



FEDERAL TAX OMBUDSMAN PAKISTAN

**ANNUAL REPORT
2018**

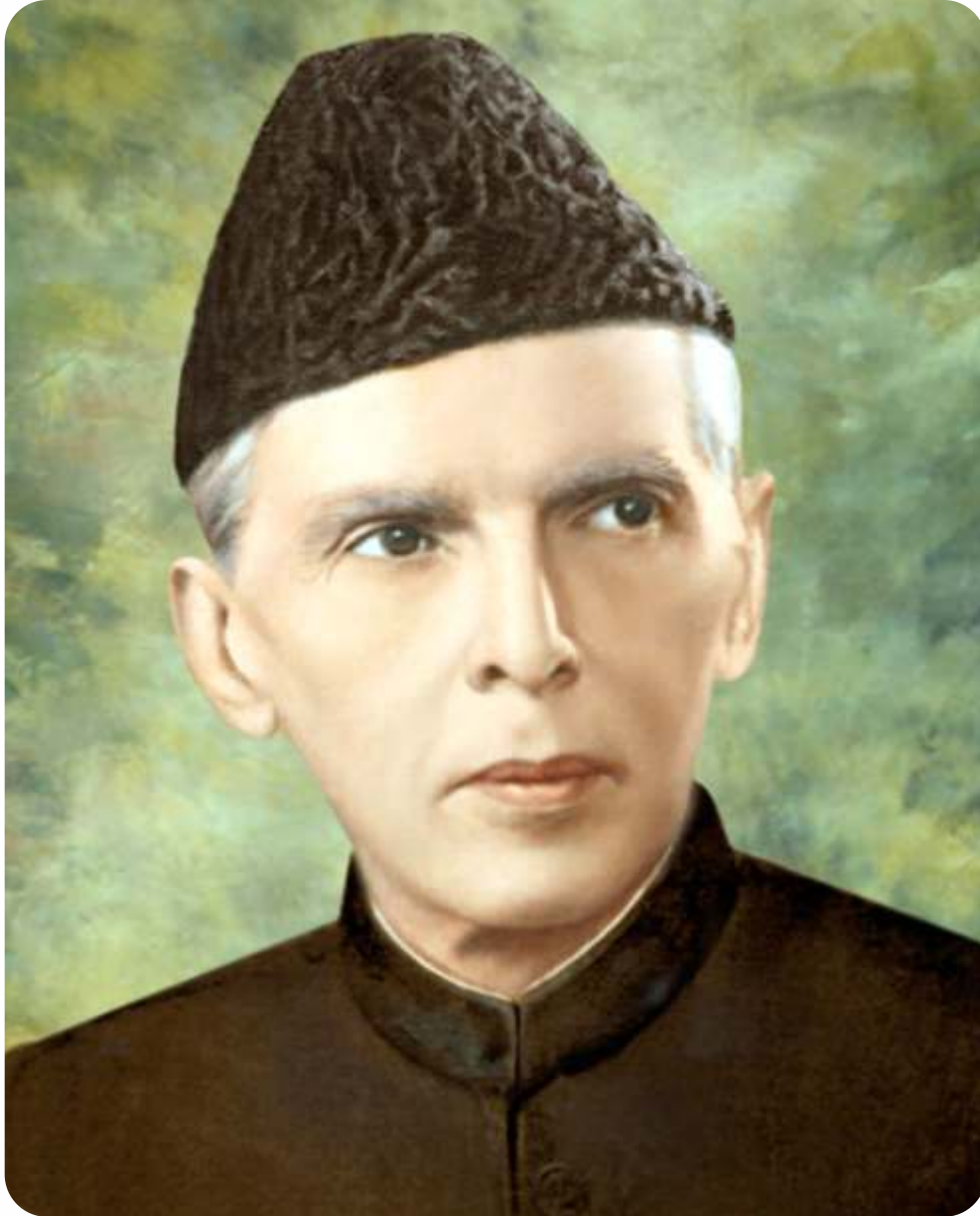
بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

إِعْدِلُوا هُوَ أَقْرَبُ لِلتَّقْوَىٰ

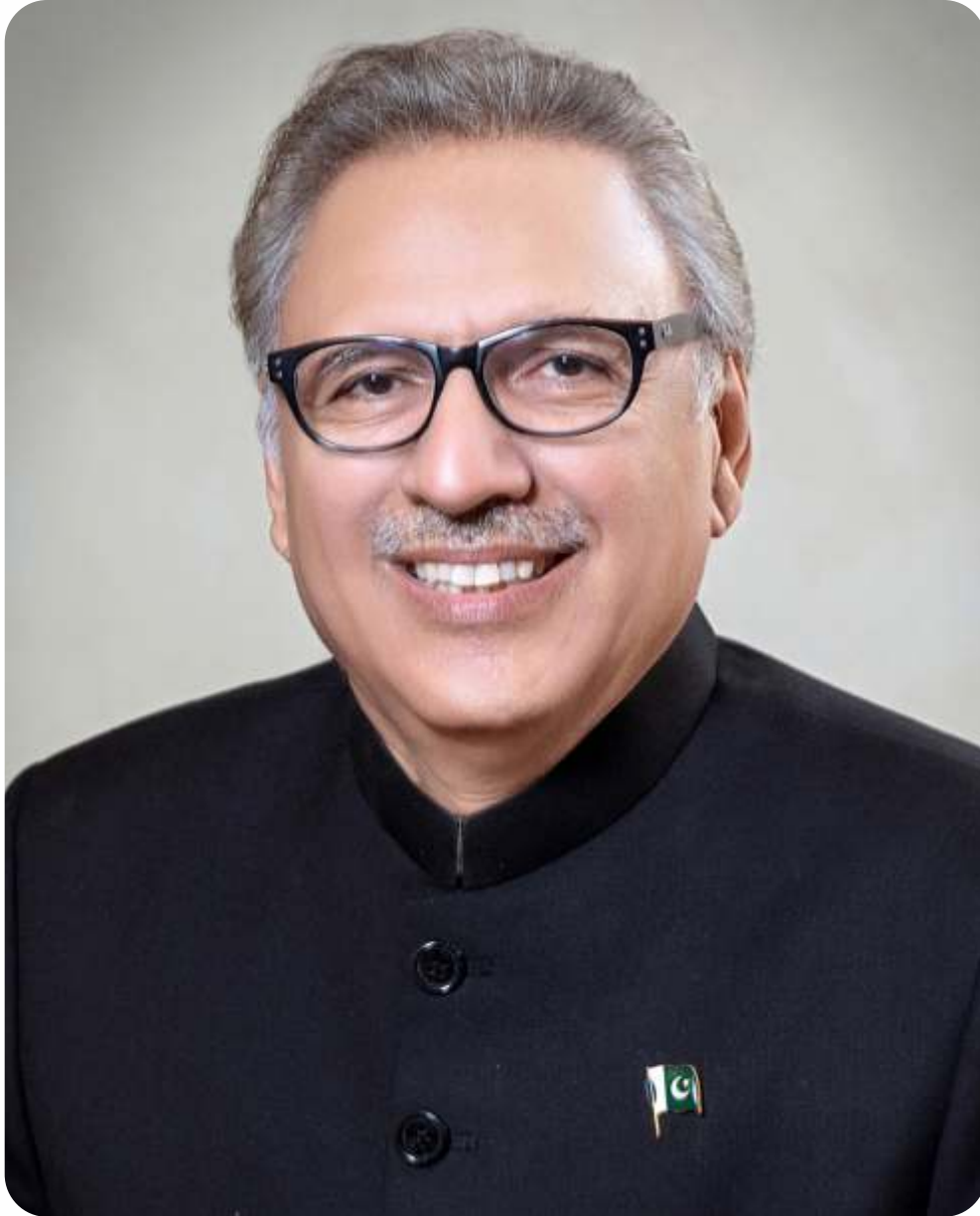
**Be just; that is nearer
to righteousness.**

6:5:8 (Al Quran)





Quaid-e-Azam Muhammad Ali Jinnah
Founder of Pakistan



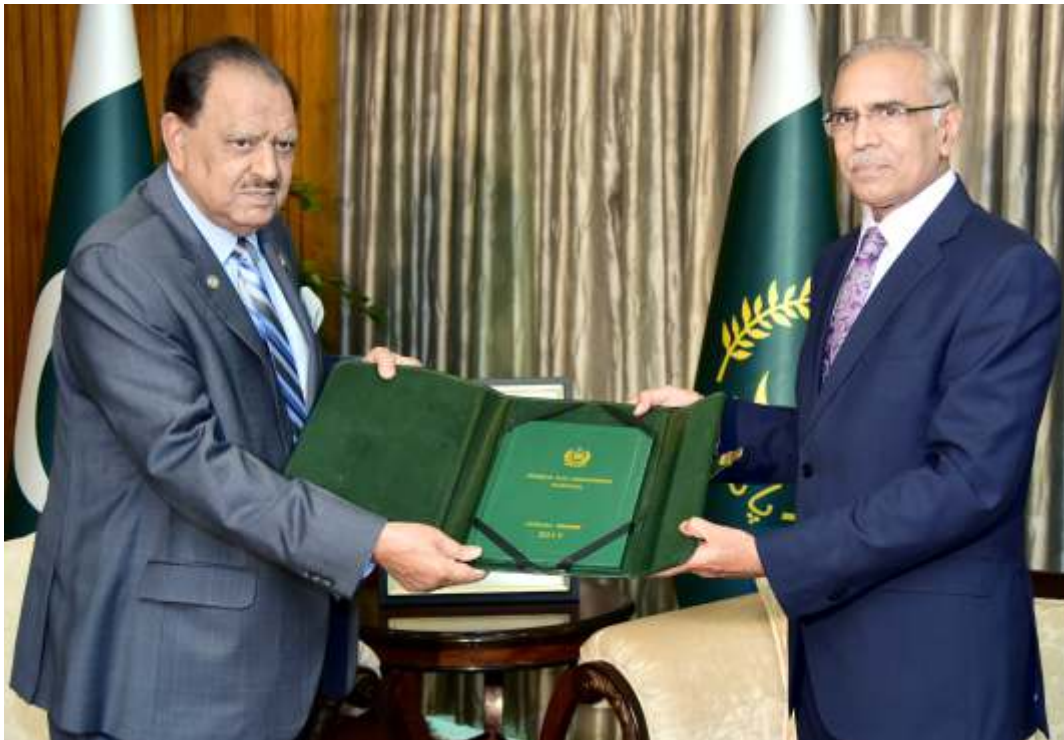
Dr. Arif Alvi
Honorable President
Islamic Republic of Pakistan

FTO PRESENTED ANNUAL REPORT 2017 TO HONORABLE PRESIDENT OF PAKISTAN

Federal Tax Ombudsman Mr. Mushtaq Ahmad Sukhera presented Annual Report 2017, containing performance of the office of FTO, to Mr. Mamnoon Hussain, the Honorable President of Pakistan, on 7th March, 2018. He apprised the President about salient features of the performance of his office during 2017.

2. Expressing his satisfaction on the report, the Honorable President said that institution of FTO has vital importance in redressal of grievances of taxpayers. He also expressed his satisfaction on reducing the time taken to redress the complaints of Taxpayers, and advised to take further effective steps for improving the working of FTO office.

3. Federal Tax Ombudsman Mr. Mushtaq Ahmad Sukhera assured the Honorable President that his Institution will strive its best to provide relief to Taxpayers and public, and thanked the president for his advice and acknowledgement of the efforts of the FTO.



We BELIEVE, WE SERVE AND WE IMPLEMENT

Mandate

To investigate, diagnose, redress and rectify any injustice arising out of maladministration by functionaries of Revenue Division/FBR.

Vision

To have an efficient and corruption free tax system, with ease of compliance.

Mission

To promote good governance and protect taxpayers rights.

We Value

- Integrity
- Efficiency
- Transparency
- Merit based Objectivity
- Easy Accessibility

CONTENTS

Chapter	Content	Page
	Foreword	vi
1	Historical perspective	1
2	Highlights of performance	3
3	Details of performance	5
4	Institution building and Vision for 2019	11
5	Interaction with Federal Board of Revenue and Beyond	15
6	FTO's engagements with important stakeholders	21
7	Forum of Pakistan Ombudsmen	29
8	Outreach and awareness activities of Advisors	33
9	Selected Findings and Recommendations	37
10	Public recognition and feedback	45
11	Complaint filing procedure	49
	How to contact us	52

FOREWORD

Institution of Federal Tax Ombudsman (FTO) was created in the year 2000, through “Establishment of the Office of Federal Tax Ombudsman Ordinance, 2000” to provide a friendly and effective system, capable of providing expeditious and cost free redressal services to the general public and Taxpayers against the malpractices of Tax officials.

2. In the Annual Report 2017, we had promised to move further from mere redressing of individual grievances to;

- develop strategies to contain the maladministration through addressing their causes and identifying systemic weaknesses.
- proactively take action through own-motion notices (suo-moto) under FTO Ordinance, 2000, to investigate allegation of maladministration on the part of the FBR functionaries;
- pursue a more vigorous ongoing outreach program, harnessing the power of social and traditional media.
- increase the role of IT in prompt disposal of public complaints and creation of paperless flow of business processes.

3. With relentless efforts, office of the FTO was able to fulfill its promises. 1880 complaints were disposed off during 2018 and average time taken for disposal of a complaint came down from 47 days during 2017, to 45 days during 2018. Extent of implementation also reached 89.6% as compared to 84.81% during the last year. This achievement could not have been possible without the trust reposed by Taxpayers and utmost dedication and hard work of our team of Advisors and other staff. This office recognizes and appreciates the efforts put up by its Advisors, staff and FBR management in facilitating the expeditious redressal of Taxpayer's complaints and assures all stakeholders to perform even better in the coming years.

(Mushtaq Ahmad Sukhera)
Federal Tax Ombudsman

HISTORICAL PERSPECTIVE

Concept of Ombudsman has been found in distant history. Prototype of Ombudsman was in existence in China during the Qin Dynasty (221 BC) and in Korea during the Joseon Dynasty (1392–1910). In the early Islamic governance structure, institution of Qadi-al-Qadat enjoyed complete independence and functional autonomy within the framework of an institution called ‘Hisbah’. The institution of ‘Hisbah’ and its functions were adopted by the crusaders in Jerusalem; they even used the Arabic word ‘Mohtasib’ by calling it ‘Mathessep’. In Egypt this institution continued to exist until the middle of the 19th century.

2. But the real precursor to the modern institution of Ombudsman was the model of Turkish Diwan-al-Mazalim. Its function was to examine complaints brought by the general public against government officials. This institution was headed by a senior judge responsible for examining and redressing the grievances of the public.

3. Office of Ombudsman as it stands today, was fashioned by Charles XII, King of Sweden, on the pattern of Dewan-al-Mazalim in Turkey. Since then, not only this concept has undergone transformation, but up till now, it has been adopted by about 150 countries.

4. Institution of Federal Ombudsman in Pakistan was established under the Establishment of the Office of Wafaqi Mohtasib (Ombudsman) Order, 1983. Later on, other Federal specialized Ombudsmen Institutions and Provincial Ombudsmen offices were established. Thus Pakistan joined the international club of countries having the office of Ombudsman as a critical component of a welfare State. With focus on service delivery at national and provincial levels, sectoral needs led the government to establish the offices of Ombudsmen for matters relating to Tax administration, Insurance and Banking sectors and Protection against Harassment at Workplaces.

5. Office of the Federal Tax Ombudsman was established in year 2000 with the mandate to diagnose, investigate, redress and rectify any injustice done to a person arising out of maladministration by functionaries administering Federal Tax Laws. Core function of Federal Tax Ombudsman revolves around "Disposal of complaints of tax maladministration, promptly, justly and fairly to rectify any injustice done to a Taxpayer by unjust and arbitrary actions of the Tax employees of Federal Board of Revenue (FBR)". Word 'maladministration' has a wide connotation and includes decisions or processes that are contrary to laws, rules or regulations and acts of omission or commission that are perverse, arbitrary, unjust, oppressive, discriminatory, corrupt, done with improper motives or unreasonable. The Institution provides a platform to the common man for voicing his complaints and grievances. It provides opportunity for cost free, simple and speedy mechanism to redress grievances, instead of resorting to costly and cumbersome judicial system.

6. Since its inception, following honourable persons served as Federal Tax Ombudsmen:

- 1) Mr. Justice (R) Saleem Akhtar (19.09.2000 to 18.09.2004)
- 2) Mr. Justice (R) Munir A. Sheikh (08.12.2004 to 07.12.2008)
- 3) Dr. Muhammad Shoaib Suddle (03.06.2009 to 10.07.2013)
- 4) Mr. Abdur Rauf Chaudhry (10.07.2013 to 08.09.2017)
- 5) Mr. Mushtaq Ahmad Sukhera (09.09.2017 to date)

7. Institution of Federal Tax Ombudsman is striving hard to meet the highest standards of performance in service delivery, expected from it. Pages that follow contain detailed account of performance and activities of this Institution during 2018.

HIGHLIGHTS OF PERFORMANCE

Office of FTO did its best to redress grievances of Taxpayers in keeping up with its past tradition. Highlights of performance with comparison of previous year are given as under.

Complaints (Receipt and Disposal)

Year	Fresh Receipts	Carried forward from previous year	Own motion cases	Total	Disposal	Balance
2017	1858	243	0	2101	1860	241
2018	1918	241	179	2338	1880	458

Complaints disposal

Years	During investigation	After investigation	Total
2017	160	1700	1860
2018	226	1654	1880

Complaints rejected

2017	366	18.06%
2018	302	16.06%

Complaints withdrawn

2017	109	5.86%
2018	216	11.49%

Decisions in favor of Taxpayers

2017	1385	74.40%
2018	1362	72.45%

Recommendations accepted by FBR and Complainants

2017	1638	88.06%
2018	1743	92.71%

Recommendations challenged

2017	222	11.93%
2018	137	7.29%

Recommendations implemented

2017	1669	84.60%
2018	1603*	89.60%

* 151 cases did not mature for implementation till 31.12.2018.

Recommendations pending for implementation at the end of year

2017	299	15.19%
2018	186	10.40%

Amount refunded (in Millions Rs.)

2017	3244.90
2018	6986.39
Increase	115.30%

Average time taken for disposal of complaints

2017	47 days
2018	45 days

DETAILS OF PERFORMANCE

Since the establishment of FTO's office in 2000, it has continued its policy of self assessment and benchmarking with a view to improve service delivery. Details of performance of this office during 2018, along with brief analysis are given below:

Category-wise number and percentage of complaints

Category-wise break-up of the fresh complaints received as a percentage to total complaints is shown below in Table-1. It indicates that the complaints received in the category of Income Tax constitute 58.81 %, which is more than all other categories of taxes put together.

TABLE-1

Category	No. of Complaints	Percentage
Income Tax	1128	58.81%
Sales Tax	533	27.79%
Customs	240	12.51%
Federal Excise Duty	09	0.47%
Others (Wrong filling etc)	08	0.42%
Total	1918	100.00%

Table-2 and Table-3 below, show the major categories of complaints in Income Tax and Sales Tax:

TABLE-2 (Income Tax)

Category	No. of cases	Percentage
Refund related complaints	819	70.91%
Maladministration on various counts	148	12.81%
Complaints on unnecessary notices	59	5.11%
Others	129	11.17%
Total	1155	100.00%

TABLE-3 (Sales Tax)

Category	No. of cases	Percentage
Refund related complaints	343	64.11%
Maladministration on various counts	128	23.93%
Complaints on unnecessary notices	19	3.55%
Others	45	8.41%
Total	535	100.00%

On the Customs side, major categories of complaints are shown in Table-4, as under:

TABLE-4 (Customs)

Category	No. of cases	Percentage
Seizure of vehicles	51	13.11%
Refund and Drawback	04	1.03%
Maladministration on various counts	93	23.91%
Others	241	61.95%
Total	389	100.00%

Above position indicates that refund related complaints are the main issue of Taxpayers. In this regard FTO has been making recommendations from time to time and have succeeded in securing speedy relief in the cases decided by him.

Category-wise disposal of complaints

During the year under report, 1918 complaints were received. 241 complaints were carried over from previous year. 179 cases were added through own motion action. Out of total of 2338 complaints, 1880 were disposed of either at initial stage or after investigation. Category-wise break up is given in Table-5, below:

TABLE-5

Type of Tax	Carried forward from 2017	Fresh receipts 2018	Total	Disposal from fresh receipts	Total disposal including carry forward	Pending at the end of 2018
Income Tax	134	1128	1262	945	1079	183
Sales Tax	78	533	611	472	550	61
Customs	25	240	265	204	229	36
FED	03	09	12	08	11	01
Own Motion	00	179	179	02	2	177
Others	01	08	09	08	09	00
Total	241	2097	2338	1639	1880	458

Historical trend of Recommendations challenged

Historical trend of Representations and Review petitions filed against FTO's Recommendations, since 2011 is given below in Table-6:

TABLE-6

Year	Findings	Representations	Reviews	Total (Col.3+4)	%age of Recommendations challenged (Col. 5/2)
1	2	3	4	5	6
2011	1402	211	53	264	18.83%
2012	1597	153	66	219	13.71%
2013	1856	237	56	293	15.79%
2014	1548	167	72	239	15.44%
2015	1610	117	118	235	14.60%
2016	1807	189	103	292	16.16%
2017	1860	174	48	222	11.93%
2018	1880	73	64	137	07.29%

Substantial decrease in number of Recommendations challenged, indicate the trust on the professional handling and fairness in handling of complaints by FTO.

Representations and Review petitions

During 2018, a total of 73 Recommendations were challenged through Representations as compared to 174 during the last year. Similarly, 64 Review petitions were filed during 2018 as compared to 48 during the last year. In all, 137 Recommendations were challenged at both

levels against 222 Recommendations in the previous year, which indicates the higher degree of fairness in the decision making.

Table-7 below, provides breakup of Representations and Review petitions during 2017 and 2018:

TABLE-7

Applicant	Representation		Review Petitions		Total	
	2017	2018	2017	2018	2017	2018
FBR	148	48	4	02	152	50
Taxpayers	26	25	44	62	70	87
Total	174	73	48	64	222	137

Acceptance/rejection ratio of Representations

Status of acceptance/rejection of Representations decided by Honorable President of Pakistan is given in Table-8, as under:

TABLE-8

Representation by	Total		Accepted		Rejected	
	2017	2018	2017	2018	2017	2018
Year	211	67	82	25	119	42
Total	211	67	82	25	119	42
%age	100.00%	100.00%	38.86%	37.31%	56.40%	62.69%

Increasing trend of rejection of cases in the Representations decided by the Honorable President of Pakistan reflects the professional competence, comprehensive understanding of legal domain and neutrality exercised by FTO in complaint handling.

Acceptance/rejection ratio of Review petitions

Acceptance/rejection status of Review petitions during 2018 is shown below in Table-9, below:

TABLE-9

Applicant	Accepted	Rejected	Withdrawn	Modified	Total
FBR	01	01	00	00	02
Taxpayers	01	48	04	00	53
Total	02	49	04	00	55

Higher rejection ratio of Review petitions filed by the complainants

on re-consideration is also manifestation of the fact that initial Recommendations were prepared following stipulated laws and regulations and no lapse or irregularity was noticed during Review proceedings.

Implementation Status

Comparison of status of implementation on the Recommendations of FTO is shown below in Table-10.

TABLE-10

Sr. No.	Description	2017	2018
1	Carried forward from previous year	654	299
2	Fresh implementable added during the year	1213	1467
3	Recommendations on Representations during the year	91	22
4	Recommendations on Review petitions during the year	10	1
Total Recommendations during the year (1+2+3+4)		1968	1789
Recommendations implemented during the year		1669	1603
Number of Recommendations pending at the end of the year		299	186

As seen from the Table above, Recommendations in 1603 complaints were implemented by the FBR during 2018, compared to 1669 during 2017. It may be pointed out that in 151 cases, cycle of grievance redressal system did not mature to implementation stage because these were decided in November and December 2018.

Our focus on implementation is also evident from the fact that at the end of last year, 299 Recommendations were pending implementation. This figures also came down to 186 at the end of 2018.

This achievement is not only the proof of quality findings and better persuasion by the FTO team, but also a significant sign of healthy coordination between the FTO and FBR and positive reflection on efforts of FTO in ensuring the implementation. It is worthwhile to mention that every month a video conference was held with all Advisors to monitor the pace and status of implementations.

Refunds

Intervention of FTO is greatly helpful in expediting settlement in delayed refund cases of the business community. Timely payment of refund claims is important to maintain liquidity in the business. Table-11, below shows the number of refund cases and amount of refund to the complainants during the last three years, on the basis of Recommendations of FTO:

TABLE-11

Year	No. of Refund/ Drawback Claims	Amount of Refund (in Rs. Millions)
2016	366	2,672.75
2017	593	3,244.90
2018	711	6986.39

Average time taken for disposal of complaints

“Justice delayed is justice denied” is a famous legal maxim. Timely redressal of grievance is as important as provision of justice itself. FTO strives to dispose of complaints in shortest possible period of time. Time taken for disposal of a complaint is counted from the date of filing of a complaint with the FTO office and includes the time taken:

- by the FBR and its field offices in filing of comments;
- by the complainant for filing a rejoinder;
- referring the rejoinder to the FBR for further comments;
- holding of hearings;
- drafting of findings; and
- approval of the Recommendations.

The “Establishment of the Office of Federal Tax Ombudsman Ordinance, 2000”, provides a time limit of 60 days for disposal of a complaint. Keeping in view the difficulties faced by the Taxpayers, efforts are continuously being made to reduce the disposal time even further. During 2018, average time taken for investigation and disposal of complaints came down to **45 days**, compared to **47 days** during 2017.

INSTITUTION BUILDING AND VISION FOR 2019

In a work culture, which is replete with mis-governance and maladministration, Institution of Federal Tax Ombudsman was created to effectively check the maladministration of Tax functionaries. Therefore this Institution had to develop a strong and robust capacity.

2. In the Annual Report 2017, we promised to take necessary steps for institution building. In this regard we have succeeded to introduce following initiatives.

Complaint Management Information System (CMIS):

CMIS has been developed as a set of integrated tools, optimized to meet efficient handling of complaints, and automate processes like registering new complaints, managing existing complaints, automatic escalation of unresolved complaints, managing complaint's status, handling of complaints by respective persons/ departments and producing informative MIS.

Monthly video conferences:

Video Link has been established to conduct video conferences with FTO's Regional offices to eliminate time and space barriers. Interviews, monthly performance review meetings, hearing of Review petitions and suo-moto cases were conducted through video link facility.

Disaster recovery:

A dedicated server has been hired from the Punjab Information Technology Board (PITB). This facility serves as data recovery site.

Bio-Matrics:

In order to monitor employees' attendance in the office and tracking the leave records, Bio-Matric attendance system has been introduced.

Media Management:

In order to exploit the potential of different media plate forms, a

professional Media Manager has been hired to reach the targeted audiences and general public. An organized media campaign was started consisting of E-Newsletter, Social Media accounts, SMS campaign and increased online presence. Secretary, FTO Secretariat is in charge of this campaign. Following steps have been taken so far:

- Quarterly E-Newsletter was introduced in October 2018, to keep all the stakeholders abreast with latest news and developments in FTO's relief providing mechanism.
- In order to reach out to public and make them aware about mandate and services of FTO's relief providing mechanism, Facebook, LinkedIn, Wikipedia and Twitter pages of FTO office have been created. To make the awareness campaign more focused SMS campaign was started to reach out to Taxpayers and general public.

Mobile application for registration of complaints:

A mobile application has been developed for registration of complaints, through which complainants can register their complaints from their Android, Windows and Apple based hand held devices, and also check status of their complaints using the same mobile app.

Monitoring of implementation:

Recommendations were meaningless if not implemented. Improved MIS software was utilized to monitor the implementation status of Recommendations. Success of monitoring efforts was evident from the fact that at the end of 2018, only 186 Recommendations were pending with FBR, compared to 299 and 654 Recommendations pending implementation at the end of 2017 and 2016 respectively.

Proactively invoking powers to take action on own-motion notices (suo-moto action):

Section 9(1) of the FTO Ordinance empowered FTO to investigate, of his own motion, any allegation of maladministration on the part of Revenue Division or any Tax employee. Accordingly, following suo-moto actions were taken in 179 cases of national importance involving systemic issues:

- 1) Own motion investigation of a case of smuggling of mobile phones, mis-declared as LED lights, and cleared through green channel of WeBOC system, was undertaken as a suo-moto case and suitable Recommendations were made (details given in the chapter of important cases).
- 2) Another own motion investigation was initiated in the phenomenon of open sale of Iranian POL products in Balochistan at the Petrol Pumps. Proceedings were in progress.
- 3) Yet another own motion investigation was started in the phenomenon of Tax evasion in the garb of Agriculture Tax. Since long, a large number of Taxpayers have been showing a substantial portion of their income as agricultural income. As Tax on agricultural income was a provincial subject, so they were paying Income Tax to FBR, on the income declared other than agricultural sources. While at the same time they were not paying agricultural tax to the provinces. On pointation by FTO, the FBR started sending Tax notices to the defaulters.

Outreach programs:

Special emphasis was laid on disseminating information about functions and services of FTO as well as the procedures involved in redressal of grievances of Taxpayers, through more vigorous outreach program .

Way forward and vision for 2019:

A lot of progress was made in various areas as stated above. But, yet we have further goal; to evolve this Institution as a credible service delivery organization. To that end, we will pursue a course of action leading to a clean, transparent and efficient Tax administration. Our focus during 2019, will include emphasis on the following:

Regular complaint handling:

Fundamental responsibility of FTO is redressal of complaints of maladministration. Improved and easier access will be provided to aggrieved Taxpayers through extensive use of on-line systems and social media platforms.

Own motion cases for better governance:

Action already taken on own motion (suo-moto) has revealed positive results in some cases to plug hemorrhage of revenue, and identification of failure of FBR in acts of omission or commission. Therefore, this office intends to act on credible information to initiate as many investigations as possible for promotion of transparent Tax administration.

Inspections:

Adherence to office procedures, pendency and timely disposal can be promptly gauged through proper inspections. Periodic inspections were most effective tools to assess the state of affairs in any organization. Although there were Directorates of Inspection in the hierarchy of FBR, but apparently inspection regime was not working properly. Therefore this office has decided to invoke powers vested in it, for conducting special inspection of Tax offices, where persistent maladministration has been reported. A dedicated Advisor has been assigned the specific job of inspection of Tax offices to pinpoint the prevalence and causes of maladministration.

Continued feedback to FBR on systemic issues:

During 2018, this office identified a number of areas requiring attention of FBR, and has forwarded recommendations, either as stand alone proposals or part of formal Findings and Recommendations to improve governance.

Information Technology:

There is a lot of scope in harnessing the power of IT in the working of FTO office. We have already achieved progress in this area. Realizing the potential of IT, this office intends to further develop integration of auto Email and SMS sending facility, system generated notices and launching of FTO's mobile application and connectivity of FTO's Regional offices with Head Quarters using VPN for resource and data sharing.

INTERACTION WITH FEDERAL BOARD OF REVENUE AND BEYOND

Traditionally, complaints of maladministration by functionaries of FBR are heard for redressal of grievances. In the Annual Report, 2017, we undertook to broaden the scope of recommendations through research work for advising FBR to attend the systemic issues for institutional reforms.

2. Whereas the work on redressal of grievances is going on in normal course, the idea of research is to identify and propose steps to rectify system loopholes in procedures and prevalent practices.

3. Resultantly this office has identified a number of areas requiring attention of FBR. In this context, FTO visited FBR Hqrs in Islamabad, and its field formations in Karachi, and held meetings with senior officers of FBR. A number of proposals were sent to FBR from time to time, as budget proposals, stand alone recommendations and part of Recommendations of investigations.

4. Areas identified to FBR during this endeavor included, though not limited to, the following:

HR strategy:

Recommendations were made for need based training to cater for updated professional knowledge and skills, as well as service oriented attitude of Tax Collectors. Evolving key Performance Indicators for functionaries, need of integrity check and linking these parameters to posting, promotion, training, reward and punishment. Across the board internal accountability for maladministration and assistance by FTO office in inquiries was offered.

Automation and IT Integration:

Core IT systems in Customs and IRS have valuable data base with a minimum working level mutual integration. It was suggested to further improve it through developing interface between its database and

databases of large service providers to help in speedy processing of assessments, refund claims and tapping full potential of revenue resources.

Following has been reported by FBR:

- It has started developing next version of WeBOC, by the name of WeBOC-Glo, which will completely eliminate manual processes to ensure maximum transparency.
- It has started developing a National Single Window for trade, which will integrate regulatory functions of all 37 trade regulatory bodies at a single ICT platform, bring down cost of doing business, and help eliminate misuse of Authorizations/ NOCs/Exemption Certificates.
- It has developed a new version of Risk Management System of WeBOC, which uses latest techniques of Business Intelligence Tools and will be deployed on 1st January, 2019.

Monitoring:

Tax evasion is a universal problem. Monitoring is important to plug the evasion and expand Tax base. However institutional arrangements for such monitoring or tracking are only in development stage.

2. It was recommended that FBR should develop the requisite capability of remote hosting for monitoring the activities of registered persons as required under the law. Similarly in order to minimize the chances of mis-declaration or smuggling on the Customs side, installing scanners on the exit gates of ports was recommended to add an additional layer of non-intrusive check in the process of clearance of imported goods.

3. In this context, following developments have taken place in FBR;

- a) For Textile and Leather sectors, FBR has introduced registration under POS (Point of Sale) from 1st July, 2018.
- b) For monitoring of processed tobacco and cigarettes, SRO 1149(I)2018 has been issued in September, 2018, and formal project for Track & Trace has been launched in Nov/Dec, 2018. Once developed, this segment would be extended to Cement, Sugar, Beverages and Fertilizers etc.

Alternate Dispute Resolution (ADR):

Suggestions for improvement in ADR mechanism were sent to FBR, to streamline the system. Since some shortcomings still existed, second set of suggestions to remove the shortcomings was also conveyed to FBR for removal of discretion and bringing the ADR system in Customs at par with IRS.

Simplification of contents and filing of Income Tax Returns:

Recommendations were sent for introducing simplified returns through consultation with small Taxpayers, with availability of option to file the returns in Urdu. Since many small Taxpayers were not computer literate, therefore an option to file the returns manually at multiple centers was also recommended. Fragility of online system, showing signs of overload during peak days of filing of returns was also identified and conveyed to FBR.

Charter of Taxpayers' Rights:

All major Tax administrations of world have a Charter or Bill of Taxpayer's Rights. Proposals in this regard were sent to FBR along with recommended list of measures to be covered in the body of Bill of Taxpayer's Rights.

Streamlining processing of refund claims:

Most of the grievances pertain to non or late processing, or delay in grant of refund claims. This issue was also taken up with FBR along with suggestions, with emphasis on speedy disposal of refund claims on merits.

2. FBR forwarded a plan of liquidation, according to which, out of anticipated admissible/payable amount of Rs.120 billion, Rs.40 billion is proposed to be paid in cash out of this year's gross collection and remaining Rs.80 billion to be paid through negotiable instruments, to be issued by the federal government.

Segregation of targets of Withholding and return based Tax:

Presently, major portion of Income Tax comes through indirect means i.e. various Advance Tax collection schemes. It was recommended that while a transition to purely return based Tax may take quite some time,

at least the targets for indirect and returns based modes may be segregated and performance of Tax officers to be judged on the basis of collection made on real assessment.

Audit:

An amendment was made in section 25 of the Sales Tax Act 1990 by adding a proviso, through Finance Act 2018, due to which audit has been restricted to once in THREE years. This office believed that there should not be any restriction on number of audits during a period. Rather, what actually required was to rationalize the audit scheme. This objective needed to be achieved through amendment in law and audit policy, based on parametric selection according to greater risk and manageable workload. FBR was apprised accordingly.

Reforms in auction procedures:

Consequent upon undertaking a study on auctions in the Collectorates of Customs, a report was prepared and sent to FBR. It included recommendations on legal and administrative improvements. FBR responded well by stating the following:

- Instructions were issued to all field formations with the directions to operationalize the grievance redressal cells, and to ensure implementation of instructions regarding procedure for segregation of lots and proper tagging of the same with lot number and specification of goods.
- Directorate General Training & Research was requested to arrange refresher courses for Customs field formations to impart training on processing of files/correspondence.
- FBR informed that disciplinary action has been taken against the functionaries in pursuant to the Recommendations of the FTO .

Budget proposals sent to FBR.

Based on the experience from day to day work and recommendations of the Advisors, following budget proposals were sent to the FBR:

Customs:

- A proposal was sent, in order to curb smuggling, power of section 32 of Customs Act 1969, should also be conferred upon Directorate General of Customs Intelligence.
- It was also proposed that suitable amendment should be made in section 81 of the Customs Act, 1969, to ensure timely finalization of provisional determination of value of imported goods. FBR responded that WeBOC contained the requisite mechanism.
- In the wake of growing Chinese investment and trade, another proposal was sent for providing some bilateral dispute resolution mechanism to avoid litigation in international arbitration bodies. FBR replied that existing mechanism of Alternate Dispute Resolution under section 195C of the Customs Act, 1969, catered for settlement of all such disputes.
- Yet another proposal was sent that a suitable time limit should be specified in the Customs Act 1969 for deciding the refund claims. Requisite amendment for specifying time limit in the law was made in Budget 2018.

Income Tax:

- In order to encourage Taxpayers to e-file Income Tax returns for claiming adjustment of adjustable Withholding Taxes, it was proposed that gradually all adjustable Withholding Taxes, excluding those on salary income, might be enhanced by at least 20% in the coming budget.
- It was also proposed that all current non-adjustable Withholding Taxes may be converted into adjustable Withholding Taxes by amending the relevant provisions of the Income Tax laws/rules.
- In order to provide full relief to Taxpayers under section 122A of Income Tax Ordinance, 2001, it was proposed that a Taxpayer should be given the right to approach the Commissioner for the revision of assessment, as was available under original section 138 of the Ordinance.
- Income from pension was exempt from Income Tax. But pensioners

were not eligible to avail benefits of provisions of Withholding Tax unless they were on Active Taxpayers List. It was therefore proposed that pensioners deriving income from pension only, be exempted from the provisions of Withholding Taxes applicable to non-filers.

Sales Tax:

Persons, who did not obtain Sales Tax Registration No. were liable to pay Further Tax @ 2% under section 3 (1A) of the Sales Tax Act, 1990, in addition to payment of Sales Tax @ 17% under section 3(1) of the Act. This differential of 2% was not enough to compel Non-Registered persons to obtain Sales Tax Registration. Therefore issue was referred to FBR for consideration. FBR has intimated that rate of Further Tax was increased to 3% through Finance Act, 2018.

General:

It was proposed that the Adjudicating officers should be removed from subordination of FBR. All Appellate Forums to work under the Ministry of Law, and the Tax judicial system be given under the control of Member Judicial, who should be a retired Judge of the apex court.

Environmental concerns:

During the visit of FTO to Pakistan International Container Terminal (PICT) Karachi in January, 2018, FTO observed that about 800 unclaimed containers of hazardous plastic waste were lying un-cleared on the port. Therefore, in the national interest, a proposal was sent to Ministry of Commerce for disposal of lying waste and putting conditions/restrictions on further dumping of hazardous plastic waste through unidentified imports. Work has been started on this proposal in Ministry of Commerce and Ministry of Climate Change.

FTO'S ENGAGEMENTS WITH IMPORTANT STAKEHOLDERS

Federal Tax Ombudsman undertook and participated in a number of outreach activities during 2018. Following is the synopsis of a few of such activities, undertaken by the FTO, himself.

Federal Tax Ombudsman visited Federal Board of Revenue, Islamabad:

Federal Tax Ombudsman visited Federal Board of Revenue Islamabad on 6th January 2017, to exchange views with Chairman and senior officers of FBR on the occasion of Chief Commissioners Inland Revenue Conference.

2. For speedy redressal of grievances, FTO suggested that before sending comments on a complaint, a senior officer should call and hear the complainant, which might resolve the problem then and there. Referring to the causes of complaints, he emphasized that gaps between prescribed procedures and their practical application should be checked. He also stressed upon the need of regular training and updating of knowledge of senior and junior officers at formation level on interpretation and implementation of laws.

Federal Tax Ombudsman visited Customs House Karachi:

Federal Tax Ombudsman paid visits to the Customs House Karachi, and Pakistan International Container Terminal (PICT) Karachi on 18th January, 2018. Chief Collector South, Collector Appraisement and other senior officers briefed him about the functioning of Customs Collectorates of import/export and scanning of imported consignments. PICT authorities also gave detailed briefing about the functioning of the containers handling system. FTO was also apprised of dumping of plastic hazardous waste on the port. On his return, issues of scanners and dumping of plastic waste were taken up with FBR and Ministry of Commerce respectively.

Federal Tax Ombudsman visited office of Pakistan Apparel Forum (PAF) Karachi:

On the invitation of Chairman, Pakistan Apparel Forum (PAF), the FTO visited their office on 19th January, 2018 to discuss problems of exporters.

2. Chairman PAF and its members briefed the FTO on various issues relating to export and refund of Sales Tax etc. Pending Sales Tax refunds was echoed as serious problem faced by Taxpayers. Other issues included issuance of audit notices u/s 25 of the Sales Tax Act, 1990, Zero rating facility on utility bills of five export sectors, attachment of bank accounts pursuant to recovery demand and black listing u/s 21 of the Sales Tax Act, 1990.

3. FTO assured the audience of the utmost efforts in resolving the problems. He appreciated textile made-ups sector for its contribution in exports and economy of the country. He also highlighted the role of FTO in redressal of Taxpayers' grievances.

4. On his return, the matter was taken up with FBR, which issued instructions to all field offices to follow the prescribed procedures, while dealing with highlighted issues.

Federal Tax Ombudsman met the Gujranwala Tax Bar Association:

Federal Tax Ombudsman held a meeting with office bearers of Gujranwala Tax Bar Association to interact and exchange views on adopting effective measures for dispute resolution between Taxpayers and Tax functionaries.

2. Various points raised by the members of Tax Bar Association were as under:

- Rampant corruption in FBR offices.
- Non cooperative and rude behaviour of officers.
- Issuance of amendment notices u/s 122(5A) of the Income Tax Ordinance, during pendency of the proceeding before FTO.
- Issuance of recovery notices to banks without following the proper procedure and intimation to the Taxpayers.

3. Later on, suggestions with regard to many of these issues were sent to FBR.

Meeting of Federal Tax Ombudsman with members of Pakistan Textiles Exporters Association (PTEA) Faisalabad:

Federal Tax Ombudsman visited the office of PTEA on 12.02.2018. Chairman PTEA, Mr. Shafiq Jawed gave welcome address, and highlighted issues being faced by them with particular reference to non-issuance of genuine refund claims of Income Tax and Sales Tax.

2. After his speech, an interactive session started, in which all members participated with main emphasizes on stuck up Income Tax and Sales Tax refunds at the FBR / RTO level, causing problem of liquidity of funds at their ends. FTO replied the questions of the participants, who were not only satisfied but also expressed their confidence in his vision and dedication. He assured them that FTO office was cognizant of the serious problem relating to refunds and has already taken up the issue with FBR.

Visit of Federal Tax Ombudsman to Sialkot Chamber of Commerce & Industry:

Federal Tax Ombudsman visited Sialkot Chamber of Commerce & Industry, on 22.02.2018 to meet the representatives of trade & industry and to ascertain issues being confronted by them.

2. Mr. Abdul Waheed, acting President of the Chamber, highlighted problems being faced by the business community in connection with refunds of Sales Tax, Income Tax and Duty Drawback. Federal Tax Ombudsman, in his address appreciated the efforts of Sialkot Chamber of Commerce & Industry in boosting up economy and export.

3. In the interactive session, which followed, the office bearers of the Chamber and representatives of Tax Bar Association shared their views and perceptions regarding over all taxation system and advanced proposals to further strengthen the role of FTO office for alleviation of problems faced by the industry. The FTO, in his speech, highlighted the achievements, shared

the future road map of the organization and expressed gratitude for inviting him to the Chamber and thought provoking discussion. He assured them of his continued cooperation.

Meeting of Federal Tax Ombudsman with member of Multan Chamber of Commerce & Industry (MCCI):

Federal Tax Ombudsman attended a meeting of MCC&I on 3rd May, 2018. In her welcome address, Begum Romana Tanvir Sheikh, acting President MCC&I appreciated the services of FTO Institution and stressed the need of further emphasis on implementation and betterment in Tax payment and Tax collection systems for providing maximum relief to the Taxpayers and exporters.

2. Federal Tax Ombudsman assured the participants of continued focus to pursue the policy of expeditious investigation and timely disposal of the complaints, employing the techniques of business process re-engineering (BPR), capacity building, and IT enablement. He added that FTO office was in constant touch with FBR to ensure the early payment of the Duty Drawback, Income Tax and Sales Tax refund claims, for ensuring availability of smooth flow of cash in the industry.

Advisors Conference 2017:

Annual Advisors Conference was held in FTO office on 4th May, 2018. The Federal Tax Ombudsman addressed the audience and analyzed the most pressing issue of implementation of Recommendations and emphasized on more concerted efforts for reducing the time for finalization of complaints. Mr. Arshad Mahmood Cheema, Registrar, gave a presentation on the performance of the institution on complaint handling and implementation status.

2. Mr. Muhammad Asif, Director General FTO office, gave a presentation on Complaint Management Information System (CMIS). He announced that CMIS had been upgraded as per the requirements of the work and implemented fully in the FTO Secretariat. Training on upgraded CMIS had been imparted to the employees of FTO Secretariat, Islamabad

and Regional offices, and that all complaints were being processed and monitored online. Required reports were being generated online and FTO office has moved to paperless environment. He also informed that digital communication had been established between the Advisors Investigations and respondents in FBR offices, for which 67 contact points had been determined. A dashboard was also provided to each contact point for access through FTO website.

3. A number of issues were raised by the Advisors, which were thoroughly discussed.

Federal Tax Ombudsman invited as Guest of Honour in the Summer Camp organized by Lahore Tax Bar Association, held in Islamabad:

On the invitation of Lahore Tax Bar Association, the Federal Tax Ombudsman attended the Summer Camp as Guest of Honour, while Finance Minister Dr. Shamshad Akhtar chaired the session. Federal Tax Ombudsman threw light on the role of his office in the complaint handling of Taxpayers.

2. He told the audience that FTO not only made recommendations, but also ensured implementation thereon. As a result, pendency of implementation had reduced greatly and average time in disposal of complaints had come down to 45 days as against 47 days last year. This statement was met with great applauds.

Chairman FBR called on FTO to discuss issues of mutual interest:

Chairman FBR, Mr. Muhammad Jehanzeb Khan, called on the Federal Tax Ombudsman on 27-11-2018, to discuss important issues faced by the Taxpayers and other aspects of mutual interest for both the offices.

2. Federal Tax Ombudsman highlighted the obstacles in redressing the Taxpayer's complaints, streamlining of refund payments, and harassment of the complainants by Tax functionaries after filing the complaints with FTO. The FTO also proposed certain measures for system improvement in FBR functions. He particularly emphasized on expeditious disposal of

complaints relating to payment of refunds and frequent inspection of subordinate offices as a measure to control maladministration.

3. At the end, Federal Tax Ombudsman appreciated the reforms being introduced in FBR during recent months and thanked the Chairman FBR for visiting the office of FTO.

Advisory Committee:

Unlike the past precedent of one Advisory Committee, Federal Tax Ombudsman formed three Regional Advisory Committees for maximum participation and more lucid discussions on problems in the regional context. Primary purpose of Advisory Committees was to create a pool of experts for sharing their perspective on taxation and FBR related issues.

2. Meeting of the Rawalpindi/Islamabad based members of Advisory Committee was held in the conference room of the FTO office on December 27, 2018. Federal Tax Ombudsman welcomed the participants and briefed them about the purpose of meeting, which was to give recommendations for improvement in Tax system and proposals for next budget. The conference was attended by eminent businessmen, media personnel and persons with experience of work in FBR. House was then opened for discussion. The debate resulted in some useful recommendations for improvement of the system.

3. Later on, suitable suggestions were forwarded to FBR for consideration in the next budgetary exercise.

ENGAGEMENTS OF FEDERAL TAX OMBUDSMAN



Meeting of FTO with Pakistan Textiles Exporters Association, Faisalabad



Advisors Conference



Meeting of FTO with Pakistan Textile Exporters Association, Karachi



Meeting of FTO with Gujranwala Tax Bar Association, Gujranwala



Advisory Committee Meeting



Meeting of FTO with Member of Multan Chamber of Commerce & Industry, Multan



Summer Camp organized by Lahore Tax Bar Association, held in Islamabad



Meeting of FTO with Chamber of Commerce & Industry, Sialkot

FORUM OF PAKISTAN OMBUDSMEN

The Forum of Pakistan Ombudsmen (FPO) was established on April 16, 2011 as a non-governmental, apolitical, independent and professional forum for Ombudsmen in Pakistan. The Forum was established to improve coordination, promote capacity building of the Institutions of Ombudsmen and to reach out to Ombudsmen of foreign countries.

2. Mr. Mushtaq Ahmad Sukhera, Federal Tax Ombudsman is the President of the Forum. The Forum currently has 12 members and is governed by a four member Board.

18th Meeting of Forum of Pakistan Ombudsmen Pakistan:

18th meeting of the Forum of Pakistan Ombudsmen (FPO) was held on 12th March, 2018 under the chairmanship of Mr. Mushtaq Ahmad Sukhera, Federal Tax Ombudsman and President of the Forum.

2. President of the Forum welcomed the participants and gave a brief resume on the common issues related to the Ombudsman Institutions in Pakistan and an overview of the matters discussed in the OICOA meeting held in September 2017 in Turkey. The participants were also apprised on upcoming issues pertaining to International Ombudsman Institute (IOI), OIC Ombudsmen Association (OICOA) and Asian Ombudsmen Association (AOA). Pakistan holds chairmanship of OICOA (FTO), AOA (WM) and IOI Asia Region.

3. Discussions were also held on 'Combined Building in Islamabad for Federal Tax Ombudsman, Federal Ombudsperson for Protection against Harassment at Workplace and camp offices of Federal Insurance Ombudsman and Federal Banking Ombudsman. Matter of annulment of Articles 10, 11, 12 and 15 of the Federal Ombudsmen Institutional Reforms Act 2013 by Honorable Lahore High Court was also discussed and course of action was deliberated to address the issue.

19th Meeting of Forum of Pakistan Ombudsmen Pakistan:

19th meeting of FPO was held on 30th June, 2018, at Kutton, Azad

Jammu and Kashmir. President of the Forum, Mr. Mushtaq Ahmad Sukhera, Federal Tax Ombudsmen, chaired the meeting.

2. President of the Forum welcomed the participants, gave perspective on the common issues of the Ombudsman Institutions in Pakistan and shared information on upcoming meetings of the OICOA and AOA.

3. Following agenda items were also discussed:

- Update on combined building in Islamabad and Camp offices.
- Update on Lahore High Court Judgment: FOIRs Act 2013 (Articles 10, 11, 12, 15).
- OIC Ombudsman Association; Pakistan's Future Strategy.

4. His Excellency President of Azad Jammu and Kashmir honoured the members of the Forum with his valuable appraisal of the Kashmir Issue.

20th Meeting of Forum of Pakistan Ombudsmen Pakistan:

20th meeting of Forum of Pakistan Ombudsmen (FPO) was held on 28th December, 2018 at Islamabad Club, Islamabad which was chaired by the President of the Forum, Mr. Mushtaq Ahmad Sukhera, Federal Tax Ombudsman.

2. President of the Forum welcomed the participants and apprised them about the purpose of the meeting. He broadly introduced the Agenda comprising of the following:

- Consideration of Article 7 (Voting Members) of the Statutes of OICOA.
- Payment of Annual Membership Fee of AOA in Pak Rupees.
- Financing of AOA General Assembly meeting on Election Events.
- Setting up Help Desks for Federal Ombudsperson for Protection against Harassment at Workplace in all the offices of other Ombudsmen Institutions.

3. Issues were debated at length and appropriate decisions were taken, keeping in view the best course of action in the national interest.

FORUM OF PAKISTAN OMBUDSMEN



18th Meeting of Forum of Pakistan Ombudsmen



19th Meeting of Forum of Pakistan Ombudsmen



20th Meeting of Forum of Pakistan Ombudsmen

AWARENESS SESSIONS BY THE ADVISORS



Meeting with Members of Tax Bar Association, Faisalabad



Meeting with Members of Chamber of Commerce & Industry, Rawalpindi



Meeting With Members of Chamber of Commerce & Industry, Gujrat



Meeting with Members of Chamber of Commerce & Industry, Srgodha



Meeting with Members of Tax Bar Association, Sukkur



Meeting with Members of Chamber of Commerce & Industry, Bahawalpur



Meeting with Members of Sarhad Chamber of Commerce & Industry, Peshawar and Tax Bar Association, Peshawar

OUTREACH AND AWARENESS ACTIVITIES OF ADVISORS

During the year 2018, FTO and his team of Advisers went full stretch on outreach and awareness campaign. There was greater interaction between FTO's institution and members of Chambers of Commerce and Industry, Traders' Associations, and Tax Bar Associations etc. A total of thirty nine (39) sessions were conducted during the year. These programs also provided an opportunity to the Advisors to gauge the broader picture of problems being faced by Taxpayers.

2. Following are highlights of outreach activities undertaken by Advisors during 2018:

Peshawar:

Six (6) meetings/sessions were arranged by Mr. Gholam Kazim Hosein, and Mr Ahmad Dildar, Advisors Incharge, Peshawar, in connection with outreach and awareness activities, as under.

- Meetings with Markazi Tanzeem-e-Tajiran KPK and Sarhad CC&I, Peshawar, on 13.02.2018.
- Meeting with Peshawar Tax Bar Association, on 14.02.2018.
- Meeting with Provincial Association of Traders, KPK on 14.03.2018.
- Outreach meeting in Regional office, Peshawar, on 16.08.2018.
- Meeting with Importers/ Clearing Agents, ISB on 28.09.2018.
- Outreach/awareness session with TBA, KPK, on 22.10.2018.

Islamabad:

Four (4) outreach activities, mentioned below, were undertaken by Mr. Tariq Ahad Nawaz, Advisor (Research), Islamabad.

- Meeting with Rawalpindi and Islamabad TBA, on 30.08.2018.
- Meeting with Islamabad CC&I, on 24.09.2018.
- Meeting with Rawalpindi CC&I, on 04.10.2018.
- Meeting with Rawalpindi Tax Bar Association, on 01.12.2018.

Faisalabad:

Five (5) outreach activities were undertaken by Mr. Tauqeer Akbar, Advisor Incharge, Faisalabad, as under:

- Meeting with Pakistan Textile Exporters Association, on 12.02.2018.
- Meeting with Members of Faisalabad TBA, on 04.04.2018.
- Meeting with TBA and Business community, Chiniot, on 13.09.2018.
- Meeting with Business community, Jhang, on 30.08.2018.
- Meeting with community of progressive business, on 23.07.2018.

Multan:

Nine (9) outreach activities were undertaken by Mr. Saleem Raza Asif, Advisor Incharge, Regional office, Multan, as under:

- Meeting with members of Bahawalpur CC&I, on 17.04.2018.
- Meeting with officers of RTO, Bahawalpur, on 17.04.2018.
- Meeting with Tax Bar Association, Bahawalpur, on 17.04.2018.
- Meeting with Business Forum/Democratic Alliance of the Chamber of Commerce & Industry, Sahiwal, on 10.05.2018.
- Meeting with members of CC&I, Dera Ghazi Khan, on 26.06.18.
- Meeting with Khanewal Tax Bar Association and Business community, on 10.08.2018.
- Meeting with Anjuman-e-Tajran, LM, Multan on, 26.09.2018.
- Meeting with Anjuman-e-Tajran, HA, Multan on, 24.10.2018.
- Meeting with Anjuman-e-Tajran, CSA, Multan, on 29.11.2018.

Gujranwala:

Three (3) outreach activities were undertaken by Mr. Abdur Rehman Dogar, Advisor FTO Regional office Gujranwala, as under:

- Visit of office of Gujrat Tax Bar Association, on 13.03.2018.
- Meeting with Gujrat CC&I, on 12.04.2018.
- Meeting with CC&I and Tax Bar Association, Gujrat on 18.04.2018.

- Visit of Office of Gujranwala Tax Bar Association, on 15.05.2018.

Lahore:

Five (5) outreach sessions were conducted by the Advisors of Lahore Regional office, Mian Munawar Ghafoor and Mr. Muhammad Zahir-ud-Din.

- Meeting with Sheikhpura CC&I, on 20.06.2018.
- Workshop about Dispute Resolution Mechanism of FTO for Business community, on 08.08.2018.
- Meeting with Pakistan Institute of Public Finance Accounts, Lahore, on 05.09.2018.
- Workshop about Dispute Resolution Mechanism of FTO, with collaboration of Sargodha CC&I, on 07.11.2018.
- Public Awareness session about Dispute Resolution Mechanism of FTO with the office bearers of trade bodies of Mianwali, on 08.11.2018.

Karachi:

Five (5) outreach activities were undertaken by Mr. Manzoor Hussain Kureshi, Advisor Incharge, Regional office Karachi, as under:

- Meeting with Larkana Chamber of Commerce & Industry and Larkana Tax Bar Association on 19.03.2018.
- Meeting with members of Sukkur TBA on 05.04.2018.
- Awareness session at Hyderabad Site Association of Trade & Industry on 07.05.2018.
- Awareness session with Nooriabad Executive Club of Trade & Industry on 29.08.2018.
- Awareness session with Jamshoro CC&I on 22.10.2018.

3. In these sessions, leaflets, brochures and hand-outs, highlighting mandate and services of the FTO office were distributed amongst the participants. They were briefed about the mandate of FTO's office and its efforts for expeditious disposal of complaints by FTO. They were also apprised of the opportunities provided by the office of FTO to the common

Taxpayers for raising their concerns and grievances to seek remedy. Feedback of these outreach campaigns was usually in the form of narration of the problems faced by the Taxpayers. Recommendations of FTO to FBR also reflected the insight gained through these programs.

4. Most pressing issues echoed in these sessions fell in the following categories, and were referred to FBR from time to time for necessary action and improvement:

- Inaction or delays on applications of refunds;
- Prolonged and repeated hearings and notices with delays in finalizing assessments and other actions;
- Incompetence led actions, which were not consistent to prescribed procedures;
- Non-responsiveness to the problems of Taxpayers;
- Harassment of Tax payers, if they file a complaint with FTO.

5. Advisors also emphasized that the State could not be run without taxes; therefore there was a need to expand the Tax net. However, improvement in Tax system was also required. They invited the audience to approach FTO office for redressal of their genuine grievances stemming from excesses of the Tax officials.

6. Important areas of maladministration and exclusions from the jurisdiction of FTO forum were also explained to the participants. They were encouraged to identify the specific instances of maladministration, so that not only remedial action could be taken in the matter, but also action to be taken against the delinquents.

7. A great zeal of interest was always witnessed among participants, because idea of free of cost and speedy justice was new to many of them. They sincerely appreciated these sessions, and reposed confidence in the institution of FTO. They expressed that they would make use of the office of FTO for redressal of grievances. They also promised to spread the information among their acquaintances, who were unaware of it.

SELECTED FINDINGS AND RECOMMENDATIONS

Complaint redressal mechanism of FTO provides relief to the public and existing/prospective Taxpayers, aggrieved from maladministration of Tax officials. FTO Ordinance also empowers FTO to take own motion cognizance of maladministration. An account of few findings issued during 2018, is given below for the benefit/ guidance of Public/Taxpayers and of FBR's officials.

Own Motion case No. 01/FTO/HQR/2018, dated: 04.01.2018.

An own motion investigation of systemic maladministration was launched on reports of recovery of smuggled mobile phones valued at Rs.1,000 million in Karachi, Lahore and Quetta. Those were cleared from Karachi port under the computerized system of Customs, known as Web Based One Customs (WeBOC), by M/s Digicom Trading (Pvt) Ltd, which was registered as 'importer/retailer' of 'computers, peripheral units, software and telecommunications equipment'. In the instant case, M/s Digicom Trading (Pvt) Ltd filed a Goods Declaration (GD) of the consignment consisting of LED lights. As per Risk Management System (RMS), assessment was made on Digicom's historical performance and the GD was released by the system through the Green channel. However, subsequently the Model Customs Collectorate (Preventive) Karachi and Directorate of Customs Intelligence Karachi found that the consignment contained mobile phones as opposed to the declaration of LED lights, seized the goods and registered the case.

2. During the course of investigation, two other cases were also examined. In one case, M/s Khurram Steel Mills filed a Goods Declaration in an import consignment, consisting of Iron/Steel re-meltable scrap, which was released by the system through the Green channel. However, during subsequent raid by Directorate of Customs Intelligence Karachi, instead of declared goods, different items i.e. polyester ladies fabric, cosmetics, mobile phone accessories, calculators and miscellaneous items were

recovered in the said consignment and seized. In another case, a consignment of M/s City Steels UAE Mills Pvt Ltd, declared as waste and scrap of iron, was released by the system through Green channel. Subsequently, seizure case was made out by MCC (Preventive) Karachi for misdeclaration, as goods were found to be betel nuts instead of scrap of iron.

4. The RMS parameters and scoring criteria were reviewed in order to gain a deeper understanding of the system. It appeared that while the risk management software is functioning as designed, the underlying risk management framework, risk parameter configuration and maintenance processes as well as the governance structure required revision in the areas of risk management framework, classification of traders, establishment of risk management committee, weak oversight by FBR, system overrides, exception reporting and outdated business and technical functionalities.

Therefore, it was recommended that risk management framework should not only balance between facilitation and enforcement, but should be able to intervene in high-risk transactions, post-entry verification and have investigative capability to detect fraud and non-compliance. Following case specific Recommendations were made to FBR:

- ***Directorate General of Post Clearance Audit (PCA) to carryout post-import transaction verification of all GDs cleared under the Green Channel facility by M/s. Digicom Trading (Pvt) Limited.***
- ***Provide information pertaining to the offences committed to IRS so as to cross match the data from ST and IT returns filed by these registered persons.***
- ***If seizure reports contained any hint of information prior to clearance, investigation should be started as to why the seizing agency did not share it with the import Collectorate while the consignment was still at the port.***

Recommendations were also made for institutional and system

reforms to;

- *develop a robust and comprehensive risk management framework which should include risk categories, risk appetite, risk threshold, risk tolerance, risk management policies, trader's risk rating, good's risk rating and nexus between routine exports and deviations.*
- *revisit the charter of Risk Management Committee (RMC), required to meet on a fortnightly basis, and enhance the responsibilities to monitor various areas of trade based on risk parameters.*
- *create a dedicated team of Risk Management Unit (RMU), with adequate training, comprising of domain experts, IT Data analyst and dedicated developers for Risk Management System of WeBOC and nominate dedicated Customs officers in the Directorate of Risk Management, having experience of Customs business processes and legal requirements.*
- *consider installation of scanners at the Exit Gate as this will raise the potential of higher revenue coupled with more effective check on mis-declaration of description or quantity of imported goods.*
- *examine the proposal of Tax Reforms Commission 2016, which had proposed that a new list of Green channel traders should be compiled and certain minimum criteria should be fixed.*
- *consider hiring services of firms for third party assessment of the system, which had not been carried out since deployment of WeBOC in 2012.*

Directorate of Risk Management and Directorate of Reforms and Automation to take immediate corrective measures, including, review of Green channel importers, prescribing criteria including HS Code deviation and risky port of shipment factors for random

selection of Green Channel GDs and denial of Green Channel facility to the importers of all types of waste and scrap of chapter 72 of Pakistan Customs Tariff, so as to ensure that legitimate revenue is collected and deposited in national exchequer.

Complaint No.0496/FSD/IT/2018, dated: 11.05.2018

A complaint was filed by Mr. Ghazanfar Abbas, Islamabad, against the Chief Executive Officer, PRAL, Islamabad and staff of PRAL, Faisalabad, for issuance of NTN 3800452-6 against CNIC 38103-2257441-9 of the complainant, without his application. It was also alleged in the complaint that many Income Tax returns have been filed against this NTN.

2. CEO, PRAL Islamabad informed that NTN was issued on 29.08.2011 as per SOP through mobile phone number 0343-6861088 belonging to one Mr. Azhar Naveed (who was working as Inspector-IR, in RTO Sargodha). Furthermore, the application for change of particulars was submitted in Tax Facilitation Centre (TFC) Sargodha by Mr. Amjad Abbas Jafri, real brother of complainant. It was also informed that the Income Tax returns had been filed by Mr. Amjad Abbas Jafri, brother of the complainant.

3. An investigation was got conducted, which confirmed the above position. However the painful finding was about inattention, delay and inefficiency on the part of department to enquire and attend request of the complainant, when he approached the department.

It was, therefore, recommended to FBR to direct the concerned Commissioner IR, RTO Faisalabad to cancel NTN against CNIC of the complainant and to arrange an inquiry for fixing responsibility of the role of Inspector-IR, RTO Sargodha in issuance of NTN in this case, without application of the complainant, for disciplinary proceedings under the Efficiency & Discipline Rules 1973.

Complaint No. 1361/LHR/IT/2018, dated: 22.10.2018

A complaint was filed by Mr. Ijaz Hussain Butt, Lahore, alleging that a demand created under section 122, was later on rectified under section 122 of the Ordinance, which was paid by him and the demand became nil. However, despite the nil balance demand, two amounts of Rs.0.101 million

and Rs.0.024 million were recovered from his bank account. All his efforts to get the refund of illegally recovered amount proved futile, therefore, he came before the forum of FTO. In their comments the department contended that the complainant did not electronically file the refund application which was mandatory requirement. However at no stage department had asked the complainant to file refund application electronically.

2. It was held that inordinate delay in issuing refund for Tax year 2011, of the amount illegally recovered from the bank account of the complainant tantamounted to maladministration.

Therefore, FBR was asked to investigate the matter, ascertain official(s) accountable for recovery of non-existent Tax demand for Tax year 2011 by attaching the complainant's bank account and take appropriate disciplinary action against official(s) found responsible. FBR was also asked to direct the Commissioner-IR Zone-IV Lahore to issue refund for Tax year 2011 of the amount unlawfully recovered along with additional payment for delayed refund, as per law.

Complaint No.1348/KHI/ST/2018, dated: 18.10.2018.

A complaint was filed by M/s. Mima Knit (Pvt) Limited, Karachi, against the Commissioner-IR, Zone-I, RTO-III, Karachi, for failing to process ten (10) fresh claims of Rs.9.598 million and two (2) deferred claims of Rs.0.376 million filed by the complainant for various Tax periods from March 2017 to May 2018. It was also alleged that two (2) deferred claims of Rs.0.376 million filed by the complainant for Tax periods of September 2017 and October 2017 have also not been processed by the department.

2. The department contended that impugned refund claims were filed through ERS system and could not be processed due to non-availability of files.

3. During hearing, the AR averred that ten (10) fresh and two (02) deferred claims had been submitted to the department alongwith physical files and provided copies of acknowledgement slips to the DR. The DR did not raise any objection regarding genuineness of the contents of the

complaint and undertook to process and settle the pending refund claims expeditiously, as per law.

4. In view of supra, it was apparent that the department had failed to either pay admissible refund claims within 45 days or settle inadmissible refund claims within 60 days in terms of section 10(1) and 10(3) of the Act respectively.

Therefore FBR was asked to direct the concerned officer of Zone-I, RTO-III, Karachi to settle pending refund claims of the complainant discussed supra expeditiously, as per law.

Complaint No.629/KHI/ST/2018, dated: 19.04.2018.

A complaint was filed by M/s. IPP Petroleum Products, Karachi, against the Chief Commissioner-IR RTO-II, Karachi and the Chief (CSTRO) FBR, Islamabad, for failing to:-

- process twenty-four fresh refund claims of Rs.89.075 million filed by the complainant for various Tax periods from April 2014 to February 2018; and
- issue cheques in respect of eight RPOs dated 27.02.2014, of Rs.30.001 million relating to Tax periods of September, 2012 to March 2013 and October 2013.

It was also alleged that the Director, Intelligence and Investigation (I&I) Karachi had failed to remove 'Red Alert' from e-profile of the complainant.

2. Chief (CSTRO), FBR contended that the refund payment against RPOs could not be made due to 'Red Alert' placed by the Director of Intelligence and Investigation-IR (I&I), Karachi on 21.03.2014.

3. Director-IR (I&I) Karachi, raised preliminary objection of bar of jurisdiction of FTO, on the ground that matter of over adjustment of input by the complainant for Tax periods of April 2010 to June 2012 was subjudice before the Appellate Tribunal Inland Revenue (ATIR) Karachi. It was also contended that the 'Red Alert' dated 21.03.2014 was issued as a precautionary measure to safe guard government revenue and could be re-examined by the RTO for withdrawal. The Commissioner-IR, Zone-I, RTO-II

Karachi also contended that fresh claims could not be processed due to 'Red Alert' issued by I&I Karachi.

4. But the examination of the above stated position showed that the Tax period under consideration before the ATIR had no relevance with the issue in hand. It was also noted that although contravention case made out by the Directorate of I&I covered Tax period of April 2010 to June 2012, 'Red Alert' issued by it, had blocked payment to the complainant against RPOs issued for refund claims of Tax periods of September, 2012 to March 2013 and October 2013 and processing of refund claim of various Tax periods from April 2014 to February 2018. It was therefore evident that refund payments to the complainant either against already issued RPOs or processing of fresh claims had been inordinately delayed as Directorate I&I/ RTO-II Karachi did not withdraw 'Red Alert' dated 21.03.2014, despite repeated requests from the complainant.

Therefore, FBR was asked to direct the CC-IR RTO-II Karachi to re-examine the legal justification of 'Red Alert' dated 21.03.2014 for blocking payment against already issued RPOs in favour of the complainant for refund claims of Tax periods of September, 2012 to March 2013 and October 2013 and blocking of fresh refund claims of Tax periods from April 2014 to February 2018.

Note: FBR filed Representation in this case before Honourable President of Pakistan, who was pleased to reject the Representation.

Complaint No.1374/GWL/IT/2018, dated: 24.10.2018.

A complaint was filed by Mr. Nisar Ahmed S/o Ghulam Nabi, Gujrat against order dated 30.05.2016 for Tax year 2010, passed under section 122C of the Income Tax Ordinance, 2001.

2. The complainant used to file returns of income regularly w.e.f Tax year 2010 but the department framed the provisional assessment for Tax year 2010 under section 122C(1) of the Ordinance vide order dated 30.05.2015, creating a Tax demand of Rs.1.010 million against the complainant. Allegedly the complainant was neither served with any notice

nor the impugned order was delivered to him and an amount of Rs.0.358 million was illegally withdrawn from his bank account.

3. The department contended that notices were sent through courier service but the complainant failed to make compliance. Consequently, provisional assessment was completed under section 122C of the Ordinance, vide impugned order dated 30.05.2015. The impugned order was also served through courier service but the complainant again failed to respond. As outstanding Tax demand was not paid, the complainant's bank account was attached and an amount of Rs.0.358 million was recovered from his account.

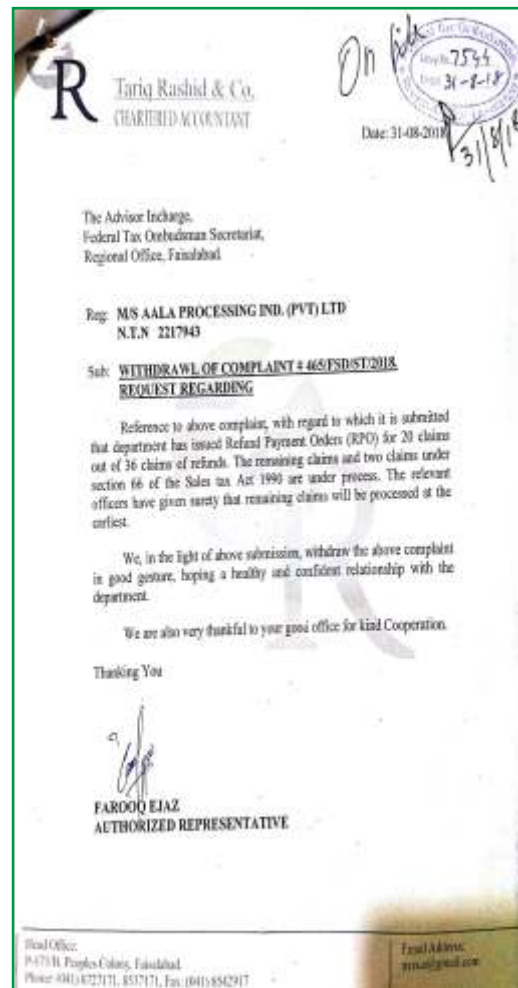
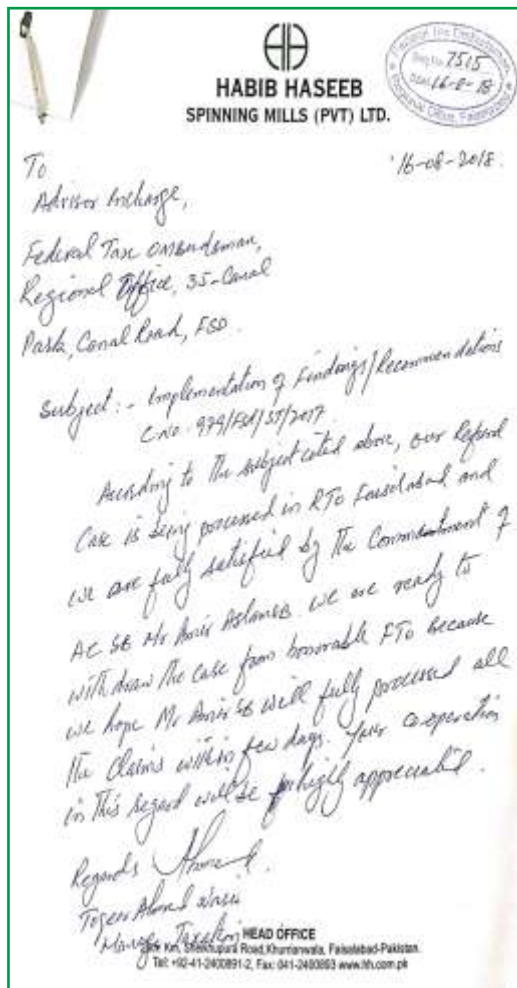
4. During hearing, the AR reiterated that the complainant was a regular Taxpayer, vide NTN 3640056-4 and filed his return of income for Tax year 2010 on 30.10.2010. He contended that the Deptt had issued notices and passed the impugned order without first verifying from the ITMS, where filing of return for Tax year 2010 was shown.

5. Investigation revealed that notices were sent through courier service on 24.08.2018 i.e. after lapse of more than 3 years. The provisional assessment could not be termed as legal when the complainant was an existing Taxpayer and had duly filed his return of income for Tax year 2010. The most unfortunate fact was that even after disclosure, that the complainant was an existing Taxpayer and had filed return for Tax year 2010 on 30.10.2010, the Zonal CIR insisted that the impugned proceedings were in accordance with law. Moreover, after the introduction of Tax reforms, entire information including filing of returns was available on the FBR's online system but the concerned officer did not bother to check it.

Therefore, FBR was asked to direct the Commissioner-IR, Gujrat Zone to cancel the provisional assessment dated 30.05.2015 framed under section 122C by invoking provisions of section 122A of the Ordinance; and initiate necessary disciplinary proceedings against the Assessing Officer/IRO and the CIR who prepared and signed the comments dated 12.11.2018.

PUBLIC RECOGNITION AND FEEDBACK

Office of FTO annually receives about 2000 complaints of maladministration against FBR officials and has emerged as a trusted oversight body against maladministration of the Tax functionaries. This office receives regularly letters of thanks from Taxpayers, whose grievances were redressed. The work of Federal Tax Ombudsman is even lauded in the press. Some of these letters and News clippings are reproduced as under:



BEFORE THE FEDERAL TAX OMBUDSMAN
REGIONAL OFFICE
35-Canal Park, Canal Road, Faisalabad

7486
7-8-18
7/8/18

Name of the Complainant:- Sahib Ud Din
Address of the Complainant:- M/s SA Rice Mills (Pvt) Ltd, 18-KM, Lathianwala Stop, Sheikhupura Road, Faisalabad.
Postal Address:- P-17, Kobi-Nose Town, College Road, Opposite Hockey Stadium Faisalabad.
Complainant

Versus


I) The Chief Commissioner Inland Revenue, RTO, Faisalabad.
II) The Commissioner Inland Revenue, Corporate Zone, RTO, Faisalabad.
III) The Assistant Commissioner IR, Unit-03, Corporate Zone, RTO, Faisalabad.
Respondents

Implementation of Complaint No. 0547/FSD/ST/2018 M/S SA Rice Mills (Pvt) Ltd, Faisalabad

Respected Sir,

- That a complaint was submitted by M/s SA Rice Mills (Pvt) Ltd Situated at 18KM, Sheikhupura Road, Faisalabad vide complaint No. 0547/FSD/ST/2018.
- That the Honorable Advice FTO directed to the above respondents for expeditious disposal of four pending refund claims within 45 days.
- That keeping in view the direction as well as follow up from your office the respondent NO. III proceed refund files as per law.

So I personally as well as complainant is very thankful for you kind attention in this regards.

M/s SA Rice Mills (Pvt) Ltd, Faisalabad,
Through

(Advocate Shoukat Aslam)
Advocate High Court

UHY Hassan Naeem & Co.
Chartered Accountants

S. 220/24, P/114
December 18, 2018

Mr. Muhammad Zahiduddin
Advocate
Federal Tax Ombudsman
Regional Office, 3rd-A, Match Corner
Upper Mall, Lahore

**Subject: M/s Hassan Naeem Mills Limited, Lahore
Complaint No. 1213/LHR/ST/2018**

Dear Sir,

This is with reference to our complaint NO. 1213/LHR/ST/2018 on the basis of condonation of input sales tax.

We have received your letter dated 13/11/2018 in which you yourself directed the Federal Board of Revenue to decide the application of the complainant within the time frame provided in the order. In response to your said letter, the FBR has allowed the condonation when their letter (CIN-1213/LHR/ST/2018/4165-R dated 29 November, 2018, copy of the same is enclosed).

We are very grateful for prompt resolution of our complaint. Your generous action has provided relief on the issue which was lying unresolved for more than three years.

Thanking you
Yours truly

UHY Hassan Naeem & Co.
Chartered Accountants

Enclosed is above.

Customs Today

Dated 24.12.2018

**Appraisement
West lodges FIR
against CEO of
M/s Eden Housing**

KARACHI:

CUSTOMS TODAY REPORT

www.customstoday.com

Collectorate of Customs Appraisement West submitted first information report (FIR) before customs court against Muhammad Amjad, CEO of M/s Eden Housing Limited, M-3 E/I Eden Tower, Main Boulevard, Gulberg-III, Lahore against imported bullet-proof BMW 750Li RHD high security on fake documents.

On December 10, 2018, investigation officer of Appraisement West submitted FIR and informed the court that the above-mentioned suspect imported a bullet-proof BMW from Germany dated 21/03/2013 and filed goods declaration though their authorised clearing agent, claiming exemption in value in excess of 10% of valuation addition for security features in terms of SRO 1121(1)/2017.

He further submitted that after about five years of the released of the vehicle, the Federal Tax Ombudsman informed that "an information has been received that a high security vehicle model 2013 BMW was cleared from Customs House Karachi, you are directed to examine the case and let this office known as the have to high security vehicle was cleared against the hefty exemption concession".

He added that in compliance of said directives of FTO, copy of the aforementioned imported authorization/ NOC was against referred to ministry of interior dated 20/10/2018 as no response of previous letter dated 25/03/2013 was available on record, in response ministry of interior dated 13/11/2018 confirmed the status of NOC as fake.

Muhammad Amjad, CEO of M/s Eden Housing Limited got the consignment cleared from customs of the basis of a fake, forged and fabricated import authorization/ NOC. ■

Business Tribune Dated 12.12.2018

Agriculture income

Govt sends notices to big landlords for tax evasion

75% landlords gave false statements in annual returns as they did not pay tax

SHAHBAZ RANA
ISLAMABAD

The federal government has started sending tax notices to big landlords including politicians as it has come to know that three out of every four persons who declare agriculture as the source of income actually do not pay tax on agriculture income in provinces.

A former prime minister of Pakistan from Balochistan is among those who have been sent tax notices after he was apparently found making a false claim of paying provincial agriculture tax in order to claim exemption from the federal income tax, according to sources in the Federal Board of Revenue (FBR).

However, it was not the FBR that caught these landlords evading taxes. The job was done by the Office of Federal Tax Ombudsman (FTO).

In order to evade income tax, the landlords claimed tax exemptions from the FBR by declaring agriculture as the source of income, revealed a study conducted by the FTO office. However, 75% of them gave false statements in their annual income tax returns as they did not pay tax in the provinces, according to the FTO's findings.

"All over Pakistan, 9,352 taxpayers have shown agriculture income and 6,668 people have not paid provincial agriculture tax," according to a correspondence of the FTO with the FBR.

It added only 2,384 people - only one-fourth of the total declarations - actually paid provincial agriculture income tax during tax years 2016 and 2017.

The FTO's findings are based on the data received from the FBR. There



LOOPHOLE: Under the Constitution of Pakistan, the income from agriculture is a provincial subject - a lacuna that almost every influential landlord and industrialist exploits to evade taxes by claiming income from land. PHOTO FILE

were about 55 cases where the source of income was forestry, fishing, poultry and dairy farming but these were declared as agriculture income, according to the FTO's findings.

The FBR was taken off guard when the FTO sought replies on sheer negligence. The development took place in mid-November, according to the official correspondence between both the organisations. After that, the FBR started sending tax notices

under Section 122(5) A of the Income Tax Ordinance, said the sources.

Among those who have declared agriculture income and also paid their taxes are a sitting federal minister, a former interior minister, a former Punjab governor and a former prime minister belonging to the Pakistan Peoples Party. Former president Asif Ali Zardari also paid agriculture income tax.

The share of agriculture in the

economy is about one-fifth but its share in total revenues is less than 1%, indicating huge tax evasion in the sector.

In 2013, the FBR introduced an amendment in Section 11 of the Income Tax Ordinance 2001. The amendment was aimed at cracking down on those who evaded income tax by hiding behind agriculture income. However, the FBR did not take action against those landlords

who claimed tax exemption on false statements that they had paid their due taxes in provinces.

Under the Constitution of Pakistan, the income from agriculture is a provincial subject - a lacuna that almost every influential landlord and industrialist exploits to evade taxes by claiming income from land.

According to the 2013 amendment, money or valuable articles owned or funds from which the expenditure was made, by way of agricultural income, such explanation shall be accepted to the extent of agricultural income worked back on the basis of agricultural income tax paid under the relevant provincial law.

The FTO's findings showed that the FBR accepted the declarations of 9,352 people without any verification from the provincial authorities. The findings further showed that there was no liaison between the FBR and the provincial tax authorities.

The FTO's observations were that the FBR badly failed in scrutinising income tax returns and allowed these people to claim tax exemptions in violation of the Income Tax Ordinance. All these people are at risk of heavy penalties, provided the FBR has the capacity to perform its job professionally.

About two years ago, the Punjab government had stopped collection of income-based component of agriculture tax through an executive order. It took the step under pressure from big landlords and politicians ahead of general elections.

The provincial governments collect two types of taxes from agriculture - income-based and land-based.

By No. _____
 Date _____
 REGISTRAR BRANCH

16 FEB 2018

**BEFORE FEDERAL TAX OMBUDSMAN SECRETARIAT
 ISLAMABAD**

Ref To.

1. complaint No. 0854/PWR/Cust/2017
 2. complaint No. 0855/PWR/Cust/2017
 3. complaint No. 0855/PWR/Cust/2017
 4. complaint No. 0855/PWR/Cust/2017
 5. complaint No. 0855/PWR/Cust/2017
 6. complaint No. 0855/PWR/Cust/2017
 7. complaint No. 0855/PWR/Cust/2017
 8. complaint No. 0855/PWR/Cust/2017
 9. complaint No. 0861/PWR/Cust/2017
 10. complaint No. 0863/PWR/Cust/2017
 11. complaint No. 0863/PWR/Cust/2017
 12. complaint No. 0864/PWR/Cust/2017
 13. complaint No. 0773/PWR/Cust/2017

**Subject: COMPLIANCE OF THE ORDER
 DATED 30/01/2018 PASSED BY
 FEDERAL TAX OMBUDSMAN**

Respectfully Sheweth:

1. That above noted complaints has been decided by this Hon'ble authority vide judgment dated 30/01/2018 and copies of the same has been received by the under signed.

2. That the issue involved in these complaints has been technically resolved by the learned advisor Mr. Dilbar Ahmad by his judicial approach to consider the elements of discrimination and to assure the equal treatment regarding the issue involved and the finding in this regards has been complied with by the authorities of M.C.C Peshawar, hence compliance report submitted on behalf of the complainants.

Real really proud to mentioned that fast, clear and speedy justice has been provided to the complainant by their Hon'ble authority have a lot of thanks.

Complainants
 Through
 Imtiaz Ahmad Durani
 Advocate

RSM

RSM Awaiz Hyder Liaquat Nauman
 418-G, Peoples Colony No. 1
 Faisalabad - Pakistan
 S-4824460047805, P-041965
 F-4824460047805, P-041965
 www.rsmaccountants.pk

AHLN/Pd/1646/2018
 June 27, 2018

The Honorable Federal Tax Ombudsman,
 Faisalabad,

Dear Sir,

**M/S FITTERAD (PVT) LIMITED
 STR NO.08-90-9991-870-19
 COMPLAINT NO.FTO-FSD/999994/2017
 SATISFACTION LETTER REGARDING IMPLEMENTATION
 SALES TAX REFUND CLAIMS**

Reference to the subject cited above we like to submit on behalf of our above named client as under:-

That the recommendation/ findings in the above cited complaint have been implemented. In this matter worthy progress has been made by the respected officer. The complainant is satisfied with the progress and wanted to withdraw the complaint.

Your co-operation in this regard is highly appreciated.

Sincerely,
 Bilal Ahmed - ACA
 RSM AWAIZ HYDER LIAQUAT NAUMAN
 CHARTERED ACCOUNTANTS

HA HASSAN ASSOCIATES
 Sales Tax & Income Tax Consultants
 AN ADDITIONAL NAME IN YOUR BUSINESS

Office # 413, 4th Floor, Panorama Centre 2,
 Near Aftab Mall, Raja Ghazanfar Ali Khan Road,
 Saddar, Karachi-Pakistan.
 T: 021-35640362
 E: hassanassociates2011@gmail.com
 hassanassociates2011@hotmail.com

Dated: 15 February 2019

The Advisor,
 FTO Secretariat,
 4th Floor, Shaheen Complex, Saddar,
 Karachi.

**Subject: COMPLAINT NO. FTO 1690/KHI/ST/2018 M/S GULSHAN
 SARDAR TEXTILE INDUSTRIES.**

Dear Sir,

On behalf of above mentioned client, we are pleased to inform you that with the intervention of the FTO office, the respondents have redressed our grievances in the above mentioned complaint.

We, therefore, request you that the above mentioned complaint may please be closed as there is no need of further proceedings.

We shall remain thankful to you

Thanks & Regards

HASSAN ASSOCIATES

COMPLAINT FILING PROCEDURE

The complaint filing procedure is very simple. Complaint can be filed personally or through courier service, email, online and fax. Complainant may file a complaint on Form "A" available free of cost in the Head office and Regional offices and website [www.fto.gov.pk]. HYPERLINK "<http://www.fto.gov.pk/>". Form "A" also contains the solemn affirmation of the complainant for the following:

- i. That previously no complaint on the subject was filed;
 - ii. That a Representation to a senior officer of the Revenue Division or any of its Collectorates/RTOs in respect of the allegations contained in the complaint was filed, but either or no reply thereto was given within a reasonable time or the application was unjustly turned down; or
 - iii. No representation was filed.
 - iv. That the matter is not subjudice before any court of competent jurisdiction, tribunal, board or authority.
2. The jurisdiction of the Head office and Regional offices is specified in the Schedule of FTO Investigation and Disposal of Complaints Regulations, 2001. The FTO may direct that a complaint falling within the territorial jurisdiction of one Regional office be investigated at any other Regional office, or the Head office.
3. The complainant is assisted in filing the complaint by the FTO staff, if such assistance is requested.

Online filing of complaints:

The procedure for filing and tracking on line complaints is as under:

- a. Open FTO website www.fto.gov.pk;
- b. Click on Online Complaint System;
- c. Click on File a New Complaint or Track Already Filed Complaint;

- d. Fill in the required fields/data and click on Save button;

Who can file a complaint?

Any person aggrieved by maladministration of any functionary of the Revenue Division/FBR may file a complaint. Definition of maladministration has been provided in section 2(3) of the Establishment of the Office of Federal Tax Ombudsman Ordinance, 2000, according to which “maladministration” includes,-

- (i) a decision, process recommendation, act of omission or commission which;
 - (a) is contrary to law, rules or regulations or is a departure from established practice or procedure, unless it is bona fide and for valid reasons; is perverse, arbitrary or unreasonable, unjust, biased, oppressive, or discriminatory;
 - (b) is based on irrelevant grounds; or
 - (c) involves the exercise of powers, or the failure or refusal to do so, for corrupt or improper motives, such as bribery, jobbery, favouritism, nepotism, and administrative excesses;
- (ii) neglect, inattention, delay, incompetence, inefficiency and ineptitude, in the administration or discharge of duties and responsibilities;
- (iii) repeated notices, unnecessary attendance or prolonged hearings while deciding cases involving -
 - (a) assessment of income or wealth;
 - (b) determination of liability of tax or duty;
 - (c) classification or valuation of goods;
 - (d) settlement of claims of refund, rebate or duty drawback; or
 - (e) determination of fiscal and tax concessions or exemptions;

- (iv) wilful errors in the determination of refunds, rebates or duty drawbacks;
- (v) deliberate withholding or non-payment of refunds, rebates or duty drawbacks already determined by the competent authority;
- (vi) coercive methods of tax recovery in cases where default in payment of tax or duty is not apparent from record; and
- (vii) avoidance of disciplinary action against an officer or official whose order of assessment or valuation is held by a competent appellate authority to be vindictive, capricious, biased or patently illegal.

Cognizance can also be taken by the FTO on receipt of reference from the:

- | | |
|---------------------------------------|-----------------------|
| 1) Hon'ble President of Pakistan; | 2) Senate; |
| 3) Hon'ble Supreme Court of Pakistan; | 4) National Assembly; |
| 4) Hon'ble High Courts; and | 5) Own Motion. |

Geographical locations for hearing of complaints:

Complaints are heard at the FTO HQ at Islamabad, Regional offices at Karachi, Lahore, Gujranwala, Multan, Faisalabad, Quetta, and Peshawar. The same can be heard through video link as well.

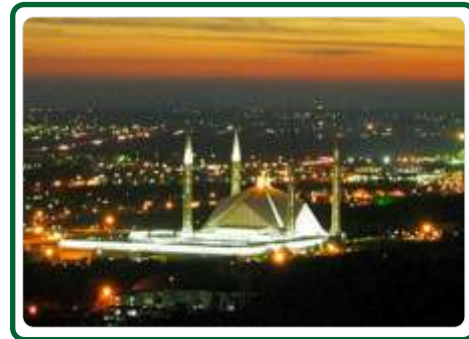
Acknowledgment of complaints:

All the complaints are promptly acknowledged by the FTO HQs and its Regional offices online, email, by courier service or by hand, as the case may be. The deficiencies of requisite documents, if any, are intimated to the complainants. Para-wise comments of the FBR or its field formations are obtained and forwarded to the complainant to enable him to file rejoinder and prepare his case. During hearing of the complaint, fair opportunity is provided to the complainant as well as the agency, so that the complaint could be disposed off in the light of laws, rules and regulations and no injustice is done to either side.

HOW TO CONTACT US

Federal Tax Ombudsman Secretariat Headquarter Islamabad

5-A, Constitution Avenue, Islamabad
Tel: 051-9212316, 051-9216141,
9212437 Fax: 051-9205553, 9212330
E-mail: info@fto.gov.pk
Web: www.fto.gov.pk



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M.R Kayani Road, Karachi
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Fax: 021-99213583
E-mail: ftokhi@fto.gov.pk

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Fax: 042-99201893
E-mail: ftolhr@fto.gov.pk



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Fax: 091-9224201
E-mail: adminpwr@fto.gov.pk

Regional Office Quetta

1st Floor, Mashriq Plaza Opposite FC HQ,
Hali Road, Quetta Tel: 081-9202653,
Fax: 081-9202841
E-mail: ftoqta@fto.gov.pk



Regional Office Faisalabad

House No. 35, Canal Park East Canal
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Tel: 041-9230241
Fax: 041-9230244
E-mail: ftofaisalabad@gmail.com

Regional Office Multan

House No.04, Street 06, Income Tax Colony
Bosan Road, Multan
Tel: 061-9330448, Fax: 061-9330449
E-mail: ftomultan@gmail.com



Regional Office Gujranwala

House No.06, Street 01 Climax Town,
Near FECO Industries
G.T. Road, Gujranwala.
Tel: 055-9330590
Fax: 055-9330589
Email: fto.gwl@gmail.com



FEDERAL TAX OMBUDSMAN PAKISTAN

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