# THE FEDERAL TAX OMBUDSMAN
# ISLAMABAD

## COMPLAINT NO.3805/ISB/IT/2024

Dated:10.05.2024* HQ Islamabad

**Malik Muhammad Saleem Raza,** ...Complainant
(Registration No. 3740507947371),
House No. 60, Street No. 113, G-11/3,
Islamabad.

**Versus**

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

| | | |
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| Dealing Officer | : | Mr. Muhammad Naseer Butt, Advisor |
| Appraised by | : | Mr. Muhammad Tanvir Akhtar, Advisor |
| Authorized Representative | : | Complainant in Person<br>Mr. Shaukat Mahmood, ITP |
| Departmental Representative | : | Mr. Rashid Mahmood, ADCIR, RTO, Islamabad<br>Mr. Sarzamin Khan, AD, RTO, Rawalpindi |

## FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance 2000 (FTO Ordinance). The complaint was referred for comments to the Secretary, Revenue Division, in terms of Section 10(4) of the FTO Ordinance, read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013 (FOIR Act). Comments were received from RTO, Rawalpindi, Secretary (Court Matters) FBR and RTO, Islamabad vides letter dated 22.05.2024, 24.05.2024 and 06.06.2024 which were examined and placed on file.

2. Hearing notices u/s 9(2) of the FOIR Act, were issued to the parties for various dates. Last hearing was held on 13.06.2024. In response to hearing call, Malik Muhammad Saleem Raza (the Complainant) along with Mr. Shaukat Mahmood, ITP (Complainant's Authorized Representative) appeared argued the

*Date of registration with FTO Secretariat case. Mr. Rashid Mahmood, ADCIR from RTO, Islamabad and Mr. Sarzamin Khan, AD, from RTO, Rawalpindi appeared as Departmental Representative (DRs) and presented department's stance on the issue. The DR from Board did not join proceedings. Arguments were heard, record perused and complaint is disposed of as under.

3. The complainant filed complaint against "unrealistic" high valuation mentioned in FBR notification No. 1180(I)/2022 dated 27.07.2022 for Agro Farms CDA Scheme-III, Sihala, Islamabad. The complainant further stated that he is the lessee of Plot No. 05, Agro farm/poultry and vegetable (P & V) scheme-III, Sihala acres/80 Kanals allotted by the Capital Development Authority (CDA) Islamabad.

4. The complainant further stated that the details on discrimination held by the FBR on valuation of Agro Farms, Scheme-III, Sihala and valuation notified by the Additional/Deputy Commissioner (Revenue)/ District Collector ICT, Islamabad (ADC-R), for Qanungo Circular Sihala, following comparison including features of the agriculture land is as under;

| Sl. No | (A) FBR | (B) ADC-R, ICT |
|---|---|---|
| | **Notification No. 1180(I)/2022 dated 27.07.2022** | **Notification No. 793//1(192) DRA dated 01.07.2022** |
| 1 | Value @ Rs. 40 Lakh per Kanal, (AGRO Farm-Sihala)<br>Value of 80 Kanal Polt=Rs. 32 Crore. | Value-agriculture land @ Rs. 1 Lakh Per Marla/ 20 Lakh per Kanal. Value of 80 Kanal plot=Rs. 16 Crore<br>(Which is according to the ground reality). |
| 2 | Land is on lease (Rent) for 33 years x 3 Phases against payment of annual ground rent (AGR) @ 2.50 Lakh (approx.) per year with 15% increase after every 3 years.<br>(More than 50% of the lese period has already expired) | Agriculture Land is "ownership" thus, annual ground rent (AGR) is not applicable. |

| | | |
|---|---|---|
| 3 | Allotted for the specific purpose of Agro Farming, Poultry and Vegetable.<br>No other use/activity is allowed by CDA. | No restrictions on use of the land thus, free to perform all activates including agriculture. |

5. The complainant further stated that comparison of Sihala Farms with Chak Shehzad and Tarlai Farms evaluated by FBR, is unfair. Chak Shahzad and Tarlai Farms are in proximity to Islamabad thus are provided the civic amenities and infrastructure including Gas, Water, Sewerage and Road network etc. Whereas, Sihala Farms are without such facility. Moreover, Sihala is about 20 to 30 Kms away from main Islamabad including Chak Shahzad and Tarlai farms. Therefore, Sihala Farms are of much lesser value.

6. The complainant further stated that CDA charged premium (one time only) Rs. 45 thousand (for 10 acres plot) at the time of first allotment/year 1971, and the AGR was fixed @ Rs. 100 (for 10 acres plot) for first phase of leas/33 years. The AGR has now been revised to Rs. 2.5 Lac (approx.) with 15 % increase after every 3 years. The AGR has been raised many times, even more than the "premium amount" Rs. 45 thousand. The Increase in AGR is illogical and not justified thus, is being paid under protest.

7. The complainant further stated that the relevant authority of the FBR was approached for the relief on valuation in pursuance to FBR letter dated 12.04.2024. The complainant further stated that he visited the RTO, Islamabad on 09.05.2023 and presented his case to the Valuation Committee at RTO Islamabad, for the review of unrealistic high valuation of Agro Farms CDA Scheme-III, Sihala but no positive outcome was informed.

8. The complainant further stated that a representation to the Member Tax Policy, FBR submitted on 10.07.2023 but till to date they have also not replied. The complainant prayed that FBR may

kindly be directed to consider the above genuine facts and follow the value @ Rs. 20 Lakh per kanal for Agro Farms Sihala i.e according to the agriculture land valuated by the Additional/Deputy Commissioner (Revenue)/District Collector ICT Islamabad notification No. 793/1(192) DRA dated 01.07.2022 for Qanungo Circle Sihala. The valuation by ADC-R, ICT may please be followed in future as well for Sihala.

9. The Board filed written response wherein, they that that draft SRO is prepared by Regional Tax office after consultation with the stakeholders and Committee is constituted for this purpose having representations including members from the builder's association. FBR only notifies the draft SRO provided by the Regional Tax Office.

10. The RTO Rawalpindi also filed written comments wherein, they stated that that the contents of complaint were thoroughly examined and observed that the taxpayer has requested to review of unrealistic high valuation of Agro Farms, CDA Scheme-III, Sihala. Whereas, Sihala falls within the territorial jurisdiction of RTO, Islamabad. Therefore, as the matter in complaint pertains to RTO, Islamabad, the same is forwarded herewith for submission of Parawise Comments on the issue of Valuation of Properties of Agro Farms, CDA Scheme-III, Sihala and further necessary action as per law accordingly as deem fit.

11. The RTO Islamabad filed written comments on 06.06.2024 wherein, they stated that the FBR rates as notified were agreed upon by RTO Committee constituted for valuation of property rates and property dealers/builder and developer representative and the same were subsequently notified vide SRO 1180(I)/2022 dated 27.07.2022.

12. Perusal of record shows that the complainant came up before this forum with the prayer to review unrealistic high valuation of Agro Farms, CDA Scheme-III, Sihala made by FBR through SRO 1180(I)/2022. It is observed that the valuation of property in Agro Farms, Scheme-III was substantially enhanced from Rs. 2 million per kanal to 4 million per kanal through the said SRO. The department stated that valuation was made by the valuation committee after consultation with the property dealers/builders and developers. However, the department did not share composition of the valuation committee and minutes of the committee.

13. Besides, the department could not share the method of property valuation followed by the department while determining market value of the Agro Farms, Sihala Scheme-III property. The DR failed to give any answer regarding the question of valuation method followed by the valuation committee whereby the valuation of the farms, land was increased by 100% of the value fixed by the deputy collector/CDA.

14. It is further noticed that the complainant also filed representation to the Member-IR (Policy), FBR on 10.07.2023 and informed him about excessive valuation. However, no action has been taken by the department nor has the reasons for such high valuation conveyed to the complainant.

15. It is further noted that this office has already taken cognizance of valuation made through SRO No. 1180(I)/2022 dated 27.07.2022 and observed significant anomalies, inconsistencies, infirmities and discrepancies in valuation tables of immoveable properties in SRO 1180(I)/2022 dated 27th July, 2022 as amended vide SRO 1610(I)/2022 dated 25th August, 2022.

16. While disposing of own motion No. 0033/OM/2023 on the said SRO, this office gave findings to the effect that no such efforts have been made by the FBR nor have the field formations developed any method which could be followed by the valuation committees within their jurisdiction. Besides, there is no standing anomaly committee formed at any level to address concerns of the stakeholders in case inconsistencies are found or wrong valuation is made by the committees. Besides, the relevant Directorate General couldn't add any value as it remained non-functional.

17. It was found that these omissions led to lack of appropriate method of valuation which resulted in inconsistency, inappropriate valuation, undervaluation/overvaluation, and arbitrary exercise of powers. All these lapses constitute maladministration in terms of section 2(3)(i)(b) and (ii) of the FTO Ordinance, 2000. Therefore, corrective measures are required by FBR in the existing valuation table for which the appropriate recommendations were made.

18. It was recommended that Member (Policy Wing) to develop SOPs containing suitable methods of valuation of immovable property and to constitute standing anomaly committees at appropriate levels to address grievances of the stakeholders on issues of valuation. It was further recommended that the Member (Policy) to hire competent and experienced valuers for valuation of properties for transparency and accuracy and take steps to formulate schedule for periodic revision of the valuation tables

19. It was found that serious omissions and commission have been made by the valuation committee in determining the valuation table of the Agro Farms, Sihala Scheme-III which failed to address genuine grievances of the complainant and which resulted in inconsistency, inappropriate valuation, undervaluation /

overvaluation, and arbitrary exercise of powers. All these lapses constitute maladministration in terms of section 2(3)(i)(b) and (ii) of the FTO Ordinance, 2000.

20. In addition, delay in disposing of application of the complainant dated 10.07.2023 pending with the Member (Policy) and his failure to respond to concerns of the complainant amounts to maladministration in terms of section 2(3)(i)(ii) of the FTO Ordinance, 2000.

## RECOMMENDATIONS:

21. FBR to:

(i) direct the Member (Policy) to hold meeting with the stakeholders and the complainant and address their grievances regarding excessive valuation of property and revise the valuation table accordingly if required;

(ii) direct the Member-IR (Policy) to also dispose of the pending application dated 10.07.2023 on merits after providing opportunity of hearing in accordance with law; and

(iii) report compliance within 60 days.

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

Dated: 10 : 7 : 2024
Akif

Approved for reporting