-based solutions are unable to meet the objectives of FBR as paper-based stamps have proven to be ineffective in addressing today's illicit trade challenges.

Tobacco manufacturers are of the opinion that this system cannot provide for tracking and tracing in the sense of the WHO FCTC protocol to eliminate illicit trade in tobacco products, which was also confirmed by independent WHO reports. They suggested the FBR to opt for more modern and cost effective solutions available today based on state of the art technologies including tracking & tracing capabilities that would be much more effective in addressing illicit trade issues. They also indicated that the current RFP seems to be designed to benefit one particular supplier and if the process goes ahead, legal calangs won't be far away.

Courtesy: The Nation