

**BEFORE
THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

Complaint No.0785/LHR/ST/2022

Dated:04.03.2022* RO Lahore

Mr. Muhammad Asif S/o Muhammad Jameel,
483-Rafi Block, BahriaTown,
Lahore ... Complainant

Versus

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

Dealing Officer	:	Dr. Sarfraz Ahmad Warraich, Advisor
Appraising Officer	:	Mrs. Sarwat Tahira Habib, Sr. Advisor
Authorized Representative	:	Mr. Tauqeer Hassan Butt, Advocate
Departmental Representatives	:	Ms. Samia Ejaz, CIR, Mr. Husnain Ahmad Hali, Addl-CIR, Mr. JavedIqbal, IRAO, from RTO Lahore

Mr. Amjad Farooq, Director,
Dr. Muhammad Babar Chohan,
Addl Director, Directorate I&I-IR,
Lahore

FINDINGS/RECOMMENDATIONS

The Complaint was filed against Chief Commissioner-IR, RTO Lahore, in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance), for delay in disposal of Complainant's application dated 14.07.2021, regarding deregistration of STRN and removal of blacklisting.

2. Precisely, facts of case, as narrated in Complaint, are that Complainant's CNIC was misused by fraudsters and got registered NTN and STRN, alongwith fake firm M.A Enterprises. When Complainant applied for NTN, he came to know about fraudsters' NTN and STRN, registered in his name. Suspension Notice dated

*Date of registration in FTO Sectt.

25.08.2013, Show Cause Notice dated 02.09.2013 and Blacklisting Order dated 10.10.2013 speak volumes that Complainant was innocent as per conclusion of the then Commissioner that Complainant's ID Card was misused by fraudsters. Complainant preferred appeal before Appellate Tribunal-IR wherein Complainant was found innocent vide ATIR's Order dated 01.12.2015. Complainant applied for issuance of NTN and deletion of STRN through several representations and for implementation of ATIR's Order but of no avail and finally IRO dismissed application for issuance of NTN vide Order dated 26.06.2018 on frivolous grounds which was assailed through Writ Petition No.52519/2019. LHC allowed Writ Petition vide Order dated 08.07.2021 with directions to Complainant to approach Department. In compliance of LHC's Order dated 08.07.2021, Complainant filed application dated 14.07.2021 and requested for deregistration of STRN and issuance of fresh NTN. Department, after hearing dated 20.01.2022, allowed Complainant to use existing NTN as individual. Application, to the extent of STRN, was not decided due to which Complainant could not conduct business or anything in or outside Pakistan since, being blacklisted, partial permission did not help Complainant. On-line profile was locked, therefore, existing NTN could not be used by Complainant unless STRN was deleted or blacklisting was removed. Complainant prayed that Department be directed to dispose of application dated 14.07.2021 regarding deregistration of STRN. Further prayed that Department be directed to remove blacklisting in Complainant's name while removing M.A Enterprises from name of Complainant.

3. The Complaint was referred to 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. In response, Department, vide letter dated 29.03.2022, submitted parawise comments, stating therein that Complainant was not compulsorily registered for Sales Tax by Department. Complainant voluntarily got registration for Sales Tax individually as a firm, namely M/s M.A Enterprises, as importer/exporter/wholesaler, on 04.12.2007, against CNIC Number 35201-77713523 and got NTN 3004729-3 and STRN 03-05-4707-013-37. Later on, said STRN was suspended/blacklisted on recommendation of Directorate of I&I-IR, Lahore. Show Cause Notice dated 02.09.2013 was issued to Complainant. Further, reported by Directorate of I&I-IR that M/s M.A Enterprises caused loss to national exchequer, amounting to Rs.24.033 million, by issuance of fake/flying invoices. At appellate forum, issue of blacklisting was not contested/raised by Complainant. He requested ATIR for issuance of fresh NTN. ATIR disposed of the case with direction to Complainant to approach appropriate forum of FBR for issuance of NTN. Complainant's application for issuance of fresh NTN was rejected by Department on 26.06.2018. Complainant filed Writ Petition No.52519/2019 before LHC which was disposed of with direction to Complainant to again approach Department for issuance of fresh NTN. Complainant misinterpreted LHC's Order and approached Department for deregistration of STRN of M/s M.A Enterprises who committed tax fraud. Fresh NTN was not permissible in terms of Section 181 of the Income Tax Ordinance, 2001, however, Complainant was allowed to add multiple businesses at his single NTN and he agreed with same. Complainant filed contempt before Hon'ble LHC which was also disposed of vide Order dated 25.01.2022. Department prayed for rejection of Complaint.

4. Case was fixed for hearing on 31.03.2022, 07.04.2022, 13.04.2022, 21.04.2022, 29.04.2022 and 17.05.2022. Both AR and DRs, on behalf of RTO Lahore/Directorate of I&I-IR, Lahore, attended hearings and reiterated what had been submitted in written Complaint/parawise comments and rejoinder. On 31.03.2022, AR stated that Complainant filed application dated 14.07.2021, preceded by many such requests, during the years 2016 onward, for Sales Tax deregistration and issuance of new NTN but Department did not address grievance. DR stated that Complainant's previous NTN had been restored; however, Sales Tax deregistration request was still pending action in RTO Lahore. Since, case was linked with a tax fraud of fraudulent Sales Tax adjustments, initiated in 2013, DR was desired to file rejoinder to the parawise comments while reflecting chronology of the case since 2013, reflecting final outcome of the contravention report including facts/legal points, raised during the course of disposal. On next date of hearing dated 07.04.2022, DR did not submit chronology of the case since 2013. DR was again directed to submit complete summary of the case. On 13.04.2022, Mr. Husnain Ahmad, Addl-CIR stated that FIR No.03/2012 dated 05.03.2012 was lodged against accused persons including Faisal Enterprises, Lahore and its buyers/connivers, including MA Enterprises, Lahore, accusing issuance of fake invoices, issued by Faisal Enterprises to MA Enterprises, to the tune of Rs.24 million. According to FIR, MA Enterprises made further supplies through fake invoices to different buyers. The then RTO Lahore, Zone-VI, later, issued blacklisting Order dated 10.10.2013 in respect of M/s MA Enterprises on the basis of FIR lodged. Tax liability of Rs.66 million had earlier been determined by RTO Lahore, vide Assessment Order No.65/C/2011 dated 09.02.2011, before filing of

