THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NO.01547/HYD/IT/2026
Dated: 23/01/2026*R.O. Hyderabad*

M/s. Manglani Rice & Dall Mills,
Address: Plot No. S.R.NO.327/328,
Main National Highway, Matiari. ...Complainant

Versus

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

Dealing Officer	: Mr. Mohammad Farooq Azam, Advisor
Appraising Officer	: Mr. Muhammad Tanvir Akhtar, Advisor.
Authorized Representative	: Mr. Muhammad Ali Shaikh, Advocate.
Departmental Representative	: Mr. Atteeq, DCRI, RTO, Hyderabad.
Date of Hearing	: 13.04.2026.

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed against the Deputy Commissioner IR, WHT Unit-I, Range-A, WHT Zone, RTO Hyderabad, in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance), against issuance of order u/s 161(1) of the Income Tax Ordinance, 2001(ITO,2001), for the tax year 2019.

2. According to the complainant, the above-mentioned officer had earlier passed order u/s 161(1) for the tax year 2019 against which a complaint was filed in this office vide Complaint No. 12014/HYD/IT/2025. This office ordered the CIR, WHT Zone, RTO Hyderabad to revisit the impugned order and complete the proceedings u/s 161 by allowing proper opportunity of hearing to the complainant. However, during the de novo proceedings the same DCIR repeated the earlier order without adhering to the directions issued by this office.

3. The complaint was referred to the Secretary, Revenue Division, for comments in terms of section 10(4) of the FTO Ordinance read with

* **Date of registration in FTO Secretariat**

section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. In response thereto the department submitted comments dated 27.03.2026, wherein it was stated that the taxpayer has claimed the withholding tax deduction amounting to Rs.7,301,580/-. The case was remanded back to the DCIR on the direction of the Honorable Federal Tax Ombudsman under section 122A, with clear instructions to reinitiate proceedings and provide opportunity of hearing. In compliance thereof, proceedings were duly re-initiated and finalized strictly within the timeline of 45 days as directed by the Honorable Federal Tax Ombudsman. The allegation that the order was passed ex-parte without opportunity is therefore baseless, as sufficient reasonable opportunity was provided, including adjournment on taxpayer's own request. The directions of the Honorable Federal Tax Ombudsman have been fully complied with both in letter& spirit.

4. During the investigation proceedings the AR further stated that the DCIR, WHT Unit-I, Range-A, Zone-I, RTO Hyderabad has created huge demand of Rs.7,301,580/- which is out of the capacity of the appellant. The said order was passed on the basis of just one notice against which adjournment was requested. Thereafter no notice was served and the order was passed ex-parte which is against the principles of natural justice.

5. He stated that the officer has charged tax on the purchases of paddy amounting to Rs.54,121,770/- on a flat rate of 7.75% without making any segregation between the finished and raw goods. Paddy is an agriculture produce which has been purchased from the growers and certificates to this effect were also produced before this office during the hearing in the previous complaint and acknowledged by the same DCIR who appeared as DR. The officer had undertaken to give due consideration to the said certificates and exclude the cost so verified of the paddy from any possible action u/s 161 ibid. Nevertheless, the said

commitment was overlooked by the officer while passing the impugned order.

6. He further stated that the DCIR charged tax on 'other Direct Expenses' to the tune of Rs.50477 at 7.75% and 'Other Indirect Expenses' for Rs.147681 at 7.75% without identifying any particular payment and its recipient.

7. The AR argued that the officer did not perform due diligence in reaching a judicious and fair conclusion which is a prerequisite for an ex parte order as held by the higher appellate forums. On the contrary the officer has passed the order on 25.11.2025 on the basis of a single show-cause notice issued on 24.10.2025.

FINDINGS

8.

i. *The instant Complaint is 3rd in a row. 1st Complaint No. 0945/KHI/IT/2022 was filed against the order u/s 161, dated 9th November, 2021, relating to TY 2019. During proceedings sufficient evidence was brought on record to suggest that the impugned order whereby tax demand of Rs. 7.582 million was created, was not only patently illegal it was passed without providing reasonable opportunity of being heard. Department was accordingly directed to revisit the arbitrarily passed order.*

ii. *In response to the above the Commissioner concerned revisited the impugned order but the subordinate assessing officer repeated the earlier treatment, vide order dated 25.09.2024, without considering the material evidence brought on record and in complete disregard of the DR's commitment made during the proceedings. The Complainant once again knocked this door vide 2nd Complaint No.12014/HYD/IT/2025. During the proceedings the DR agreed that "<u>only one notice was served through IRIS & the taxpayer responded by filing adjournment which was granted. Thereafter the order was passed. ……The DR stated that indeed some of the purchases were from the growers as per the record now produced before him during the hearing before this office and the said purchases do not fall u/s 153. Hence demand can be altered if the order is amended by the CIR."</u> Once again, the department was* *directed to revisit the impugned order.*

iii. *Once again the Commissioner concerned vacated the arbitrarily passed order but unfortunately the assessing officer once again repeated the earlier treatment vide order dated 25th November, 2025, despite the fact that DR had conceded glaring pitfalls in the earlier order dated 25th September, 2024.*

iv. *The latest order dated 25th November, 2025, speaks volumes about the whimsical patterns of taxation. While the order itself is a lengthy document, no material has been reproduced therein to justify the charging of tax on all payments. No basis for charging tax at 7.75%, considering all recipients to be non-filers, has been brought on record. The officer was well within her powers to call bank statement(s) of the taxpayer and could have endeavored to identify the beneficiaries and looked up in the IRIS to ascertain their 'filer' status.*

In view of above the officer's actions are held to be maladministration as defined in section 2(3)(i)(a) and (b) by being "arbitrary or unreasonable, unjust, oppressive, and making decision on irrelevant grounds.

Federal Tax Ombudsman Secretariat HQs Islamabad FTO

RECOMMENDATIONS

9. FBR to direct:-

i. The CIR, WHT Zone, RTO Hyderabad to revisit the impugned order after giving proper opportunity to the complainant;

ii. The CIR, WHT Zone, RTO Hyderabad to assign the case to a different officer in case he is satisfied that further proceedings u/s 161(1) for the tax year 2019 are necessary; and

iii. report compliance in 45 days.

10. Registrar FTO HQs is directed to look into the repeated acts of maladministration and share his findings for further necessary action/ onwards transmission to FBR.

(M. Zafar ul Haq Hijazi
Federal Tax Ombudsman

Dated: 17 JUN 2026
Azeem

Approved for reporting