



**Instructions for Licence (IFL)
for IT-based solution for Electronic Monitoring (Track and Trace System)
of Cement & Auxiliary Products and Tiles**

The Federal Board of Revenue of Government of Pakistan is seeking applications for the grant of five-year license(s) under Licensing Rules, 2019 (as amended from time to time) of Track and Trace System/ Solution for electronic monitoring of cement & auxiliary products and tiles manufacturers and importers in Pakistan;

The licensee(s) will be responsible for end-to-end installation and operation of a Track and Trace System/ Solution connecting manufacturing sites and import stations to the FBR's Central Control Room (CCR). The Track and Trace System/Solution would include the provision of UID and integrated codes to enable real-time electronic monitoring of above products throughout Pakistan;

Instructions for Licensing (IFL)/document can be collected from the office of undersigned between 0900 hrs to 1500 hrs on any working day through written application. IFL/documents may be downloaded from PPRA (www.ppra.org.pk) & FBR (www.fbr.gov.pk) websites. Further, details can be obtained from FBR House, Constitution Avenue, Islamabad during office hours (0900 to 1500 hours).

All the applicants shall submit their technical and financial proposals in sealed envelopes separately, which will be evaluated as per evaluation criteria given in the IFL and related annexures.

Sealed applications/ proposals must be delivered by or before 1500 hours (PST) on Thursday 25th April, 2024 at the address given below, which shall be opened on same date at 1530 hours in the presence of the authorized representatives of applicants, who may choose to be present.

A Pre-licensing conference shall be held at FBR-HQ, Islamabad at 1100 hrs. on Wednesday 27th March, 2024 in the Conference Room, FBR(HQ), Islamabad.

The FBR reserves the right to accept or reject the applications as per the Licensing Rules, 2019 (as amended from time to time).

This advertisement is also being placed on the FBR and PPRA websites.

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1. Introduction

- 1.1 The Federal Board of Revenues of the Government of Pakistan (“FBR”) aims at acquiring and implementing information technology-based tools and solutions in order to ensure fair and just federal tax revenue collection, improved monitoring of federal tax collection and reliable federal tax revenue forecasting. (Though Large-Scale Manufacturing (“LSM”), being the major and comparatively well documented sector of the Pakistan economy, contributes a significant portion of total federal tax revenue. However, the full real federal tax potential in LSM segments like Cement and Tiles is yet to be realized.) Currently, across the globe, track and trace technologies (the “T&T” solution) are used to assist in the process of tax collection. Such technology enhanced tax collection solutions offer the most feasible, reliable and trustworthy approaches to tax collection. With minimum human intervention a T&T solution, if implemented in a proper and transparent manner, can:
- a) Safeguard the interests of tax revenue collection by providing traceability and process visibility through automated data capturing at all relevant role players in the respective supply chain and enabling tax collection governance based on real-time information; and
 - b) Act as a deterrent to tax fraud entailing visibility of production volumes and product attributes and dis-incentivizing fraudulent activities such as under-declaration; and
 - c) Ensuring a level playing field to all role players in the industry.
- 1.2 In order to prevent leakage of federal tax revenue and under-reporting of production and sale of cement & auxiliary products and tiles to ensure proper payment of duties/taxes, FBR is mandated to license the development, implementation, operation and maintenance of a track and trace system (the “System”). The System shall cover Cement etc. and Tiles manufactured and imported into Pakistan for domestic sales and for export. To this end, FBR is inviting applications (the “Application”) for granting of license (the “License”) to be issued under the Sales Tax Rules, 2006, as amended from time to time [particularly through SRO 250(I)/2019 dated February 26, 2019, SRO 918(I)/2019 dated August 7, 2019, and by SRO 223(I)/2020 dated March 16, 2020, (the “Regulations”)] for the development, maintenance and operation of a track and trace system in accordance with the provisions of the rules and the instructions specified herein below (the “Instructions”).
- 1.3 The License shall be issued for a period of 5 years. Effective date of the License shall be announced by FBR.
- 1.4 The applicant who will be awarded the License (the “Licensee”) shall implement and operate the System containing digital marking solutions designed specifically for the System, and combined with state-of-the-art electronic monitoring and tracking system.

2. General Requirements for the System

- 2.1 Applicants responding to the Instructions (the “Applicant”) must ensure that the System being offered is suitable for monitoring, in real-time, the production lines of the manufacturers at various sites in the country and import stations mentioned approximately hereunder:

Category of the Goods	Number of factory premises	Number of Production Lines
Cement and auxiliary products ¹	20 – 22 (As per Annexure-8)	>150
Tiles	13 (As per Annex-9)	>27

- 2.2 The Applicant must also ensure that the System being offered would be suitable to cover the following approximate volume of units of the Goods per annum:

Category of the Goods	Unit of the Goods	Approximate per annum volume of units of the Goods
Locally manufactured Cement for domestic sale & export	Bag	1.0 billion per year ²
Tiles locally Manufactured & Imported	Single Tiles & Boxes	750 million per year ²

- 2.3 The System must enable FBR to:

- a) Monitor production activities of the concerned production lines, and track and trace cement and tiles throughout the country from factory premises and import stations to retail level on real time basis as per Rule 150ZL Sub Rule (4) Clause (b) of Chapter XIV- B of the Sales Tax Rules 2006
- b) Generate real-time information about volumes of the Goods produced at the manufacturing lines and imports meant for domestic sales and export;
- c) Obtain validated information during manufacturing and import that will support the correct collection of applicable taxes levied on the Goods;
- d) Collect validated inputs at manufacturing & import stage for determination of the origin and legal status of the Goods after manufacturing and import.

¹ The production sites & lines may vary during the implementation & operationalization of the system and execution of the contract

² The actual production volumes may vary during implementation, operationalization & execution of project