

**BEFORE  
THE FEDERAL TAX OMBUDSMAN  
ISLAMABAD**

**001/OM/2022**

Dated: 11.01.2022\* HQ, Islamabad

The Secretary,  
Revenue Division,  
Islamabad.

... Respondent

Dealing Officer	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	: Mr. Ashfaq Ghafoor, Advocate
Complainee	: Mr. Muhammad Riaz
Departmental Representative	: Mr. Osama Idrees, DCIR, RTO Rawalpindi

**FINDINGS/RECOMMENDATIONS**

This Own Motion investigation is based on a petition filed by a whistle blower/Informer (DG I&I J7J-JS-JTC-XXF), alleging that FBR has failed to act responsibly and diligently in case wherein despite filing of a well-documented complaint along with supporting evidence neither any solid action was taken nor the whistle blower was accorded due respect.

2. The complaint was referred to the Secretary Revenue Division, for comments, in terms of Section 10(4) of the FTO Ordinance read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013.

3. Department was specifically confronted on the following issues:

- i. "The **WHISTLE BLOWER** alleges that despite the fact proceedings of tax evasion initiated on the basis of complaint filed by him he is still in the dark even after the creation of huge recoverable demand for TYs 2015 and 2019.

- ii. Assessment orders issued by the department categorically confirm that the complainee is a low paid employee of a private Housing Society and apparently all massive transactions were actually made by the society in the name of its employee. This allegation was duly contained in the complaint as well. Whether;
  - a. Any action in the case of alleged National Cooperative Housing Society has been initiated or not?
  - b. Any referral was made to FBR's Directorate General Anti-Benami Initiative.?
  - c. Bank A/C details reflecting massive transactions in the accounts maintained by a low paid employee were requisitioned, obtained, analyzed and utilized or not?"

4. RTO Rawalpindi filed the desired comments on 26<sup>th</sup> January, 2022 and the case was fixed for hearing on 10<sup>th</sup> February, 2022. The case was discussed threadbare. All material issues were discussed and parties were asked to file their views/rejoinders, if any by 28<sup>th</sup> February, 2022. On the fixed date AR filed his comments/facts sheet which is part of record.

5. After going through the petition, Para-wise comments, submissions of complainee and details/documents filed by AR the following facts emerge to help in reaching at some logical conclusions.

- i. It is an admitted fact that the complainee Muhammad Riaz is a low paid employee of a Housing Society. During proceedings at this office or at earlier proceedings at civil Court and RTO Rawalpindi, nowhere he could substantiate his tall claims of creditworthiness. So on the face of case record, financial status of complainee he appears to be just a front man/benamidar.
- ii. All of the complainee's dealings with M/S National Housing Society (Ex-Aiwan e Saddar Cooperative Housing society) also fail to prove that purported huge

investments made by him commensurate with his low paid job. Apparently his name/CNIC were used by some hitherto unknown beneficial owners.

- iii. Directorate General I&I-IR, a designated investigation arm of FBR has miserably failed in tracking the transactions made by the complainee, identifying the real investors or investigating the bank transactions. It acted merely as a forwarding agency.
- iv. RTO Rawalpindi also made no concerted effort to track the credit transactions in the bank A/Cs of the complainee which were used to funnel unexplained deposits. Assessments were made in so hurry that all material issues remained unattended. On one hand Assessment Order portrays the complainee as a low paid employee and on the other over 100 million tax was imposed without exploring prospects of recovery or without reaching out to the real investors.
- v. AR's letter dated 28<sup>th</sup> February, 2022 confirms 3<sup>rd</sup> party payment admitting that **M/S Dynast Associates** had deposited Rs. 170 million on behalf of complainee during 2019. RTO Rawalpindi's record is completely silent about entities/individuals operating behind the scene, using the complainee as a shield.
- vi. As at the moment no tax demand is in the field nor any recovery has been affected therefore claim of reward by the whistle blower is premature.

#### **FINDINGS:**

6. In view of above, FBR's conduct (I&I-IR and RTO Rawalpindi) in the case is classical example of maladministration in terms of Section 2(3)(ii) of the FTO Ordinance, 2000 i.e. ***"neglect, inattention, delay, incompetence, inefficiency and ineptitude, in the administration or discharge of duties and responsibilities"***.

#### **RECOMMENDATIONS:**

7. FBR is directed to;
  - i. share the complete record with concerned Anti-Benami Zone so that cognizance under relevant legislation is ensured;

- ii. issue necessary instructions to all field formations of IRS and PCS that all cases wherein facts on record suggest cognizance under Anti Money Laundering Act 2010 or Benami Transactions (Prohibition) Act 2017 may be shared with the concerned FBR's formations; and
- iii. report compliance within 45 days.

**(Dr. Asif Mahmood Jah)**  
(Hilal-i-Imtiaz)(Sitara-i-Imtiaz)  
Federal Tax Ombudsman

Dated: 6/4/2022  
U.f

*Approved for reporting and press release*

Certified to be True Copy

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Registrar  
FTO Secretariat  
Islamabad