

**THE FEDERAL TAX OMBUDSMAN  
ISLAMABAD**

**Complaint. No. 3899/PWR/IT/2022**

Dated: 01.09.2022\* R.O. Peshawar

**Mr. Farman Ullah Jan,**

House No.2216/177, Mohallah Mina Khel,  
Near Old PTCL Exchange, Lakki Marwat.

... Complainant

**V e r s u s**

The Secretary  
Revenue Division  
Islamabad.

... Respondent

Dealing Officer	:	Mr. Ziauddin Wazir, Advisor
Appraisal by	:	Muhammad Tanvir Akhtar, Advisor
Authorized Representative	:	Mr. Farman Ullah Jan, Complainant
Departmental Representative	:	Mr. Yasir Nabi, DCIR, RTO, Peshawar.

**FINDINGS/RECOMMENDATION**

The complaint has been filed under Section 10 (1) of the Federal Tax Ombudsman, Ordinance, 2000 (FTO Ordinance) against RTO, Peshawar regarding notices of alleged receipt of huge supplies of sugar in his tax profile.

2. The facts of the case are that the Complainant received notice showing huge supplies of sugar by M/s Chashma Sugar Mills and M/s Tandllanwala Sugar Mills. The complainant runs a small medical store in Lakki Marwat, therefore, he submitted an affidavit denying huge supplies amounting to Rs: 13,590,642/- RTO, Peshawar instead of conducting proper investigation, issued notice to complainant to amend his return. He prayed for directions to FBR to carry out investigation of the two sugar mills showing fake supplies to complainant, misusing his identity card.

3. The Complaint was referred to Secretary Revenue Division for departmental reply/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 thereto, the Chief Commissioner IR, RTO Peshawar vide letter No.473 dated 23.09.202 submitted report, reproduced below:

"Comments in the subject case are furnished as desired;-

S.No	Allegation leveled	Reply/comments
1	Sir I have received a Show Cause notice titles 122(9) (Notice to amend assessment) from Assistant/Deputy Commissioner Inland Revenue, Unit-43, Range-1, zone DI Khan dated 02-03-2022 attached here with as "A"	Correct to the extent of record.
2	Sir when I read it I got shocked because I have seen first time such a huge amount with my name. In the notice I am blamed for which I cannot even think. In the notice narrated that you have purchased sugar amounting to Rs. 13,590,642/- from two sugar mills M/S Chashma Sugar Mills Limited and M/S Tandllanwala sugar mills Limited during the period from 01/07/2020 to 30/06/2021 which is less from the previous year return so you are directed to amend your assets accordingly.	Proceeding in the case has been initiated on the basis of definite information received that the taxpayer is engaged in sale/purchase of sugar (copy enclosed). Information u/s 176 has also been requisitioned from Sugar Mills, the reply of which is awaited (Notice u/s 176 enclosed).
3	That I have a small medical store in Lakki Marwat City (copy of Medical store License attached here as C(1-2) and a noble man of the society and you can also verify from the locality. Neither I nor my any blood relative ever alleged involved in the business of sugar. Sir I also submit an affidavit on stamp paper denied from the purchase of the sugar attached here with as "p". Sir I also submit my 144(1) (Return of Income) for the year 2020, 2021 attached as E(1 to 9) and my bank account statements (Jan-2019 to Dec-2021) attached here with as F(1 to 3). The information communicated to your high office is totally baseless and cheating. Sir the Commissioner said that we will inquire the matter thoroughly	Correct to the extent of documents produced, however as at Sr. No. 02 above, proceedings has been initiated under section 122(9) for action under section 122(5) of the Income Tax Ordinance, 2001.
4	Respected Sir again I received a Notice 14(Notice to file Form of Registration)Sales Tax) attached as "G"	Correct to the extent of record.

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5	<p>Sir, meanwhile I visited the said two sugar mills and asked for some documents about the matter but they said that we are selling sugar only to our three brokers and not to anyone else, if FBR office contact us then we will provide information/documents to them. Sir I visited the Jewey Malik Goods Transport Company DI Khan in this connection first of all they do not want to give some information but after some strong reference they handed over me 03 g through which the sugar is delivered attached here with as H(1 to 3). Sir in these documents I found the real culprit who cheated the system Mr. Usman Ullah Serai Naurang (CNIC No.11201-5512251-3 and Contact No. 0300-8156003) a main dealer of sugar in District Lakki Marwat who done these fraudulent transactions using my CNIC intentionally.</p>	Needs no comment.
6	<p>Sir I contacted to Mr. Usman Ullah at first, he denied and refused that he has not did such thing. Later on, when I give the, transport delivery documents then he committed and wants to patch the matter with the local elders but after few days he again refused. Sir again I visited some other Goods Transports Companies but at that time they said that Mr. Umsan Ullah instructed us that not to give any information about me to anyone.</p>	Needs no comment.
7	<p>Sir I visited the FBR office Bannu and share all the information with them and I nominated the real culprit to them with a reply and an affidavit in affidavit I nominated the cheater) attached here with as I (1-2) and J. The FBR office Bannu said that we will contact to Mr. Usman Ullah and cancel your notice.</p> <p>Sir on 07-May-2022 I received again the SHOW CAUSE NOTICE 122(9) (Notice to amend Assessments from Assistant Commissioner Inland Revenue Unit 43 Range – 1 Zone DI Khan Region attached here with as "K".</p>	As at Sr.No. 02 above.

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8	<p>Then Sir I put an application to District Police Officer Lakki Marwat for trail against Mr. Usman Ullah for doing fraudulent transactions using my CNIC. The DPO marked my said application to concerned SHO police station copy of the said attached as L (1 to 3).</p> <p>Sir I handed over all the proves to the FBR office Bannu, now they said that they will inquire the delivery of the sugar then we will cancel the Show Cause notice against you. Sir I also submitted an online reply attached as "M</p>	As at Sr.No. 05 above.
9	<p>Sir the said FBR office send me another SHOW CAUSE NOTICE dated 15-07-20 attached here with as "N".</p> <p>Sir I visited the Assistant/Deputy Commissioner Inland Revenue, Unit-43, Range-1, zone DI Khan Bannu and once again handed over all the relevant documents, but the commissioner said to me that, bring proves from concerned sugar mills that the sugar not purchased by you. Sir I replied that I visited to sugar mills but they were not in the position to share any type of data with me. Sir I requested to the Commissioner that please write a letter to the concerned sugar for the record, purchase and delivery of the sugar, but he denied to do so.</p>	The matter of verification is under process and the proceeding will be finalized as per law on receipt of verification from Sugar Mills.
10	Sir the said office sending me notices again and again and I am submitting prov but they are neither in the position to cancel my wrong notice nor considering r replies, explanations and proves.	As at Sr.No. 09 above.
11	Respected Sir I have been physically suffered a lot and mentally tortured, so it requested in your honor that the concerned staff may please be instructed to inquire the matter thoroughly, cancel my notice and start legal trail against Mr. Usman Ullah the real culprit or give me some directions for acquittal from the notice.	As at Sr.No. 09 above.

In view of the above, it is prayed that the verification is under process and the case will be decided in accordance with the law; therefore no



maladministration has been committed on part of FBR, hence, the complaint of the taxpayer merits rejection and may please be rejected, accordingly”.

4. The case was fixed for hearing on 04.10.2022. Mr. Farman Ullah Jan, the Complainant and Mr. Yasir Nabi, DCIR (DR) attended on behalf of the Department. Complainant informed that he is engaged in sale of medicines at small scale. Monthly rent of his medical store is Rs:8000/-.He was shocked to receive notice from RTO, Peshawar showing Rs: 13.590 million supply from M/s Chashma Sugar Mills and Tandllanwala Sugar Mills Limited. He submitted affidavit to concerned income tax officer, disowning the receipt of supplies. He also submitted bank statements showing his turn over and financial position. Meanwhile, complainant received another notice from RTO, Peshawar for registration under Sales Tax Act, 1990. The complainant also informed about a person namely, Mr. Usman Ullah, Serai Naurang (CNIC-11201-5512251-3) who is main dealer of sugar in Lakki Marwat. Actually Complainat's CNIC is being misused by the aforesaid person, reporting huge supplies of sugar to him from manufacturers i.e. M/s Chashma Sugar Mills and M/s Tandllanwala Sugar Mills. The complainant has shared all information regarding the alleged supplies with concerned officers of RTO, Peshawar, however, no action is taken against the real culprit. He prayed to direct RTO, Peshawar to conduct investigation from concerned Sugar Mills, instead of issuing notices to complainant.

5. DR also showed concern over alleged misuse of complainant's ID card and promised that the whole matter will be brought in notice of HQ office. He also informed that Chashma Sugar Mills falls in jurisdiction of Commissioner, Corporate Zone, Peshawar. It should have been investigated by Corporate Sector. As regard Tandllanwala Sugar Mills, the same falls in jurisdiction of LTO, Lahore. The complaint and RTO's Peshawar's comments are accordingly

forwarded to Chief Commissioner, Lahore to send his report. His report C.No.LTO/HQ/F-18C(FTO)/2022/45-70 dated 14.10.2022 is only an interim response.

**FINDINGS:-**

5. Complainant & DR heard. Record perused. The complainant has disowned the quantity of supplies of sugar, amounting to Rs:13.590 Million, made to him by the following two registered persons:

- (i) M/s Chashma Sugar Mills, D.I.Khan, registered in RTO, Peshawar.
- (ii) M/s Tandllanwala Sugar Mills Ltd, registered in LTO, Lahore

The above persons have shown supplies in their annexure-c at the time of filing Sales Tax return. The complainant submitted an affidavit to RTO, Peshawar denying receipt of supplies from the above sugar mills. He also submitted bank statements to concerned ITO, substantiating his turnover and financial position, requesting to drop proceedings u/s 122 (9) of ITO, 2001. The complainant also submitted copies of relevant transport documents showing supplies from M/s Chashma Sugar Mills, allegedly using complainant's ID. Thus far no meaningful investigation has been conducted either by RTO Peshawar or LTO Lahore. Instead of investigating alleged fake supplies by sugar mills and dubious role of a Sugar Dealer i.e. Mr. Usman Ullah, RTO, Peshawar has issuing show cause notices to complainant. The arbitrary, whimsical action coupled with inattention and ineptitude on part of RTO's, Peshawar tantamount to maladministration as defined under Section 2 (3) (i)(b)(c) & (ii) of FTO, Ordinance, 2000.

6. M/s Tandllanwala Sugar Mills fall in jurisdiction of LTO, Lahore. Chief Commissioner, LTO, Lahore has reportedly issued notice under Section 176 to the concerned sugar mills. This office has



previously in identical case in complainant No.2100/ABD/IT/2022 dated 31.05.2022 R.O, Abbottabad, get the matter of fake supplies of cement referred to Director General I&I (IR) for detailed investigation.

**RECOMMENDATION:-**

7. FBR to direct:-

- (i) Director General I&I (IR) to conduct incisive investigation regarding allegations leveled & surfaced during the instant complaint; especially with reference to M/s Chashma Sugar Mills, Peshawar, M/s Tandllanwala Sugar Mills, Lahore and alleged conduct of Mr. Usman Ullah, main dealer of sugar in District, Lakki Marwat;
- (ii) Directorates of I&I to conduct similar exercises in their respective jurisdictions with reference to high turnover sectors like Cement, Sugar, Steel, Cigarette, Beverages and Fertilizers;
- (iii) RTO, Peshawar and LTO, Lahore to take corrective measures, as deemed appropriate, to redress complainant's grievance in light of findings of investigation; and
- (iv) Report compliance within 60 days.

**(Dr. Asir manmood Jah)**

(Hilal-i-Imtiaz) (Sitara-i-Imtiaz)

Federal Tax Ombudsman

Dated: 22/11/2022

*Approved for reporting*