

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT No. 0073/OM/2023

Dated: 23.08.2023* HQ, Islamabad

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer : Dr. Khalil Ahmad, Advisor
Appraised by : Mr. Muhammad Tanvir Akhtar, Advisor
Departmental Representative : Mr. Akhtar Suraj, Addl CIR
RTO, Bahawalpur

FINDINGS / RECOMMENDATIONS

Own Motion investigation was initiated by FTO Secretariat, Islamabad under Section 9(1) of the FTO Ordinance, 2000 on discrepancies and deficiencies in SRO 1269(I)/2022 dated 01.08.2022 being lopsided and deficient and consequently creating hurdles in transparent; across the board smooth implementation of tax laws in the real estate sector. Apart from considerable loss of revenue, FBR's inattention and ineptitude on this account leave the field wide open to the whims & wishes of provincial and FBR's field staff.

2. Certain specific anomalies identified in the said SRO were conveyed to CCIR, RTO, Bahawalpur.

3. Report was called for from CCIR, RTO, Bahawalpur vide letter dated 23.08.2023. In response thereto, the Chief Commissioner-IR, RTO Bahawalpur submitted annotated reply vide letter dated 06.09.2023 which is reproduced hereunder.

Sr #	Allegations	Reply / Comments
1	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 contained in SRO	Partially admitted. It is explained that agricultural land is mostly sold on acre basis, therefore, rates are notified on per acre basis which can easily be calculated if land is more than or less than acre. It is further explained that

<p>1269(1)2022 dated 1st August 2022 for district Lodhran. The said SRO reflects the following glaring discrepancies:-</p> <p>i The SRO is inconsistent in terms of unit of measure meant for agricultural land category. The agriculture land is valued on per Acre basis except at S. No. 1096, 1100 and 1198 of the referred SRO where it is valued @ Marla. It is important to note that notified rate is Rs. 2,415,000/- per Marla, while the rate per Acre at serial number 1000; 1090; 1092 and 1094 of the SRO is also Rs. 2,415,000/- which needs explanation as to whether it is copy paste error or otherwise. Such valuation will adversely affect the buyers and sellers dealing in referred agriculture area.</p>	<p>notified rate of Rs.2,415,000/- in respect of S.# 1096, 1100 &1198 are per acre basis which were wrongly entered as per Marla due to typing mistake. The instant issue is being taken up and forwarded to the Federal Board of Revenue to resolve such types of anomalies.</p>																																										
<p>ii. The instant SRO is silent on the valuation of property located inside private housing societies/schemes. Although, the SRO notified value at S. No. 1280 and S. No. 1304 to 1314 of the referred SRO in the classification of Housing Colony in Tehsil Duniyapur, however, it ignores valuation of various newly developed/developing housing societies in Lodhran city. The rates of these housing societies are publicly available on different websites; however, the SRO misses out this crucial aspect. Various housing societies are being developed in district Lodhran. The detail of some of the renowned housing schemes are as under:</p> <table><tr><th>S. #</th><th>Name of Housing Scheme</th><th>Address</th></tr><tr><td>1</td><td>Gulshan e Shafi</td><td>Lodhran City</td></tr><tr><td>2</td><td>Al-Makkah Orchard Housing Scheme</td><td>Kahror Pacca road Lodhran</td></tr><tr><td>3</td><td>Gulberg Colony</td><td>Kahror Pacca road Lodhran</td></tr><tr><td>4</td><td>Alnoor Orchard Housing</td><td>Lodhran Bypass</td></tr><tr><td>5</td><td>Model View Housing Society</td><td>Bypass Lodhran</td></tr><tr><td>6</td><td>Tahir City Housing Scheme</td><td>Lodhran</td></tr></table>	S. #	Name of Housing Scheme	Address	1	Gulshan e Shafi	Lodhran City	2	Al-Makkah Orchard Housing Scheme	Kahror Pacca road Lodhran	3	Gulberg Colony	Kahror Pacca road Lodhran	4	Alnoor Orchard Housing	Lodhran Bypass	5	Model View Housing Society	Bypass Lodhran	6	Tahir City Housing Scheme	Lodhran	<p>Partially admitted. Although FBR rates evaluated on the basis of proper survey but chance of human error is there. It is explained that approximately all housing societies/schemes are duly notified. Housing Schemes pointed out by the learned FTO are also notified in the SRO.1269(I)/2022 dated 01-08-2022 as detailed under:-</p> <table><tr><th>S.#</th><th>Name of Housing Scheme</th><th>Serial # of SRO</th></tr><tr><td>1</td><td>Gulshane Mehdi Town, Lodhran</td><td>261 to 275</td></tr><tr><td>2</td><td>Al-Macca Orchard, Lodhran</td><td>711 to 720</td></tr><tr><td>3</td><td>Gulberg Town, Lodhran</td><td>246 to 260</td></tr><tr><td>4</td><td>Al-Noor Orchard, Lodhran</td><td>786 to 795</td></tr><tr><td>5</td><td>Model View Housing Scheme, Lodhran</td><td>946 to 955</td></tr><tr><td>6</td><td>Tahir City, Lodhran</td><td>856 to 865</td></tr></table> <p>It is explained that there is some minor difference in nomenclature of colonies in revenue record. However, any discrepancy will be weed out while issuing of New SRO for 2023.</p>	S.#	Name of Housing Scheme	Serial # of SRO	1	Gulshane Mehdi Town, Lodhran	261 to 275	2	Al-Macca Orchard, Lodhran	711 to 720	3	Gulberg Town, Lodhran	246 to 260	4	Al-Noor Orchard, Lodhran	786 to 795	5	Model View Housing Scheme, Lodhran	946 to 955	6	Tahir City, Lodhran	856 to 865
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<p>iii. The real estate sector of Pakistan is full of new ideas and concepts which attract investors for investing in such projects. Farm houses is one such segment of real estate and is getting popular across Pakistan including district Lodhran. Now almost every housing society besides offering residential and commercial plots is also offering Farmhouses which have larger area. These farmhouses can be used for both residential and commercial purposes. Usually, private housing societies offer farmhouses for sale by marketing them in residential category, but it is also a fact that farmhouses are being used for commercial purposes. It is the need of the</p>	<p>Partially admitted. However, it is explained that no society is offering farm houses in Lodhran. However, it is ensured that all societies are being properly monitored and rates will be notified in case any such project is launched in the territorial jurisdiction of District Lodhran.</p>																																										

	hour to check for valuation of farmhouses and their category.	
	iv. The referred SRO completely misses the valuation of built-up area in the whole district.	Admitted. It is submitted that at present valuation of built-up area is being calculated on the basis of rate notified by the Deputy Commissioner Lodhran. However, said discrepancy will be weed out while issuing of New SRO for 2023.

4. Comments offered by the CCIR, RTO, Bahawalpur have been considered. The allegations / observations conveyed were discussed with the Addl. CIR and the team of officers who were engaged with the valuation process with District Revenue Authorities.

5. It is observed that the current valuation process of immoveable property is being carried out by the tax functionaries under the agenda of taxation reform namely Pakistan Raises Revenue Projects (PRRO) on the instructions of World Bank to develop uniform valuation table of immovable properties. It is an ongoing process and is to be visited periodically by the respective RTOs. Board notified SRO1269(I)/2022 dated 1st August 2022 on the basis of recommendations made by the respective RTO. The said rates were proposed by RTO Bahawalpur in consultation with relevant District Revenue Authorities to rationalise valuation table with the prevailing market rates. It has been argued that the District Revenue Authorities in certain instances expressed their constraint not to revise valuation of certain properties beyond a certain percentage because the Punjab Revenue Board does not allow the increase beyond a certain percentage.

6. Serial-wise reply of RTO, Bahawalpur allegation / observation is commented as under.

- (i) The error in unit of measurement has been admitted.
- (ii) The following societies already exist in SRO 1269 but there is some minor difference in nomenclature of colonies in revenue records:

Name provided in Own motion notice	Name existed in SRO	Sr. No. of SRO 1269(I)/2022 dated 01.8.2022
Gulshan e Shafi	Gulshane Mehdi Town, Lodhran	261 to 275
Al-Makkah Orchard Housing Scheme	Al-Macca Orchard, Lodhran	711 to 720
Gulberg Colony	Gulberg Town, Lodhran	246 to 260
Alnoor Orchard Housing	Al-Noor Orchard, Lodhran	786 to 795
Model View Housing Society	Model View Housing Scheme, Lodhran	946 to 955
Tahir City Housing Scheme	Tahir City, Lodhran	856 to 865

(iii) RTO Bahawalpur has denied the existence of FARM HOUSES, whereas real estate related websites reflect dozens of such Farm Houses for sale at Lodhran District.


(iv) For current financial year structure rate / built up rate will be added.

RTO Bahawalpur has admitted certain deficiencies, with a commitment to correct these deficiencies.

RECOMMENDATIONS:

7. FBR is directed to ensure that;

- (i) The CCIR, RTO, Bahawalpur remains vigilant with regard to prevailing market rates in real estate sector and periodically revisits all the proposed rates of immovable properties through continuous exercise of making them compatible with the existing market rates.
- (ii) FBR Policy wing (IR) timely notifies the additions & amendments, proposed by RTO Bahawalpur, as discussed above.


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

Dated: 21:9: 2023
 Akif

Approved for reporting


Director
FTO Secretariat
Islamabad