THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NO. 02163/LHR/IT/2026

Dated: 02.02.2026* RO, Lahore

Mr. Muhammad Junaid,
H. No. E73, Street No.8,
Main Walton Road,
Lahore Cantt. ...Complainant

Versus

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

Dealing Officer	:	Mr. Muhammad Jamil Bhatti, Advisor
Appraised by	:	Mr. Khalid Javed, Advisor
Authorized Representative	:	Complainant in person
Departmental Representative	:	Nemo
Date of Hearing	:	**27.04.2026 & 23.06.2026**

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against issuance of notices u/s 114(4) of the Income Tax Ordinance, 2001 (the Ordinance) for Tax Years 2009 to 2022 to file returns of income tax.

2. Briefly, the complainant remained outside Pakistan from 2009 to 2022 and is, therefore, a "Non-Resident" under section 82 of the Income Tax Ordinance, 2001. As a non-resident, his income chargeable to tax under section 11(6) is limited to Pakistan-source income, which he did not earn during the said period. Moreover, section 115(3)(d) exempts a non-resident from filing a return merely on the basis of owning immovable property. Despite this clear legal position, the department issued notices under section 114(4) for Tax Years 2009 to 2022. The issuance of such notices without considering the complainant's exempt status. It is, therefore, prayed that the notices be withdrawn, IRIS profile be updated as "Non-Resident", and directions be issued to prevent future notices. Hence this complaint.

*Date of registration with FTO Secretariat

3. The complaint was sent 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. In response thereto, the Commissioner-IR, Zone-III, RTO-I, Karachi vide letter dated 24.02.2026 submitted parawise comments. It has been contended that while section 82 defines residency on the basis of physical presence, non-resident status does not exempt a person where Pakistan-source income exists or immovable property is owned in Pakistan. Mere non-residency does not absolve a non-resident from filing obligations under sections 114 and 115. It is further submitted that the complainant himself declared "export of services income" under section 154A and "Resident" status in his Tax Year 2025 return. This constitutes Pakistan-source income. Under section 11, a non-resident is taxable on Pakistan-source income and a resident on worldwide income. By declaring such income and status, the complainant acknowledged the jurisdiction of Pakistan tax authorities and incurred statutory obligation to file return. Reliance on section 115(3)(d) is misplaced. The exemption is available only where there is no other Pakistan-source income exceeding the threshold. Since export income was declared and refund claimed, the exemption is not available. Issuance of notices under section 114(4) is in accordance with law as both conditions of income and property are satisfied. Hence, there is no incorrect exercise of authority and no maladministration. It is also submitted that the complainant claimed refund of Rs.4,643/- in T.Y 2025. By filing return and claiming refund, he voluntarily invoked the jurisdiction of tax authorities. Travel documents and IRIS screenshots prove physical presence abroad but do not negate Pakistan-source income or property ownership. Accordingly, the department has acted in accordance with the Ordinance and no maladministration as defined under the FTO Ordinance, 2000, has occurred.

4. During the course of hearing, the Complainant reiterated the stance taken in the complaint. But neither the departmental representative attended the hearing proceedings nor any request for adjournment was received.

5. Argument heard and available record perused.

FINDINGS:

6. The complainant remained outside Pakistan from 2009 to 2022 and was thus a "Non-Resident" under section 82 of the Ordinance. A non-resident is taxable only on Pakistan-source income under section 11(6) of the Ordinance. No Pakistan-source income for the said period i.e. Tax Years 2009 to 2022 has been shown by the department. Section 115(3)(d) of the Ordinance further exempts a non-resident from filing return merely on account of owning property. Reliance by the department on return filed for Tax Year 2025 cannot create liability for earlier years unless there is irrefutable evidence which Deptt failed to prove. Therefore, issuance of notices under section 114(4) of the Ordinance without establishing Pakistan-source income tantamounts to maladministration in terms of section 2(3)(ii) of the FTO Ordinance.

Federal Tax Ombudsman Secretariat HQs
FTO
Islamabad

RECOMMENDATIONS:

7. FBR to direct:

(i) the Commissioner-IR, Zone-III, RTO-I, Karachi to withdraw notices u/s 114(4) of the Ordinance for Tax Years 2009 to 2022 and also update IRIS status as "Non-Resident" for the said years on the basis of facts of the case; and

(ii) report compliance within 30 days.

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: 14 JUL 2026

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