THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NO. 0023/OM/2024

Dated: 11.07.2024[1] HQ, Islamabad

The Secretary,
Revenue Division,
Islamabad. ... Respondent

Dealing Officer	:	Mr. Muhammad Naseer Butt, Advisor
Appraised by	:	Mr. Muhammad Tanvir Akhtar, Advisor
Departmental Representative	:	Mr. Ehsan ullah Khan, Secretary (BDT-IT), FBR, Islamabad.

FINDINGS/RECOMMENDATIONS

An own motion investigation was initiated on account of lack of automated module on issues relating to change of jurisdiction creating hardships for taxpayers, while exercising powers conferred u/s 9(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance). The comments of the Secretary, Revenue Division, Member-IR (Operations) and Member (Information & Technology) were requisitioned in terms of Section 10(4) of the FTO Ordinance read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. Comments were received from the (IT Wing), FBR vide letter dated 15.08.2024 which were examined and placed on file.

2. Hearing notice u/s 9(2) of the FOIR Act, was issued for compliance on 25.09.2024. In response to the hearing call, Mr. Ehsan ullah Khan, Secretary (BDT-IT) from FBR attended hearing as Departmental Representative (DR) and issues were discussed with him in detail. During hearing, the DR produced documents which were examined and placed on file. After having examined all the available documents and discussions held with the DR, the Own Motion is disposed of as under.

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[1] Date of registration in FTO Sectt.,

3. <u>While investigating various complaints, this office has received a number of complaints wherein, the taxpayers had to face hardships while applying for change in jurisdiction. However, when it comes to applying for change in jurisdiction from one field office to other field office, the taxpayers have to submit manual applications which is time consuming as no online module for applying change in jurisdiction is available in Iris.</u>

4. An existing taxpayer can either submit his application for change in Jurisdiction to Secretary, Jurisdiction, Federal Board of Revenue, Islamabad or the Commissioner Inland Revenue having, jurisdiction. Such application remains unattended for a longer period of time and no such action is taken in a reasonable time.

5. On receipt of application the Secretary (Jurisdiction) forwards the application to the concerned field office for issuance of no objection certificate (NOC). This NOC certifies that no assessment or recovery proceedings are pending against the applicant. The respective field formation takes a significant amount of time in issuing NOC as they seek data manually from different branches of the field formation, despite the fact that such data is already available in Iris system and then sends to FBR, who processes the case(s).

6. On the one hand, the issue of change in Jurisdiction keeps pending due to manual processing while on the other the taxpayers have the liberty to challenge the jurisdiction against already initiated proceedings, if any, before the assessing officer. Resultantly, the cases keep pending without any audit or recoveries. The Iris system should be intelligent enough to check for any pending assessment and or recovery proceedings against a taxpayer.

7. It is surprising that no online module for applying change in jurisdiction electronically is available in Iris and taxpayers are left at

the manual handling of tax officers/officials. The applicants in many cases are even unable to locate the status of their application for change in Jurisdiction. Resultantly, the cases of change in Jurisdiction are kept pending for months as the concerned field office before issuing NOC, checks for audit and recovery proceedings, if any. Moreover, it is also a matter of fact that the pending manual applications for change in Jurisdiction are misplaced in record and are not easily traceable resulting in inordinate delay. This apparently falls under the definition of Maladministration on account of inattention, delay, incompetence, inefficiency and ineptitude in the administration or discharge of duties and responsibilities as define in section 2(3)(ii) of the FTO Ordinance, 2000.

8. Therefore, in view of above, the Hon'ble Federal Tax Ombudsman, exercising Own Motion jurisdiction/powers under section 9(1) of the Federal Tax Ombudsman Ordinance, 2000 has taken cognizance of various inconsistencies, infirmities and deficiencies as stated above.

9. The board IT Wing filed written comments wherein they stated that Change Request Forms has already been developed and tested. The IT Wing further stated that the User Acceptance Test (UAT) will be arranged and the requirements of the system will be developed by the end of August, 2024.

10. During hearing, the DR stated that the UAT of relevant CRFs has been completed on 23.09.2024. The DR further stated that the UAT approval from the Domain Team of FBR is awaited. After receiving of UAT approval, the development of CRF will be scheduled and processed.

11. The DR also agreed to the hardships faced by the taxpayers on account of prolonged delays in change of jurisdiction cases due to

non-availability of online module for applying for change of jurisdiction. **The instant issue has already been decided in more than a hundred complaints by the Federal Tax Ombudsman and also upheld by the President of Pakistan. The recommendations of the FTO in similar complaints was implemented by FBR, however, no permanent solution to efficiently handling change of jurisdiction applications was developed and made available.** However, in the instant own motion the DR has come up with an update by submitting that the online module will soon be available for the taxpayers as the test run has already been conducted on 23.09.2024.

12. The hardships faced by the taxpayers due to inordinate delay on account of non-availability of online module for applying change of jurisdiction comes under the ambit of maladministration. Currently, the issue is under process for necessary changes in the system with the concerned Board authorities. However, the following recommendations are made for expediting the process;

RECOMMENDATIONS:

13. FBR to:

   (i) direct the Member (Information & Technology) to implement the proposed online module for applying and processing change of jurisdiction applications of the taxpayers within 45 days; and

   (ii) report compliance within 60 days.

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

Dated: 11 : 10 : 2024

Approved for reporting