THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NO.28164/KHI/IT/2025

Dated: 09.11.2025* RO, Karachi
(Tax Year 2018)

Mr. Muhammad Asif Baloch ...Complainant
Registration # 4220197083857
88/2A Askari V Malir Cantt.
Karachi

Versus

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

Dealing Officer	:	Mr. Syedain Raza Zaidi, Advisor
Appraised by	:	Mr. Khalid Javed, Advisor
Authorized Representative	:	Mr. Muhammad Zahid Akhtar, ITP
Departmental Representative	:	Nemo

Federal Tax Ombudsman FTO Islamabad

FINDINGS

The complaint has been filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against issuance of recovery/demand notice under Sections 138 and 140 of the Income Tax Ordinance, 2001 by the Commissioner, Income Tax Zone-I, RTO-II, Karachi.

2. Brief facts of the case are that the Complainant is a non-resident Pakistani, currently residing in USA. He has been working abroad since 2012. The complainant contended that he had no source of local income in Pakistan prior to 2021, when he rented out his property. He further stated that he has been regularly filing his income tax returns each year and has been paying tax on the rental income earned in Pakistan. The complainant also asserted that he had provided proof of his job in USA, Salary Certificate and bank

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* Date of registration with FTO Secretariat

statements as evidence of foreign remittances. However, despite furnishing the requisite information, the FBR ignored his submissions, and he recently received an email dated 05.11.2025 directing him to pay the outstanding tax liability within seven days. He added that although notices were issued in 2024 requiring him to appear in person and provide supporting documents, he was unaware of such notices as he did not receive any of the emails in his inbox. The Complainant has, therefore, filed the instant complaint with the request that he may be protected from coercive recovery proceedings.

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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-I, RTO-II, Karachi submitted parawise comments dated 12.11.2025 stated that the taxpayer's complaint had been carefully examined in the light of the record available in IRIS. A show-cause notice under Section 122(9) was duly issued on 15.07.2019 requiring the taxpayer to substantiate the declared foreign remittance of Rs.13,220,000/- with verifiable documentary evidence. However, despite clear directions, no PRCs, bank statements, SWIFT transactions proofs, salary certificates, or reconciliations were ever submitted by the taxpayer. Further multiple opportunities were afforded through adjournments and reminders from 2019 to 2023. The only reply furnished was the brief narrative dated 19.01.2020, which contained no supporting documents and did not satisfy the requirements of the show-cause notice. The taxpayer therefore failed to discharge the statutory burden of proof. Resultantly, the Department amended deemed order under Section 122(1) on 21.12.2023. The unverified

remittance was accordingly treated as unexplained income under Section 111(1)(b), and a tax demand of Rs.3,846,500/- was created strictly in accordance with law. The Department stated that the Complainant has already filed an appeal before the Commissioner Inland Revenue (Appeals), which is presently pending adjudication. Thus, the matter is sub-judice before the Appellate authority and appropriate remedies are available to the taxpayer under the statutory framework. Recovery proceedings were initiated only after the order attained enforceability. Under the proviso to Section 140(1), suspension of recovery requires mandatory deposit of ten percent of the disputed demand. As the taxpayer has not fulfilled this statutory condition, recovery could not be withheld and is proceeding strictly in accordance with Sections 138 and 140 of the Ordinance. The taxpayer's assertion that notices were not received is factually incorrect. All notices, reminders and correspondences were duly issued through IRIS which constitutes valid service under the Income Tax Ordinance, 2001. The record clearly demonstrates that ample opportunities were provided. The allegation that the Department ignored replies is unfounded. No documentary evidence was ever uploaded in IRIS or produced before the assessing officer. Only narrative submissions were made, which were insufficient to verify the exempt income claim. The Department concluded that they have acted strictly in accordance with law, adhered to principles of natural justice, and finalized the proceedings after granting multiple opportunities. Recovery is being regulated strictly under statutory provisos and shall remain subject to any lawful order passed by the Commissioner (Appeals) or any competent forum.

4. Hearing notices were issued. However, the Department did not attend the proceedings. Available record perused.

5. The perusal of record reveals that Department passed an exparte order under Section 122(1) on 21.12.2023 on account of alleged failure of the Complainant to file proof of foreign remittances. However, it is observed here that the Complainant has overvehemently argued that he sent all remittances through SWIFT system and that he submitted all the requisite documents. Further the Complainant has filed appeal before the Commissioner (Appeals) which is still pending. Resultantly, the issue at hand is subjudice before the Appellate authority and jurisdiction of this Forum is ousted in terms of provision of Section 9(2)(a) of the FTO Ordinance. Further investigation proceedings are closed.

6. In view of the circumstances of the case, the Commissioner (Appeals) is advised to dispose of the pending appeal on merit, so that Complainant's case may arrive at some conclusion. The complaint is disposed of, in above given terms.

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: 12 JAN 2026

Federal Tax Ombudsman FTO Islamabad