THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NO.10181/ISB/IT/2026

Dated:02.06.2026* HQ Islamabad

Mr. Misbah ul Islam Syed, ...Complainant
(Registration No:6110177104063)
House No. 45, Street No 20, Sector A, Phase 2,
DHA Islamabad

Versus

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

Dealing Officer	:	Mr. Muhammad Naseer Butt, Advisor
Appraised by	:	Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	:	Complainant in Person
Departmental Representative	:	None
Date of hearing	:	06.07.2026

FINDINGS/RECOMMENDATIONS

The complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance 2000 (FTO Ordinance) and the case was fixed for comments on 18.06.2026. The department filed comments, which were examined and placed on file. The complainant attended. However, the DR did not join proceedings. Arguments were heard and record perused and complaint is disposed of on the basis of available record as under.

2. The complainant stated that he is a retired officer of Pakistan Navy and receiving pension from the Federal Government. The complainant further stated that the department proposed amendments to the return for tax year 2018 and issued a show cause notice dated 17.05.2024 under Section 122(9) of the Income Tax Ordinance, 2001 (the Ordinance). Further, a detailed reply was submitted within the stipulated time on 24.05 2024. The department

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* Date of registration with FTO Secretariat

of Inland Revenue (FBR), after considering the detailed reply, passed an assessment order on 27.06.2024 u/s 122(1), whereby a tax demand of Rs. 12,163,832/- was created.

3. The complainant further stated that on the same day i.e. 27.06.2024, a demand notice for payment of tax was also issued u/s 137(2) for tax year 2018. Being aggrieved by the said order, the complainant filed an appeal on **22.07.2024** before the Commissioner Inland Revenue (Appeals), which is currently pending for adjudication.

4. The complainant further stated that the department issued a notice on 28.10.2025 u/s 138(1) demanding payment. In response, he submitted a reply on 03.112025 requesting that the tax demand be kept in abeyance and that recovery proceedings be stayed. Thereafter, the department of Inland Revenue (FBR) obtained permission from the Commissioner Inland Revenue on 18.05.2026 and issued orders to freeze his bank account u/s 140, as a result of which the complainant's bank accounts have been frozen including the pension account.

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5. The complainant further stated that the department actions are illegal and fall within the definition of "Maladministration" under Section 2(3) of the Federal Tax Ombudsman Ordinance, 2000, on the ground that the department through order dated 18.05.2026, attached/froze his bank account and initiated coercive recovery, whereas the appeal was filed on 22.07.2024 which is still pending before the Commissioner Inland Revenue (Appeals). In the light of facts and legal position stated above it was prayed to direct the department to'

- *immediately De-attach / Unfreeze his bank account and to*

- *immediately stop all coercive recovery measures until the appeal pending before the Commissioner (Appeals) is finally decided;*
- *proceedings under Section 122(1) and the assessment order, and the demand notice issued under Section 137(2) be suspended until the final disposal of the appeal;*
- *the actions of the department of Inland Revenue (FBR) be declared as "Maladministration" under Section 2(3) of the Federal Tax Ombudsman Ordinance, 2000;*
- *disciplinary proceedings be initiated against the officers who issued the illegal recovery order; and*
- *the complainant be awarded suitable compensation for the severe mental distress and financial loss caused by these retaliatory actions of the department.*

6. The RTO-II, Karachi filed written comments wherein, they stated that as per taxpayer registration profile the complainant is an individual and lodged this complaint regarding order passed under section 122(1) of the income tax ordinance, 2001 and consequential recovery proceeding. At the very outset, it was agitated that;

a. the instant complaint is not maintainable before the Hon'ble Federal Tax Ombudsman because the complainant has already availed the statutory remedy of appeal before the learned Commissioner Inland Revenue (Appeals) against the order passed under section 122(1) of the Income Tax Ordinance, 2001 for tax year 2018, wherein the legality, propriety, merits and demerits of the assessment order, demand created thereunder, and consequential proceedings have been challenged.

b. That the issues raised in the present complaint are directly connected with and arise out of the assessment proceedings and consequential recovery of tax demand created under the impugned order. The complainant is, therefore, seeking adjudication of matters which are already sub judice before the competent appellate forum established under the Income Tax Ordinance, 2001.

c. It was submitted that the Hon'ble FTO is empowered to examine cases of maladministration and cannot assume the role of an appellate authority to determine the legality, correctness, or validity of an assessment order passed under the Income Tax Ordinance, 2001.

d. The RTO-II, Karachi further added that the assessment order under section 122(1), the tax demand attained the status of a legally recoverable government demand. Consequently, a notice under section 137 of the Income Tax Ordinance, 2001 was issued in accordance with law requiring the taxpayer to discharge the outstanding liability within the prescribed period. The issuance of such notice was a statutory consequence of the assessment order and cannot by any stretch of imagination be termed as maladministration, excess of authority, or illegal action.

e. The department stated that in the absence of a stay order, the demand remained enforceable under the law and the department was under a statutory obligation to safeguard government revenue through lawful recovery proceedings. Therefore, the allegation that recovery should have been withheld merely because an appeal was pending is wholly untenable and contrary to the settled principles governing tax administration.

7. **As regards objection to jurisdiction of this office**, the same is misplaced as the complaint has not been filed against any assessment or tax liability **but it relates to wrongful action of the department while effecting recovery through coercive measures when the first appeal is pending for decision before the first departmental appellate authority since 22/07/24**. Therefore, the matter has been taken up by this office to see if there is any maladministration in terms of departure from law and laid down procedure. Hence, the objection is unfounded and is overruled.

8. **FINDINGS**

i. It is observed that the tax officer made recovery through coercive measure when the taxpayer case was still pending in first appeal whereas the higher courts have disapproved such an action unless the appeal is decided by an independent forum. The action of the tax officer is contrary to law, arbitrary, unreasonable which constitutes maladministration.

ii. **Notwithstanding the above, tax authorities cannot legally attach or freeze a dedicated** pension account **to recover taxes. Under the** Pensions Act of 1871, **Section 60(1)(g) of the Code of Civil Procedure (CPC) and civil service regulations, pension funds are strictly protected. They are meant to support the pensioner and cannot be seized for debt recovery.**

iii. It is on record that against the impugned order, the complainant preferred appeal before the CIR(Appeals-II), Karachi for tax year 2018 on 23.07.2024, which is still pending for adjudication. It is noted that appeal is lying pending with CIR(Appeals) for tax year 2024 since long which has not been decided by the appeal authority despite passage of the statutory time of 120 days prescribed under proviso of section 129(4) for disposal of appeal by the CIR(Appeals). The above referred acts of the department and delay in disposing of appeal is contrary to law and unreasonable and falls under maladministration in terms of section 2(3)(i)(a) & (ii) of the FTO, Ordinance, 2000.

RECOMMENDATIONS

9. FBR to:

(i) direct the Commissioner-IR (Zone-I), RTO-II, Karachi to de-attach all bank accounts **including the pension account** of the complainant within 7 days;

(ii) direct the Commissioner-IR (Appeals-II), Karachi to dispose of the pending appeal of the complainant for tax year 2018 in 40 days; and

(iii) report compliance in 45 days.

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: 21 JUL 2026

Approved for report