

**THE FEDERAL TAX OMBUDSMAN  
ISLAMABAD**

**COMPLAINT No.0067/OM/2023**

Dated: 11.08.2023\* HQ, Islamabad

The Secretary,  
Revenue Division,  
Islamabad.

... Respondent

Dealing Officer	:	Dr. Khalil Ahmad, Advisor
Appraised by	:	Mr. Muhammad Tanvir Akhtar, Advisor
Departmental Representatives	:	(i) Mr. Muhammad Bilal, Addl. CIR
	:	(ii) Mr. Mashooq Hussain, IRO, RTO, Multan

**FINDINGS / RECOMMENDATIONS**

Own Motion investigation was initiated by FTO Secretariat, Islamabad under Section 9(1) of the FTO Ordinance, 2000 on discrepancies and deficiencies in SRO 1267(I)/2022 dated 01.08.2022 being lopsided and deficient and consequently creating hurdles in transparent, across the board smooth implementation of tax laws in the real estate sector. Apart from considerable loss of revenue, FBR's inattention and ineptitude on this account leave the field wide open to the whims & wishes of provincial and FBR's field staff.

2. Certain specific anomalies identified in the said SRO were conveyed to CCIR, RTO, Multan.

3. Report was called for from CCIR, RTO, Multan vide letter dated 15.08.2023. In response thereto, the Chief Commissioner-IR, RTO Multan submitted annotated reply vide letter dated 30.09.2023 which is reproduced hereunder.

\* Date of registration with FTO Secretariat

S.No.	Allegations								Reply/comments
1	<p>The Hon'ble Federal Tax Ombudsman, exercising Own Motions Jurisdiction/power under section 3(1) of the Federal Tax Ombudsman Ordinance, 2000 has taken cognizance of various inconsistencies, infirmities and deficiencies contained in SRO No. 1267(1)/2022 dated 01.08.2022 for District Multan. The SRO reflects the following glaring discrepancies:</p> <p>1. The instant SRO does not reflect consistency in relating to the unit of measurement for agriculture category. At some places, the rate is notified @per Acre, while at other places, the rate is determined on Marlas basis. The relevant portion of table the SRO is as below: -</p>								<p>Admitted- to the extent that at same places, the rate is notified as per acre of agricultural while at other place the rate is determined on marla basis.</p> <p>However, it is pertinent to mention here that this discrepancy is done due to the purely agricultural, presently the status of which residential colonies reported by area concerned area patwari</p>
	S.#	Tehsil	Revenue circle	Property area	Classification	Location	Unit of measurement	Value of property	
	33	Multan	Makhdoom Rasheed	Gul Muhammad wala	Agricultural	Open	Acre	7,020,000	
	39	Multan	Nawabpur	Bahadur Pur	Agricultural	Open	Acre	22,545,000	
	40	Multan	Bili Wala	Adda Bili Wala	Agricultural	Open	Acre	8,050,000	
	82	Multan	17-Kasi	Mouza Nai Wala	Agricultural	Open	Acre	15,025,000	
	122	Multan	Budhla Road / Adjacent Abades (Mouza Nai wala)	Budhla Road / Adjacent Abades (Mouza Nai wala)	Agricultural	Open	Acre	9,030,000	



S.#	Allegations	Reply/Comments
2	While investigating complaint No.0032/LH/IT/2023 dated 2 <sup>nd</sup> January, 2023 (wherein order was made on 5 <sup>th</sup> April, 2023) FTO has observed some irreconcilable infirmities and discrepancies in the valuation regime of FBR plagued with said pitfalls FBR 's Valuation Regime remains discriminatory, lopsided, deficient and non-transparent FTO's house study reveals that the while regime is infested with same hiccups	DC rates for the valuation of immovable properties have been revised by including various new identified colonies housing schemes by District Revenue Authority and the notification applicable for the year 2023-24 is in operation.
3	Therefore, in view of above the Hon'ble Federal Tax Ombudsman, exercising OWN MOTION jurisdiction/power under section 9(1) of the Federal Tax Ombudsman Ordinance, 2000 has taken cognizance of various inconsistencies, infirmities and deficiencies contained in SRO No.1267(1)/2022 dated 1 <sup>st</sup> August 2022 in respect of District Multan. The said SRO reflects the following glaring discrepancies.	As discussed below: -
3(i)	RO 1267 contains innumerable and misleading typing mistakes which not only create confusion: application thereof can play havoc with revenue and the taxpayers S.NO.7,8,9,10,13,14,15 and 16 of the table highlight the lapse. The whole SRO is infested with such mistakes.	The typing mistakes pointed out will be corrected in notification applicable for the year 2024.
3(ii)	Multan Development Authority (MDA) has launched a number of housing development schemes: like Fatima Jinnah Town Phase-I & II, Multan Model Town, Shah Rukne Alam I & II, Lodhi colony, New Qasimpur Colony, Tughlaq Town and New Shah Shams housing scheme, valuation of these well provided and organized housing schemes cannot be equated with unplanned properties of the surrounding locations.	Not Admitted- that the valuation of MDA developed societies is more than the surrounding small less developed colonies. The valuation of MDA and other societies are properly evaluated by collecting data/information through experienced officials of the revenue Authority and after various meeting valuations are finalized. Therefore, rate of MDA well developed societies and other small societies are correct.
3(iii)	There is a mushroom growth of private housing schemes at Multan. Details at (Flag-A) societies and all these housing schemes maintain regular websites and display the	Not Admitted- that the valuation of properties is controlled and applied through the rates mentioned in notification issued by the Revenue Authority and

S.#	Allegations	Reply/Comments
	prices of plots fixed by sponsors. Valuation of properties in all housing schemes is entirely different from the general valuation of surrounding locations and revenue circles.	considering the FBR rates. The rates given on web sites could not be based for registration or transfer of properties as the offer rate and accepted rate varies.
3(iv)	From time-to-time MDA auctions commercial plots in the schemes developed by authority. Detail of one such auction is enclosed (Flag-B) while notifying valuation of similar properties in the same location this yardstick cannot be ignored. No such effort seems to have been made while finalizing SRO 1267.	Not Admitted- That the rates of SRO/Notification of immovable properties could not be based in auctioned properties. The value of auctioned properties are determined and taken a higher value given by the successfully auctioneers.
3(v)	The SRO misses out valuation of latest mega housing venture at Multan. Defence Housing Authority Multan (DHA, Multan) located on Bosan Road, Near Bahauddin Zakariya University, Multan. The instant SRO provides valuation of properties located on Bosan Road, however the valuation of societies like DHA is altogether different from the valuation of property located outside DHA.	Not Admitted-he valuation of DHA properties exactly differ with the valuation of outside DHA properties situated at Bosan Road and its surrounding areas due to quality of developments. DHA is well organized and high-quality developed area than the surrounding Bosan Road, areas. Therefore, difference in valuation will remain usual. The discrepancies are not removable and are not liable to be correct.
3(vi)	The referred SRO is silent about the built-up structures and superstructures.	No Comments
3(vii)	The SRO is also silent about the valuation of apartments located in towers and high-rise projects. Similarly, Askari-3, a developed project of DHA, Multan located in DHA Multan needs special attention-	No comments

4. The current valuation process of immovable properties is being carried out by the tax functionaries under the agenda of taxation reform namely Pakistan Raises Revenue Projects (PRRO) on the instructions of World Bank to develop uniform valuation table of immovable properties. It is an ongoing process and is to be revisited periodically by the respective RTOs. Board notified SRO 334(I)/2022 dated 2<sup>nd</sup> March 2022 on the basis of recommendations made by the respective RTOs.

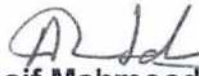
5. Comments offered by the CCIR, RTO, Multan with regard to



the allegations / observations conveyed have been considered. Some of the deficiencies pointed out have been admitted with the commitment to make necessary corrections. However, observations 3(ii), (iii), (iv) & (v) have not been appreciated in the right earnest. Instead of making the deficiencies good, an evasive explanation has been offered in the comments. No comments have been offered with regard to observation 3(vi & vii). The deficiencies pointed out are relevant. The valuation table must include the cost of built-up structure. The housing schemes in posh areas may be valued on real time basis. The rates proposed by the RTO, Multan have been found defective / deficient with regard to under valuation of properties viz-a-viz prevailing market rates. Clear demarcation of residential / commercial / agricultural properties is missing. Certain residential schemes announced by real estate developers have not been included in the valuation table. This fact has been admitted by the RTO as well and the RTO has committed to take care of these deficiencies in the next valuation table to be proposed to the FBR for its notification.

**RECOMMENDATIONS:**

6. FBR is directed to ensure that;
- (i) FBR Policy Wing (IR), FBR, Islamabad and CCIR, RTO, Multan to revisit the valuation tables to remove the deficiencies / inconsistencies pointed out as has been committed by RTO, Multan.

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

Dated: 11/10/2023

Akrif

Approved for reporting

  
Director  
FTO Secretariat  
Islamabad