Participant Presentation

The role of Intelligence in Conducting Financial Investigations in Pakistan

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Sequence of Presentation

- Importance of Intelligence in Financial Investigations

- Institutions (Agencies) sharing intelligence reports in Pakistan.

- Role of Intelligence in Financial Investigation.

- Types of Intelligence used in Pakistan.

- Challenges and Limitations.

- Questions

Importance of Intelligence in Financial Investigations

- Enhanced effectiveness
- Increased efficiency
- Improved collaboration
- Uncover hidden financial networks
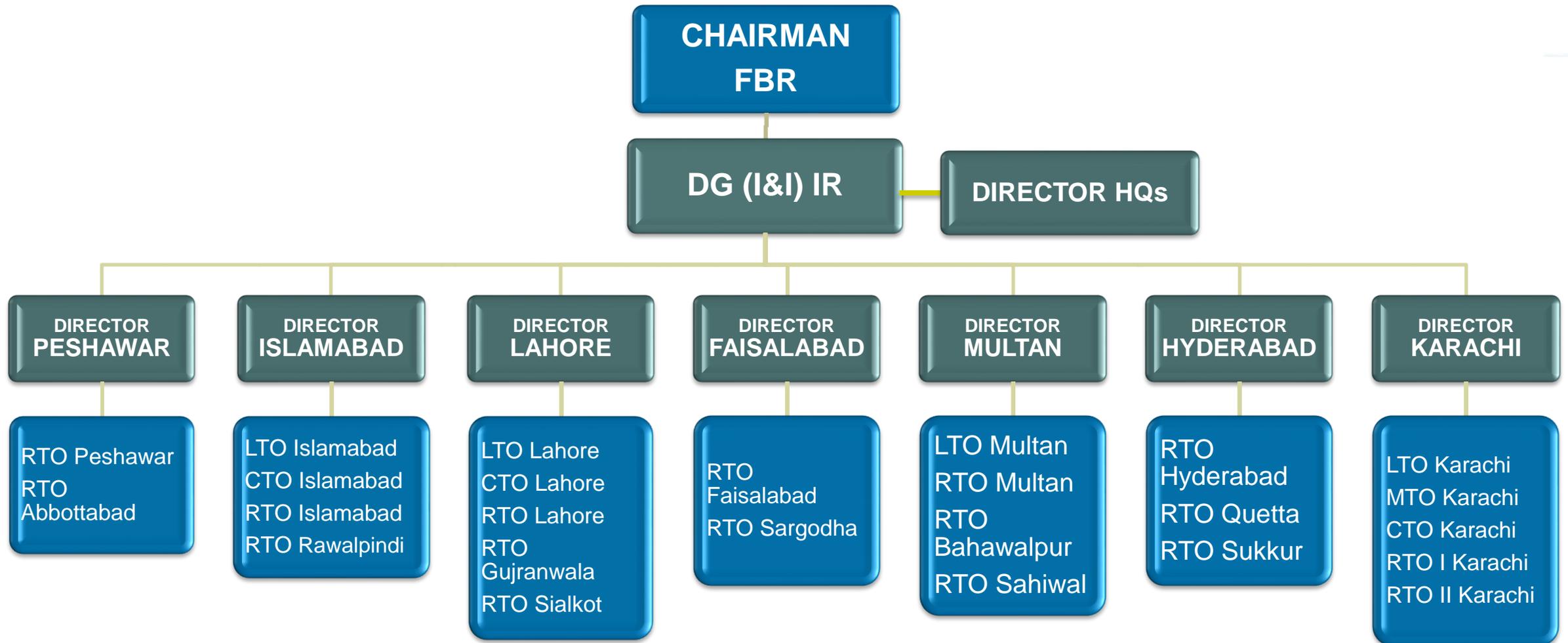- Effective prosecution of tax crimes

Institutions and Agencies sharing Financial Intelligence

- Directorate General of Intelligence and Investigation-Inland Revenue.

- Financial Monitoring Unit (FMU)

- Intelligence Bureau IB (Economic Wing)

- Federal Investigation Agency (FIA)

- National Accountability Bureau (NAB)

- Other intelligence agencies sharing financial reports

Directorate General of Intelligence and Investigation-IR

- Inception – March 2011
- Designated LEA under AML Act 2010 for tax related predicate offences
- Field offices all over the country
- Enforcing provisions of (ITO 2001), (STA1990), (FED 2005) and AML Act 2010.
- Powers to prosecute tax offences
- Broadening of Tax Base
- Complaint Handling
- Search and Seizures

Organizational Structure

CHAIRMAN FBR

DG (I&I) IR

DIRECTOR HQs

DIRECTOR PESHAWAR	DIRECTOR ISLAMABAD	DIRECTOR LAHORE	DIRECTOR FAISALABAD	DIRECTOR MULTAN	DIRECTOR HYDERABAD	DIRECTOR KARACHI
RTO Peshawar RTO Abbottabad	LTO Islamabad CTO Islamabad RTO Islamabad RTO Rawalpindi	LTO Lahore CTO Lahore RTO Lahore RTO Gujranwala RTO Sialkot	RTO Faisalabad RTO Sargodha	LTO Multan RTO Multan RTO Bahawalpur RTO Sahiwal	RTO Hyderabad RTO Quetta RTO Sukkur	LTO Karachi MTO Karachi CTO Karachi RTO I Karachi RTO II Karachi

Major Functions

- Intelligence gathering to unearth tax fraud cases

- To inquire/investigate tax fraud cases

- To prosecute tax fraud cases

- To disseminate investigation / contravention reports to field formations

- To conduct sectoral studies

- To monitor non-duty paid/counterfeit tobacco/cigarettes/other specified goods (beverages, sugar etc.)

Major Functions

- To identify loopholes in IT systems and recommend remedies

- To perform functions of an "Investigating and Prosecuting Agency (I&PA)" under Anti-Money Laundering Act, 2010

- To maintain liaison with other I&PAs & FMU

- To act as focal person of FBR-IR in all matters related to FATF

Enabling Laws

- Income Tax Ordinance, 2001   (SRO.272 (I)/2021 dated 02-03-2021)

- Sales Tax Act, 2001   (SRO.1301 (I)/2018 dated 29-10-2018)

- Federal Excise Act, 2005   (SRO.251 (I)/2019 dated 26-02-2019)

- Anti-Money Laundering Act, 2010

Role of Intelligence in Financial Investigations

- Identifying suspicious activity

- Sending intelligence reports to field offices

- Gathering Evidence: Collecting and analyzing information from various sources to build a case.

- Tracing Financial Flows.

- Uncovering Hidden Assets.

- Early warning systems (Red Alerts).

- Inter agency cooperation

- Search and Seizures

Identifying Suspicious Activity

- Analyzing financial data to detect unusual patterns, anomalies, and potential financial crimes.

  - Data analytics on tax returns and withholding data

  - Chain Analysis in GST regime

  - POS system data analysis

- Field Intelligence as major source

- STR's by FMU

Gathering Evidence

- **Video evidences** from CCTV recordings of the Bank Branch (Case)

- Digital Forensics and their use in financial investigations.

- Data gathering through inter agency cooperation.

Types of Intelligence used in Pakistan

- Financial Data Analytics

- Operational Intelligence – Informants, Witnesses and Open source reports and complaints

- Mystery shopping etc.

Challenges and Limitations

- Data quality and availability
- Complexity of Financial systems
- Encryption and anonymization
- Jurisdictional Issues
- Capacity constraints
- Legal Hurdles

Thank you

QUESTIONS