



the advertisers' voice...

WHITE PAPER

Branding/Advertisement Tax and Ethical Practices

PAKISTAN ADVERTISERS SOCIETY

BACKGROUND

On-ground activations, various forms of signage, mobile publicity, etc. are effective medium of communications, as a result, we have seen increasing activities and subsequently, big budgets going towards this form of publicity.

To execute these, permissions are required from the Local Government/Authorities against a fee. It is observed that if proper measures are not in place and if the advertiser or their agencies are not vigilant, the fee can be misappropriated depriving the government of its revenue.

For this purpose, on the request of some members of the Society, PAS has drafted this advisory note on '*best practices*' in an effort to guide advertisers to adopt responsible practices.

What is BRANDING / ADVERTISEMENT TAX

- It is a fee charged by the government authorities, Taluka Municipal Authorities (TMA's) or their appointed contractors for BTL, Signage, Merchandising activities, etc.
- It applies to advertising of commercial products in public places and BTL activities in market executions.
- It is collected by the government mostly through licensed or approved contractors (100+ different areas managed via contractors). A single contractor may manage multiple towns/districts.
- Payments to Contractors are made in Cash or through Cheque while payments to government authorities like CDGK are through bank chalaans.

CHALLENGES

The following challenges are faced that can lead to irregularities depriving the ex-chequer of its due revenue:

- Lack of defined processes with government authorities.
- No central data-base for contractors (relating to ownership of areas), this may result in duplication at the time of execution, as a result, advertisers may end up paying double fee for a single activity.
- Official tariffs /rate-cards are issued by the relevant government authorities, but they are not well defined and are open to interpretation.
- The tariff/rate-card allows contractors to negotiate rates that may lead to non-transparent practices.
- Lack of training (and awareness) of the operating practices for BTL agencies

CONTROLS

In order to ensure transparent practices, PAS advises to maintain records of the following documents that will make certain that strong controls are in place:

1. Authority letters in the name of the Contractor issued by the government or the relevant authority to ascertain that the Contractor is authorized to collect payments for a designated area for a period of time. (Ref: Annexure I)
2. Tariff sheets or a rate card to ensure payments made to Contractor are not beyond the prescribed rates. To ensure (Ref: Annexure II).

We also advice that advertisers should themselves obtain and maintain town wise tax rates and bye laws and keep them updated. This will help in comparing 'branding fee/advertisement tax' across activities and towns/cities that vary, allowing better negotiations.

3. Documented proof of negotiation to ensure transparency.
4. Receipt from the Contractor. It should clearly mention the company name, amount, serial number, etc. (Ref: Annexure III)
5. Copy of the Pay Order / Cheque issued to contractors. This will help verify payments made to execute a particular activity. Cash payments should be completely avoided.

If the activities and all its relevant permissions/payments are managed by the agency, the advertiser should make it mandatory for the agency to submit all of the above supports with the invoice for clearance of the payment.

Important: To ensure the credibility of the authority letters, tariff sheets, etc., please ascertain that these are provided on proper letterheads and stamped by relevant authorities.

The above measures will help advertisers to not only stay vigilant, but will also bring efficiency in their processes:

1. avoid duplication of charges, claims from any relevant authorities or any other inconvenience at the time of executing activities on ground.
2. maintain historic data of categories of taxes and permission charges across towns/cities and benchmark them with the lowest rate before negotiation.
3. help advertisers standardize service rates or set pre-approved rates in consultation with activation department and/or agency.

For queries, please contact:

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Communications Executive

Pakistan Advertisers Society

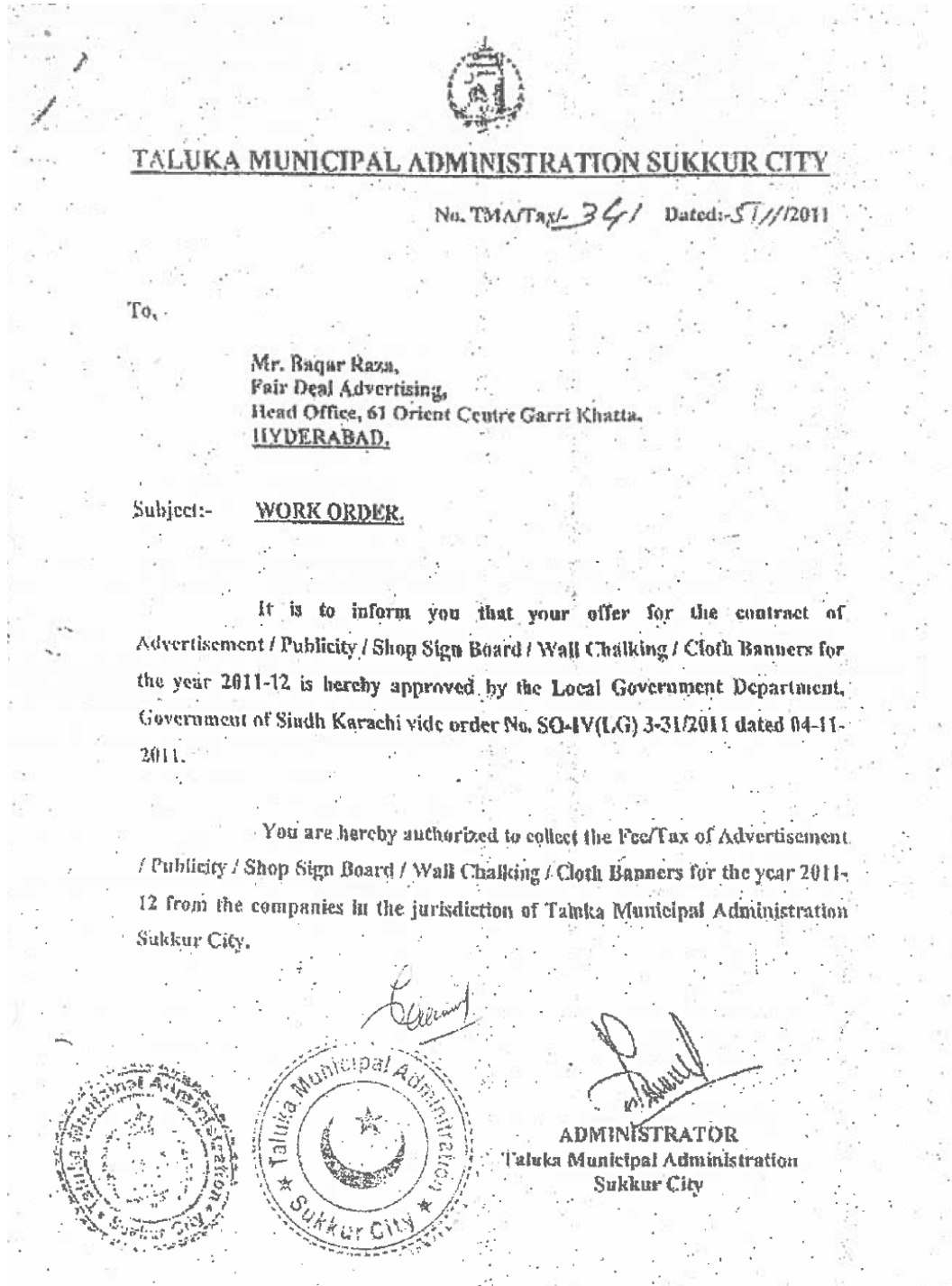
2nd Floor, 6-C, 7th Commercial Lane, Zamzama, Phase V, DHA, Karachi-Pakistan

Tel: +92 21 3583 6072-3. Email: secretariat@pas.org.pk. Web: www.pas.org.pk

ANNEXURE I

Contractor Authority Letter

Important: The support shown here are intended as samples only, and do not endorse the authenticity of any contractor/authority.



ANNEXURE II

Government Tariff Sheet

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از سرشتہ سٹی ڈسٹرکٹ گورنمنٹ گوجرانوالہ
نوٹیفکیشن بابت ایڈورٹائزمنٹ فیس

نمبر...../281/.../CDN(GRW) مورخہ 17-10-2007

پنجاب لوکل گورنمنٹ آرڈیننس 2001ء کی دفعہ 116، 118، بمطابق شرح شیڈول دوم اور پنجاب لوکل گورنمنٹ ایکٹیشن روز 2001ء کے تحت حاصل شدہ اختیارات کو بروئے کار لاتے ہوئے اور نمائندگی کی تمام کارروائی مکمل کرتے ہوئے سٹی ڈسٹرکٹ کونسل نے اجلاس خاص منعقدہ مورخہ 27-09-07 میں ایڈورٹائزمنٹ شیڈول اور کیٹیگری سرٹک ہائے کی بذریعہ قرارداد نمبر 207، منظوری دی ہے جو یکم جولائی 2007ء سے نافذ العمل ہوگا

شیڈول ایڈورٹائزمنٹ فیس

نمبر شمار	نام بورڈ	کیٹیگری شرح فیس
1	ٹاؤن کمیونٹی بلچ فٹ ماہوار کم از کم	A+AB = 13/- روپے
2	ٹاؤن کمیونٹی بلچ فٹ ماہوار کم از کم	C = 11/- روپے

ANNEXURE III

Contractor Receipt

Important: The supports shown here are intended as samples only, and do not endorse the authenticity of any contractor/authority.

RECEIPT

FAIR DEAL COMPANY

Contractor for Adv: Fees 2011/2012 TMA, Sukkur City.
 Head Office: Office No. 61 Oriehf Centre Gari Khata, Hyd.
 Ph: 2787622, Cell: 0345-3556754, 0344-3530450

S. No 097 Date: 09/6/12

Name: [REDACTED]

Address: _____

Name & Fees ETC	Qty	Sq.ft	AMOUNT
Neon Sign / Light Board	Adv.		
Sign Board Electric / Telephone	Adv.		
Hoarding Board / Uni Piles	Adv.		
Banner weekly charge / Pole Banner	Adv.		
Vehicles Commercial Purpose	Adv.		
Shutter, Gate Painting	Adv.		
Wall Painting / Glass Painting	Adv.		
Mobile Publicity	Adv.		
Shop Board Front	Adv.		
Wall Ishtihar Paper / Poster	Adv.		
Panaflex / Not light Board	Adv.		
Hoarding Place Permission			
Publicity Through Stall	Adv.	<u>15</u>	<u>150,000/-</u>
<u>Charge no: 16434715</u>	Total		<u>150,000/-</u>

Stamp of Authority
 FAIR DEAL COMPANY
 Govt. Contractor
 Advertisement Fee 2011-12
 T.M.A Sukkur City

Signature of Contractor

 T.M.A Sukkur City
 Link Payment Advertisement