

**THE FEDERAL TAX OMBUDSMAN SECRETARIAT**  
**REGIONAL OFFICE, KARACHI**

**COMPLAINT NO.174/KHI/ST(48)/751/2010**

**Dated: 31 05 2010**

Messrs Hamdam Paper Products (Pvt.) Limited ... Complainant  
Plot No.F-526/B, S.I.T.E.  
Karachi

**Versus**

Secretary  
Revenue Division  
Islamabad ... Respondent

**FINDINGS/RECOMMENDATIONS**

Dealing Officer : Mr. Mumtaz Ahmed, Advisor  
Authorized Representatives : Mr. Aqeel Ahmed, Advocate  
Mr. Muhammad Hussain, Advocate  
Departmental Representative : Mr. Jawad Hussain Memon, AC

The Complainant, a registered Sales taxpayer, is aggrieved by the 'unlawful harsh action' of blocking his company's name in May 2010 without jurisdiction. This was due on the AC, RTO's letter of Jan 2010. It is further complained that jurisdiction of the case stood transferred in Feb 2010 to the LTU but due to bias and arbitrariness by the officer(s) at the RTO, the case papers were not transferred to the LTU. In addition, in the communication dated 1-6-2010 issued by the Assistant Commissioner, Audit Unit II of Audit Division III of RTO Karachi to M/s. Jammali Enterprises, Karachi, the Complainant was shown as "blacklisted", which further damaged the business prospects of the company. There was no show cause notice, no order of the FBR, and no procedure undertaken or adopted in the light of Rule 12 of Sales Tax Rule 2001. According to the AR, the Complainant was an active taxpayer and the communication to Jammali Enterprises was highly damaging for company's reputation. The Complainant is further aggrieved with the Department as the blocking was made by the CRO, Islamabad, in May 2010 based, prima facie, on

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<sup>1</sup> Date of receipt in FTO Secretariat

RTO's letter dated 11-1-2010, when in the meantime jurisdiction over this case had been transferred from RTO to LTU on 17-2-2010. The CRO, before initiating proceedings in the month of May 2010, should have checked the facts and jurisdiction related issue. This showed ineptitude and lack of coordination.

2. The AR further stated that the recommendations made in the earlier complaint No.194-K/2009 had also not been implemented to the extent that audit in the matter of utilization of "provisional exemption" was not carried out owing to creation of Inland Revenue Service which transferred jurisdiction from Sales Tax Office to the IRS Office. On the contrary, action of 'blocking' on the same issue had been taken without appreciating that recommendations of the Federal Tax Ombudsman were already in the field and implementation was pending.

3. The DR undertaking that the case papers would be transferred before 23<sup>rd</sup> of June stated that Audit Division III would be asked to issue correction in the letter addressed to "Jammali Enterprises" in the matter of blacklisting to correct the mistake and a copy of letter would be endorsed to the Complainant. The Member Sales Tax had also instructed the AR to approach the Commissioner concerned at the LTU to write to Joint Director CRO to de-block the entity's name.

4. On 23-6-2010 three letters were received from the Chief Commissioner RTO Office showing steps taken to redress the grievance.

- (i) Letter No.12160 dated 21-6-2010 sent to the Commissioner IP Wing to transfer the record to the LTU by 23-6-2010.
- (ii) Letter No.12161 dated 21-6-2010 issued by Chief Commissioner Office to the Commissioner Enforcement Collection III to correct mistake of showing the entity as blacklisted.
- (iii) Letter No.12162 dated 21-6-2010 issued to Commissioner LTU to move the CRO to de-block the entity's name.

**Findings:**

5. Although the Chief Commissioner Office has taken steps to correct the maladministration involved but such patently wrong actions should not have been

due in the first place. It appears that blocking and de-blocking at times is being done without adopting proper procedures.

**Recommendations:**


6. FBR to-

- (i) write a letter of apology to the Complainant;
- (ii) direct the Chief Commissioner RTO to conduct a fact finding inquiring in the matter and propose counter measures to avoid such systemic issues in future;
- (iii) ensure de-blocking of the entity within 7 days;
- (iv) complete implementation of recommendations in C. No.194-K/2009 within 15 days, failing which contempt proceedings would be initiated against the concerned officials in whose jurisdiction the issues fall presently;
- (v) report compliance within 30 days.

(DR. MUHAMMAD SHOAB SUDDLE)  
Federal Tax Ombudsman

Dated: 10/01/2010  
Abid/MR

**ATTESTED**

  
Federal Tax Ombudsman, Secretariat,  
Islamabad