THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NOS, 11422, 11423, 11424, 11425, 11426, 11429, 11430, 11431, 11432, 11433, 11434/HYD/ST/2026

Dated: 18.06.2026, *R.O. Hyderabad*

M/s The Indus Hospital and others,
Address: Ladies Jail Road,
Larkana. ...Complainant

Versus

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

Dealing Officer	: Mr. Sahibzada Abdul Mateen, Advisor.
Appraising Officer	: Mr. Muhammad Tanvir Akhtar. Advisor.
Authorized Representative	: Mr. Ghulam Shabbir Shaikh. Adv
	: Mr. Waqar Ali Shaikh, Adv
Departmental Representative	: Mr. Zaigham Abbas CCIR RTO, Sukkur.
Date of hearings	: 15.07.2026 & 22.07.2026

FINDINGS/RECOMMENDATIOS

The above-mentioned complaint was filed against Commissioner IR, Zone-II, Larkana, RTO Sukkur, in terms of section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance), against the search of business premises of M/S Indus Hospital, Larkana and other Doctors/specialists, u/s 175 of the Income Tax Ordinance 2001.

2. Brief facts of the cases are that **M/s The Indus Hospital and others,**: Ladies Jail Road, Larkana, is the project of M/S Indus Hospital & Health Network (IHHN), a major private-sector healthcare organization. Allegedly the team of the Zone-II RTO Sukkur has searched business premises u/s 175 of the Income Tax Ordinance 2001 of the complainants', and during the process the team has taken into custody the complainants' laptop, documents, books of accounts and other business-related records from the

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* **Date of registration in FTO Secretariat**

premises. Additionally, no inventory, seizure memos, acknowledgment, receipts, or detailed list of the articles/documents that were taken into custody was provided to the complainants.

Upshot of Complaint No.11434/HYD/ST/2026 by the Indus Hospital:

A. That on 18-06-2026, the FBR team entered the premises of the complainant on multiple occasions purportedly on the basis of a vague authorization letter, without clearly specifying whether the said authorization was issued under the Income Tax Ordinance, 2001 or the Sales Tax Act, 1990. A copy of the said authorization letter was duly enclosed with the original complaint.

B. That during both visits, the departmental team took into custody the complainant's laptops, documents, books of account, and other business records from the premises. Nevertheless, no inventory, seizure memo, acknowledgement, receipt, or detailed list of the articles/documents taken into custody was provided to the complainant. The only document furnished was an informal Kacha Receipt relating to two laptops.

C. That the records taken into custody also contained confidential and sensitive information relating to the affairs of the hospital. The removal and continued retention of such records without any proper inventory, documentation, acknowledgement, or legally prescribed procedure raises serious concerns regarding confidentiality, data security, and the possible misuse or unauthorized disclosure of sensitive information, which remains in the possession of the department.

D. That the aforesaid conduct of the departmental officers constitutes maladministration, abuse of authority, unfair treatment, negligence in the observance of law, and administrative excess, within the meaning and scope of the Establishment of the Office of Federal Tax Ombudsman Ordinance, 2000.

3. In addition to the Indus Hospital following individual Complaints were also filed by individual Doctors & Specialists who also fell victim to the aforesaid action u/s 175.

i. Comp 11422/HYD/2026, Dr. Alam Ibrahim Siddiqi

ii. Comp 11423/HYD/2026, Dr. Ali Hyder

iii. Comp 11424/HYD/2026, Dr. Amanullah Jokhio

iv. Comp 11425/HYD/2026, Dr. Badaruddin

v. Comp 11426/HYD/2026, Dr. Hakim Ali Abro

vi. Comp 11429/HYD/2026, Seema Manzoor

vii. Comp 11430/HYD//2026, Dr. Naila

viii. Comp 11431/HYD//2026, Dr. Kashif Iqbal

ix. Comp 11432/HYD/2026, Dr. Manzoor Ali Phulpoto

x. Comp 11433/HYD/2026, Dr. Shahid Jamal Siddiqui

Grievances of all the above Complainants are identical i.e.;

- That the complainant is a separate legal entity and files its income tax returns independently. On 18-06-2026, the FBR team entered the premises of the complainant on multiple occasions, purportedly on the basis of an authorization letter issued in respect of The Indus Hospital, without producing or showing any separate authorization specifically issued in the name of the complainant.
- That during both visits, the departmental team took into custody the complainant's laptops, documents, books of account, and other business records from the premises. Nevertheless, no inventory, seizure memo, acknowledgement, receipt, or detailed list of the articles/documents taken into custody was provided to the complainant. The only document furnished was an informal Kacha Receipt relating to two laptops, which was duly enclosed with the original complaint.
- That the records taken into custody also contained confidential and sensitive information relating to the affairs of the hospital. The removal and continued retention of such records, without providing any proper inventory, documentation, acknowledgement, or following the prescribed legal procedure, raises serious concerns regarding confidentiality, data security, and the potential misuse or unauthorized disclosure of

sensitive information, which remains in the possession of the department.

- That the aforesaid conduct of the departmental officers constitutes maladministration, abuse of authority, unfair treatment, negligence in the observance of law, and administrative excess, within the meaning and scope of the Establishment of the Office of Federal Tax Ombudsman Ordinance, 2000.

4. Since the issues involved in all cases are identical i.e. the illegal & unwarranted search of the business premises of all the complainant's u/s 175 of the Income Tax Ordinance, 2001, without properly following the statutory procedure, therefore all the complaints are disposed of through this single consolidated order.

5. The complaint was referred to the 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, the Chief Commissioner RTO Sukkur vide letter No 141 dated 10.07.2026 furnished detailed Parawise comments wherein as a preliminary objection the jurisdiction of FTO Office was challenged in terms of section 9(2)(b) of FTO Ordinance, 2000. On merits of the case action by RTO Sukkur was fully defended. While doing so the recent decision of the Federal Constitutional Court of Pakistan in **M/s Scepter (Pvt.) Ltd. v. Federation of Pakistan (F.C.P.L.A. No. 23 of 2026)** was extensively quoted in order to defend the action by RTO Sukkur u/s 175.

6. **Preliminary objection**: As regards the preliminary objection by the department on the jurisdiction of this forum u/s 9(2)(b) of FTO Ordinance, this office is fully cognizant of its statutory jurisdiction and neither any sub judice matter is being adjudicated, nor parallel jurisdiction is being assumed. Nevertheless, glaring violations of the orders of apex courts, administrative excesses & highhandedness,

extra-legal coercive measures shall be highlighted as these acts of maladministration are normally not touched by appellate fora. **Moreover, in the instant case, the main grievance is not against the departmental powers u/s 175, rather it revolves around the illegality and oppressive nature of the action u/s 175. Hence, the preliminary objection is overruled.**

7. The case was fixed for hearing and on due date the hearing was attended by the Chief Commissioner RTO Sukkur himself online through video link and the ARs of the complainants Mr. Ghulam Shabbir Shaikh, Mr. Waqar Ali Shaikh. After hearing both the AR of the complainant and the Chief Commissioner representing the department himself, the following findings come to the surface:

8. **Findings:**

As the order of the Federal Constitutional Court of Pakistan, interpreting Section 175 in **M/s Scepter (Pvt.) Ltd. v. Federation of Pakistan (F.C.P.L.A. No. 23 of 2026)** appears to be the cornerstone of CCIR, RTO Sukkur's arguments therefore the said order is taken as the acid test to determine the legality of action taken by the department.

Brief Background of FCC; s order:

I. JUDGMENT by Justice Adnan Iqbal Chaudhry of High Court of Sindh, dated 13th September, 2021 in ***Suit No. 2019/2015, A&Z Agro Industries (Pvt.) Ltd. v. Federation of Pakistan & others and 33 similar Suits,***

While deciding aforementioned 34 suits, (all challenging FBR's search operations under ST/FED and Income Tax) *the apex court had laid down detailed legal foundations for any search operation u/s 175.* ***Paras 27 to 30 highlight the said basis which have***

been finally upheld by FCC in FCPLA No. 23 of 2026. Core findings of SHC are reproduced hereunder;

"27. The power to search a premises under section 175 ITO is not uninhibited. ***The purpose of the search, and consequently the circumstances in which the provision can be invoked, is restricted by the opening words of section 175 ITO itself, viz., "In order to enforce any provision of this Ordinance"***. In K.K. Oil and Ghee Mills (Pvt.) Ltd. v. Federal Board of Revenue (2016 PTD 2601), a learned single Judge of the Islamabad High Court took the view that ***the opening words of section 175 ITO connote that it could only be invoked where the taxpayer resists or refuses to comply with a lawful order or direction passed by the tax authority under some provision of the ITO, and the tax authority has no other means to enforce that provision. It was further held that the exercise of the power had to be justified by reasons.***

In Khurram Shahzad v. Federation of Pakistan (2019 PTD 1124) a learned single Judge of the Lahore High Court ***held that section 175 ITO can only be invoked if there is some default by the taxpayer under the ITO, and therefore there must be a clear statement by the tax authority as to which provision of the ITO is required to be enforced along with reasons.***

In Agha Steel Industries Ltd. v. Directorate of Intelligence and Investigation (2019 PTD 2119), a learned single Judge of this Court observed ***that the power of section 175 ITO can only be exercised as a matter of last resort when there are some pending proceedings against the taxpayer which are being obstructed."***

28. Given the opening words of section 175 ITO, viz. "In order to enforce any provision of this Ordinance", there can be no doubt that it can only be invoked to enforce some specific provision of the ITO by way of a search, and not, as the tax department would like to believe, generally as a tool to test the veracity of tax returns. ***Therefore, to start with, section 175 ITO contemplates that the provision of the ITO sought to be enforced through section 175 ITO has to be specified by the tax authority so that the scope of the search is restricted to that provision, and the record impounded during the search is examined and used only to that end, failing which the search would amount to a fishing inquiry, an act held by the Supreme Court to be unlawful in Assistant Director, Intelligence and Investigation, Karachi v. B. R. Herman (PLD 1992 SC 485).***

Secondly, the manner prescribed in sub-section (1)(a) to (e) of section 175 ITO for enforcing a provision of the ITO, viz. by the obtaining of information or record, implies, rather presupposes that some legal action such as an inquiry, investigation, audit or other legal proceeding has already been initiated by the tax authority against the taxpayer under the ITO for which information/record is necessitated by way of a search, ***for if there is no action pending against the taxpayer, the search would again be an unlawful fishing inquiry.***

Where the search is so necessitated, then the requirement of giving reasons for the same in the Authorization Letter has to be read into section 175 ITO by virtue of section 24A of the General Clauses Act, 1897 so as to demonstrate that the tax authority is acting reasonably, fairly, justly and for the advancement of the purposes of the statute. The proposition that the search under section 175 ITO is in furtherance of some legal action pending against the taxpayer, also seems to be accepted in the Form prescribed under Rule 72 read with Part-XIII of the First Schedule to the Income Tax Rules, 2002 for authorizing the search. That authorization Form stipulates that while conducting the search, "The officer of Inland Revenue may keep in mind the enquiry/investigation, audit relating to tax issues only."

Finaly the worthy Judge concluded vide Para 29;

"In my view, the conditions of a search under section 175 ITO discussed above, viz.

(i) specifying the provision sought to be enforced,

(ii) some legal action under the ITO pending against the taxpayer, and

(iii) the giving of reasons for the search in the Authorization Letter, are adequate safeguards against the misuse of said provision."

Para 30 of the judgement ordains that ***"the record impounded/seized from the Plaintiffs during an unlawful search, cannot be used against them as evidence in determining their tax liability."***

II. The above judgement was still in the field when Mr. Justice Adnan Iqbal Chaudhry Mr. Justice Muhammad Jaffer Raza of THE HIGH COURT OF SINDH KARACHI in C.P. No. D-5191/2025, while deciding similar petitions, challenging departmental search operations under ST/FED and Income Tax once again upheld the earlier order on 175, as discussed above. The learned court observed;

"6. The law relating to Section 175 of the Ordinance was discussed extensively in the case of Team A-Ventures (Pvt) Ltd (supra) and the conditions laid down for invoking said provision may be summarized as follows: -

(i) *The provision of the Ordinance sought to be enforced by the search must be specified by the authority as the power to search is not intended as a fishing inquiry.*

(ii) *Some legal action under the Ordinance must be pending against the taxpayer.*

(iii) *To avoid misuse of the provision, reasons for the search ought to be stated in the authorization letter.*

Concluding the arguments the court put the petitions in following two categories:

"C. ***In this category, search under section 175 of the Ordinance was undertaken when no proceedings under the Ordinance were pending against the Petitioner***.

D. ***This category involves search carried out under Section 175 of the Ordinance, with proceedings initiated against Petitioner under the Ordinance and reasons duly assigned in authorization letter.***

The court finally passed the verdict Par 9 of the order reads;

"In respect of the listed petitions it is apparent that the cases falling into category C, the Authorizations and search of the Petitioners' business premises impugned therein are declared to be **illegal and consequently set aside.** ***Consequently, tax authorities are directed to return to the Petitioners all record, documents, computer hardware etc. taken into custody or impounded during the impugned search; and..... tax authorities are restrained from using said material as evidence in determining the tax liability of the Petitioners.***

The petition falling into category D is hereby dismissed as the principles laid down hereinabove were adhered to by the Respondents."

It is pertinent to mention that the only case falling in category D was the case of **M/s Scepter (Pvt.) Ltd.** The departmental action u/s 175 was upheld by SHC as in the said case ***authorization*** was issued in full compliance of directions, earlier issued by SHC in ***Suit No. 2019/2015, A&Z Agro Industries (Pvt.) Ltd. v. Federation of Pakistan & others and 33 similar Suits.***

III. The Taxpayer Company **M/s Scepter (Pvt.) Ltd;** filed FCPLA No.23 of 2026 which was dismissed by FCC thus upholding the aforesaid orders of SHC, which provide the legal basis for departmental action u/s 175.

9. Keeping in view the above trail of judicial pronouncements and the criterion set for any search u/s 175, if the sketchy Authorization issued by RTO Sukkur is seen in the instant case, it doesn't comply with either of the three conditions laid down by SHC vide aforesaid judgements. Copies of Authorizations in both cases; **M/s Sceptre (Pvt.) Ltd. and M/S Indus Hospital & others** are attached herewith. Authorization in the case of **M/S Indus Hospital & others plainly** falls in the **C category**, (as categorized by SHC in C.P. No. D-5191/2025) because;

- *It is silent about the provision of the Ordinance sought to be enforced by the search*
- *No legal actions were reported to be pending under the Ordinance against the Complainants/ taxpayers.*
- *No reasons for the search were contained in the authorization letter.*

Thus, the Authorizations and search of the Complainants business premises impugned are illegal in the light of aforesaid courts orders, and reflect clear incidence of maladministration in terms of section 2(3)(i)(a) & (b) of FTO Ordinance, 2000.

10. **Recommendations:**

FBR is directed to ensure that;

i. tax authorities at RTO Sukkur are directed to return to the Complainants all record, documents, computer hardware etc. taken into custody or impounded during the impugned search;

ii. tax authorities at RTO Sukkur are restrained from using said material as evidence in determining the tax liability of the Complainants;

iii. Orders of SHC and FCC, as referred at Para 8 above be circulated to all filed formations and Training Academies of FBR for information, compliance and guidance; and

iv. report compliance in 30 days.

11. The above order shall *mutatis mutandis* apply to the complaints listed at Para 3 above, being identical in nature.

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: 21 SEP 2026

Approved for reporting

No. 1434

Dated: 18/06/2026

Form of Authorization

(See Rule 72 Section 175)

In pursuance of and as empowered under section 175 and to carry out the purpose and objects of the Section, **MR. SALEEM AHMED HAKRO, ASSISTANT COMMISSIONER INLAND REVENUE, UNIT 01, ZONE-II, LARKANA,** and the team mentioned below is authorized regarding the tax-related matters of **M/S THE INDUS HOSPITAL, NTN. 4442446**, located at Ladies Jail Road Larkana, to enter any premises and to have full and free access to any place, accounts, documents or computer, and to impound or to take extracts or copy of such material and/or examine and prepare notes, details of inventory and its valuation, or computer disc of information or floppies from hard disc or inventory of any article found at the place. The authorized officer shall handover a copy of inventory of goods and material to the persons available on premises and/or put/affix on the conspicuous place in case of refusal of such person to receive or accept. In the later situation, may also send such copy through registered post/courier service as early as possible. The Officer of Inland Revenue may keep in mind the enquiry/investigation, audit relating to tax issues only.

Team Members

S. NO	NAME	DESIGNATION	PLACE OF POSTING
1	Mr. Saleem Ahmed Hakro	ACIR	Unit-1 Larkana
2	Mr. Jan Hussain Dhamrah	Inspector-IR	Unit-1 Larkana
3	Ms. Saeeda Arbab Jatoi	Inspector-IR	Unit-1 Larkana
4	Mr. Adil Nisar Shaikh	Inspector-IR	Unit-1 Larkana
5	Mr. Saeed Ahmed Chandio	STENO	Unit-1 Larkana
6	Mr. Kashif Hussain Mahoto	DEO	Unit-1 Larkana
7	Mr. Ali Raza Larik	UDC	Unit-1 Larkana
8	Mr. Ashfaque Ali Jatoi	UDC	Unit-1 Larkana
9	Mr. Altaf Hussain Soomro	UDC	Unit-1 Larkana
10	Mr. Salahuddin Abro	LDC	Unit-1 Larkana
11	Mr. Deedar Ali	LDC	WHT-5 Larkana
12	Mr. Munir Ahmed Bhutto	Daftari	Unit-1 Larkana
13	Mr. Sajjad Ali Siyal	N/Q	Unit-1 Larkana
14	Mr. Eidan Shaikh	N/S	Unit-1 Larkana

(MUHAMMAD NAWAZ)
COMMISSIONER-IR,
ZONE-II LARAKNA

Copy for information:

01. The Worthy Chief Commissioner-IR, Regional Tax Office, Sukkur.

(MUHAMMAD NAWAZ)
COMMISSIONER-IR,
ZONE-II LARAKNA

Government of Pakistan
Directorate of Intelligence & Investigation (Inland Revenue), Karachi

C.No. DIR/I&I-IR/KHI/Sceptre/Inv./S.175/2024/ 246 Dated: 21-10-2025

The Principal Officer,
Sceptre (Private) Limited,
NTN: 7963536-3
F-8, Block-9, Clifton,
Karachi.

SUBJECT: <u>AUTHORIZATION OF OFFICERS TO HAVE ACCESS UNDER SECTION 175 OF THE INCOME TAX ORDINANCE, 2001.</u>

In exercise of powers conferred upon the undersigned vide notification No. 272(I)/2021 dated 02-03-2021, the following officers/officials of this Directorate having jurisdiction, are authorized under section 175 of the Income Tax Ordinance, 2001 (the Ordinance) to enter and search the premises of Sceptre (Private) Limited (the Taxpayer), (NTN-7963536-3) F-8, Block-9, Clifton, Karachi maintained by them and /or by any other person in its behalf:

Sr. No.	Name of Officer/official	Designation.
1	Muhammad Junaid	Deputy Director
2	Syed Salman Shah	Inspector-IR
3	Tahir Zafar	AD (Audit)
4	Muhammad Rashid Chundrigar	AD (Audit)
5	Arshad Ahmed Khan	AD (Audit)
6	Tariq Nadeem	Senior Auditor
7	Humayun Farooq	Senior Auditor
8	Iltaf Hussain	AD (Audit)
9	Muhammad Ilyas	Inspector (IR)
10	Imran Khan Niazi	Inspector (IR)
11	Supporting Staff	UDCs, LDCs, Sepoys, Drivers etc.

2. On a complaint of tax evasion, proceedings/investigation under section 176 of the Ordinance were initiated on 04-07-2024. Despite multiple opportunities, the taxpayer has failed to provide viz. (i) information/documents regarding short-term borrowing (u/s 39(3)) of the Ordinance, (ii) documentary evidence of admissions made, respective admission, annual and monthly fees, any other charges, and discounts or scholarships provided, (iii) documentary evidence regarding salaries, employees' names, CNICs, salary amounts, and (iv) mode of payment and withholding tax deducted. Therefore, the authorization under section 175 of the Ordinance is mandated due to the following:

21/10/25

a. proceedings/investigation under section 176 of the Ordinance is pending;
b. the action under section 175 of the Ordinance is for enforcement of section 176 of the Ordinance; and
c. the reason is to obtain aforementioned record/documentary evidence not provided by the Taxpayer during the proceedings and any other record/documentary evidence which may be useful in disposing the complaint case against the Taxpayer.

3. The officers authorized shall hand over a copy of inventory/recovery memo of any accounts, documents, computers, etc, impounded to the person(s) available on premises and /or put/affix on the conspicuous place in case of refusal of such persons(s) to receive or accept. In the later situation, may also send such copy through registered/ courier service as early as possible.

(MUHAMMAD IJLAL KHAN)
DIRECTOR