



# Federal Tax Ombudsman Newsletter

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### Hon'ble FTO's address at MTBA

## Refunds, a major irritant for the business community - Hon'ble FTO

**H**on'ble Federal Tax Ombudsman (FTO) Mr. Mushtaq Ahmad Sukhera during his address to Multan Tax Bar Association (MTBA) said that FTO Secretariat has been mandated to protect the rights of taxpayers through efficient, cost and hassle free services by providing relief against mal-administration of tax functionaries of FBR. Timely payment of refunds is one of the major irritants for the business community as it affects the liquidity of running their business, he added.

He said that we are trying to resolve issue of pending refunds of business community by directing the FBR to settle refunds promptly. He emphasized that we need to cultivate and promote tax culture to strengthen the economy. He expressed with dismay that Pakistan has lower tax to GDP ratio than many least developed countries due to lack of tax culture hence nobody is ready to pay taxes voluntarily in Pakistan. Pakistanis never adopted tax culture and there are many

Our neighbouring country India has its tax to GDP ratio almost at 18 % as compared to Pakistan which has been able to achieve 12 % tax to GDP ratio. Although we have touched Rs. 4000 billion annual tax collection, yet there is still lot of room for improvement of national economy through revamping tax system. He said that we need to boost the tax collection for the advancement of our country.

The Hon'ble FTO informed that we have asked FBR to simplify the tax returns procedure that people could pay their taxes easily without any assistance. Simplifying Tax Returns will also turnaround the tax base of country because there are a large number of people who want to file their returns conveniently without any help of tax consultants.



## Editors' Note

**W**e are delighted to introduce this first edition of the issue of a quarterly publication of Federal Tax Ombudsman (FTO). We intend to make it a regular publication and to use it to keep all the stakeholders i.e. Taxpayers, Federal Board of Revenue, Chambers of Commerce & Industry, Trade Associations, and Tax Bars Associations abreast with latest news and developments, in relation to the FTO's relief providing



mechanism. In this and future editions, this quarterly journal will be reporting about the performance, achievements and future plans of the Institution of FTO. We shall also seek focused contributions from FBR, CC&I, TBAs and existing and prospective taxpayers relating to the mutual areas of interest to all. By doing so we intend to develop FTO's E-Newsletter as a common sharing platform for highlighting burning issues of concerns to taxpayers and the role of FTO and FBR in resolving the same.

E-Newsletter would also dedicate a section to our readers to give their suggestions for resolving the issues of national importance, for example, possibility and as to how to achieve the goal of doubling the tax collection in line with the resolve of the PTI's government and bringing about the administrative reforms within the FBR and FTO

secretariat to achieve this goal.

Being a relief providing organization we also view the creation of our own E-Newsletter as an opportunity to supplement our efforts in line with our obligation and mandate. It will also be exciting to evaluate how our readers are engaging with our content as we go along. Thus, we will welcome any feedback and will seek to continuously improve with each successive issue of the Newsletter.

Please feel free to forward this Newsletter to your friends. You can subscribe through the link below. If you have any questions, suggestions, or concerns, please address them to the Editors-in-Chief at [secretary@fto.gov.pk](mailto:secretary@fto.gov.pk) or Editor at [ahzam\\_55@yahoo.com](mailto:ahzam_55@yahoo.com) and to Manager Media at [media@fto.gov.pk](mailto:media@fto.gov.pk)

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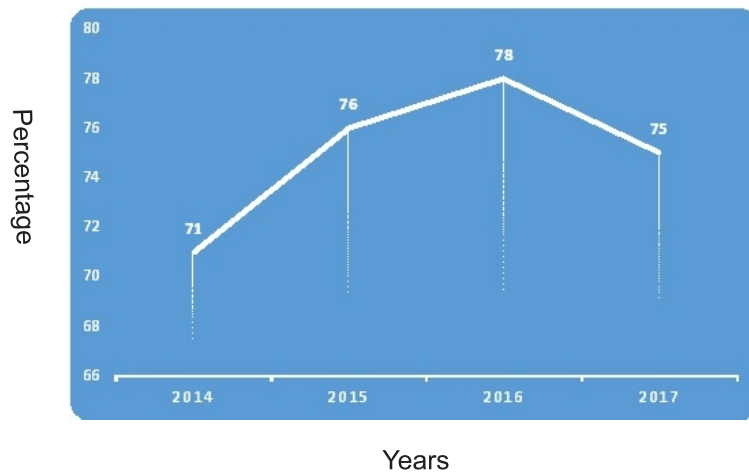


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## Performance Review 2017

The graph and data below show performance of FTO's relief providing mechanism in relation to complaints decided in favour of complainants. The Daily Times of April 15, 2018, is of the view that the trend of decisions in favour of the complainants since 2011 indicates that the complaints of taxpayers are generally based upon facts and their dissatisfaction and discontentment from the tax-collectors is not without reason.

### Percentage of Cases Decided in Complainants' Favour



### Complaints (Receipt & Disposal)

Year	Receipts	Disposal
2017	1858	1860
2016	1768	1807

### Recommendations Accepted

2017	1638
2016	1515

### Recommendations Implemented

2017	1669
2016	1684

## Our Mandate

Diagnose, investigate, redress and rectify any injustice done to a person through maladministration by functionaries administering federal tax laws.

### What We Can't DO

**W**e cannot entertain complaint about :

- \*Matters that are sub-judice
- \*External Affairs
- \*Defence matters
- \*Service matters

### What We Can't DO

**W**e resolve complaints and provide relief to the public by carrying out independent investigations into complaints about Tax Maladministration. We work to put things right and share lessons learned and help improve public services as a result. Our independent complaints handling service is free and open to everyone.

### Social Media Campaign of FTO Office

**F**ederal Tax Ombudsman Secretariat has launched an Awareness and Advocacy campaign to reaching out to every taxpayer to provide them awareness about mandate and services of FTO's relief providing mechanism. Initially a work plan has been worked out to increase the presence of FTO Office activities on social media. To meet this objective Facebook & LinkedIn pages and twitter handle has been created. Their links are placed on the official webpage of FTO Office.

An quarterly electronic newsletter will be sent to the taxpayers and other stake holders. SMS to be sent to the taxpayers on weekly basis. These initial activities along with future planning will surely increase the awareness level of taxpayers. It will directly lead to increase the existing number of complaints. and indirectly broaden the tax net by building the confidence of taxpayers in the system.



## Outreach and Awareness Activities

### FTO's Outreach Campaign

**D**uring period from June - September 2018 total twelve outreach sessions were conducted by teams consisting of senior officers of FTO Head / Regional Offices at the following venues:

- Anjuman-e-Tajran Loha market, Multan on 26-09-2018
- Islamabad Chamber of Commerce and Industry on 24-09-2018
- Chiniot Tax Bar Association (CTBA) Faisalabad on 13-09-2018
- Institute of Chartered Accountants of Pakistan (Lahore) on 5-09-2018
- Jhang Tax Bar Association on 30-08-2018
- Tax Bar Association Rawalpindi on 30-08-2018
- Nooriabad Executive Club of Trade and Industry Karachi on 29-08-2018
- FTO RO Office Peshawar on 16-08-2018
- Tax Bar Association and Business Community Khanewal on 10-08-2018
- Chamber of Traders Tanneries Association Kasur on 08-08-2018
- Importers/Clearing agents Association, at Islamabad Office on 02-07-2018
- Sheikhpura Chamber of Commerce and Industry on 20-06-2018

Objective of the outreach campaign was to create Awareness about FTO Relief Providing Mechanism, the role of Hon'ble FTO in ensuring speedy and free of cost justice, the important areas of mal-administration of tax authorities and the procedure of filling of complaints and their investigation, review, representation, recommendation and implementation.

The common feedback from the participants from the above organisations as compiled is depicted below:

- Public awareness campaign should be launched through all modes of media.
- Introduction of rational and creditable tax collection system, development of strict mechanism to prevent injudicious exercise of discretionary powers of FBR functionaries
- Raised concerns about unlawful freezing of bank accounts by tax authorities.
- Protection of complainants' rights after FTO recommendations.
- Use of suo moto powers of Hon'ble FTO for strengthening of taxation system.
- Participants complained about non-implementation of FTO's recommendations by the FBR.
- Sudden raids by the FBR officials must come to an end.

The workshops were followed by interactive question and answer sessions. The participants were appreciative of the detailed and satisfactory responses from the officers of the FTO office. The overall feedback indicated above provided justification of the outreach campaign for its continuation with further refinement.



Hon'ble FTO's Visit to Korangi Association of Trade & Industry as part of outreach campaign

### FTO Reduces Time For Deciding Cases

Tariq Ahad Nawaz

**F**ederal Tax Ombudsman (FTO) has increased the speed of processing complaints against tax officials for providing quick relief to the complainants. The time of deciding a case has been reduced from 46 days to 40 days in one year and any taxpayer can submit his complaint free of cost, said Tariq Ahad Nawaz, Adviser FTO.

He said this while addressing a Seminar at Rawalpindi Islamabad Tax Bar Association (RITBA). Syed Tanseer Bukhari, Chairman Bar and Bench Coordination Committee RITBA conducted the seminar while SVP Faraz Fazal Sheikh, VP Ch. Naeemul Haq, GS Zahid Shafique, JS Sofia Akhtar, FS Safer Ahmed and others were also present at the occasion.

During question and answer session, Syed Muhammad Abbas Advocate said tax officials have no regard or respect for the directives of FTO. He said that if FTO's help is sought against maladministration, it often results in more harassment by the tax officials.

On this, Tariq Ahad Nawaz assured that FTO will take notice of maladministration by tax officials and we will try our best to protect the taxpayers.

### FTO Offers Swift Relief Against Complaints – Saleem Raza Asif

**A**dvisor to Federal Tax Ombudsman Saleem Raza Asif, while addressing a ceremony of Tax Bar Association of Multan, said that FTO is offering legal assistance and other facilities to complainants for redressing their grievances. The complaints are decided within 45 days and taxpayers could submit their complaints without any fee. He claimed that it is a swift forum for resolving complaints related to tax.

He added that Amnesty International had termed it a role model. He also suggested taxpayers to extend suggestion in consultation with public representatives so that legislation could be improved further.

President Tax Bar Khaniwal Chaudhry Zakaullah, lawyers and other officials of Income Tax Department were also present at the occasion.

## Our Vision

Eliminating tax maladministration and helping taxpayers receive the highest level of service and respect.



## Hon'ble FTO's Directives

### Exporters' Complaints to be Resolved on Priority Basis - Hon'ble FTO

**H**on'ble Federal Tax Ombudsman (FTO) Mushtaq Ahmed Sukhera has stressed the need to further improve tax payment and collection systems to provide maximum relief to exporters and the public. He said that the Federal Board of Revenue (FBR) should remove hurdles in the way of national exports by reducing the prolonged pendency of the customs, income tax and sales tax refunds claims. He stated this while addressing a meeting of exporters at the Sialkot Chamber of Commerce and Industry (SCCI) on Thursday. Hon'ble FTO added that the FBR should ensure early payment of duty drawback, income tax and sales tax refunds claims to ensure smooth flow of cash in the industry. He assured the exporters that their tax-related problems would be resolved on priority.

### Hon'ble FTO Issues Directives For Controlling Smuggling In Balochistan

**H**on'ble FTO take cognizance of two (2) Own Motion case Nos. 0003/OM/2018 and 0004/OM/2018 regarding 'Illegal Sales of Iranian Diesel & Petrol and Illegal Outlets for Sale of Non Duty Paid Smuggled Vehicles' in Baluchistan during Monthly Progress Review Meeting held under his chairmanship on 5th September, 2018. It was informed that necessary steps in the light of Hon'ble FTO's directives/guidelines given in the previous MPR meetings are being taken up with the concerned departments i.e. Police, Customs Intelligence, Federal Constabulary and Maritime Security Agency etc. to curb the smuggling of Iranian diesel & petrol and sale of Non Custom Paid smuggled vehicles. However, up to the mark success has not been achieved in this regard due to non-availability of human and physical resources, with the Customs Department. A threadbare discussion took place to arrive at a strategy to control the menace of smuggling in Baluchistan. Hon'ble FTO delineated a number of suggestions/remedial measures with the directive to take required steps accordingly in coordination/consultation with the departments/agencies concerned and a status report submitted to the Head Office before the next MPR meeting to be held during first week of October 2018.

### Hon'ble FTO Appreciates Reduction of Pending Complaints to Bare Minimum

**T**he Registrar presenting the progress on 'Implementation of 587 Recommendations' relating to the year 2016 and before highlighted that remaining two (2) recommendations pending for the year 2016 and before have been implemented during the month of August, 2018. While out of total seven (7) recommendations in cases pending for the year 2017 four (4) recommendations have been implemented.

The remaining three (3) recommendations in cases relating to Regional Office, Faisalabad will also be implemented by first week of September 2018.

The Hon'ble FTO was informed that **FTO's implementation of pending recommendations touches the all time high level of 93%** explained above all the pending recommendations to the tune of 587 for the years 2016 and before and 2017, have been implemented.

Hon'ble FTO appreciated the Advisors for their strenuous efforts and reduction of implementation cases to a bare minimum.

## Steps for Taxpayers Facilitation

### FBR launches application to let the taxpayers fill out returns in offline mode

**F**ederal Board of Revenue (FBR) has launched an application enabling taxpayers to prepare Income Tax Return and Wealth Statement without using Internet to resolve the connectivity issues often faced by the taxpayers.

The application allows the taxpayer / E-intermediary to prepare data related to Income Tax return and wealth Statement in Offline mode. This application will help taxpayers to prepare Income Tax Return and Wealth Statement without using internet which will overcome and resolve the issue of connectivity they face locally and during the peak hours. After preparing the statements in offline mode, the same can be uploaded to FBR's repository seamlessly.

### Member (Policy), FBR Tells the Root Cause of Low Tax Base to Senate Body

#### Cumbersome procedures discourage taxpayers from filing returns, says FBR official

**S**enate Standing Committee on Finance has finalized almost all of its recommendations with the notable change, inter-alia, to slightly lower the tax rates for higher income-earning individuals here on Tuesday, September 25, 2018.

A threadbare discussion took place in the Committee on the issue low number of returns filer viz-a-viz NTN holders and potential taxpayers. FBR's Member (Policy) Dr. Muhammad Iqbal testified before the committee that most people in Pakistan are likely to avoid filing tax returns even it yielded them monetary benefits. He said there are other reasons for non-filing, which mostly relate to cumbersome procedures and fear of harassment from tax officials. ("The Dawn" September 26, 2018)

## Our Values

Accessibility, Efficiency, Integrity, Objectivity, Transparency.









## SNAPSHOTS OF OUTREACH SESSIONS



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## Tax Ombudsman - As Vital As The Taxation System Itself

By Farman Nawaz (Published in Daily Times)

International organizations like World Bank and IMF always keep an eye on the taxation system and the malpractices in it while disbursing loan to any country. Broadening tax base, avoiding tax erosion and evasion and controlling malpractices in taxation system are the topics often found in the tax related publications available for download from the World Bank website.

'A Handbook for Tax Simplification' on the World Bank website briefly elaborates the question 'What is the role of the ombudsman in tackling corruption and addressing taxpayer complaints?' in its chapter 'Corruption and Tax Simplification' on page 171.

This document deems it necessary that there must be anticorruption institutions that can monitor the activities of tax administration and protect the rights of taxpayers. It states "institutional safeguards outside the tax administration include an independent and effective judiciary, external reviews by government agencies (such as independent external audits), taxpayer associations that strengthen citizens' voices, and independent grievance redressing institutions such as ombudsmen".

Transparency International pointed out cases of corruption in fiscal sector in Bangladesh. According to Daily Financial Express of Bangladesh the World Bank, had long been pressuring the Bangladeshi government to appoint the Tax Ombudsman and had suspended US\$ 200 million of the Development Credit Support during June - July 2005 for the government's failure to appoint a Tax Ombudsman in time. The Bangladeshi government took hurried steps to enact the Tax-Ombudsman Act in July 2005.

A document 'Handbook on Dispute Avoidance And Resolution' on the United Nations website presents review of the practices of Tax Administration and Tax Ombudsman in its member countries.

The importance of independent Tax Ombudsman is narrated in this document by citing the article 75 of Tax Code Model of Inter-American Center of Tax Administrations (CIAT) which states "The entity of Taxpayers Defender shall be created in the form of a public entity independent from the Tax Administration, in order to guarantee the timely assistance, respect for the rights of the taxpayers and customs users and fair assistance and processes in Tax Administration performance of their legal functions".

Similarly an article 'How Can an Excessive Volume of Tax Disputes Be Dealt With?' on the legal department of IMF website elaborates the need of Tax Ombudsman.

The above-mentioned instances stress for having an independent organization to monitor the tax authorities for mal-administration. However if Tax Ombudsman office is going to be of value, the taxpayers have to know about its role and mandate.

Federal Tax Ombudsman Secretariat at Islamabad has started Public Awareness and Advocacy Project to reach to existing and prospective taxpayers. The objective is to inform them about the free of cost Complaint Redressal System. The FTO's relief providing mechanism is a preferred complaint redressal option for the aggrieved existing and prospective tax payers considering the following merits: Free of Cost, fast (complaints are decided within 60 days), citizens friendly, congenial and reformatory rather than adversarial, aggrieved parties are not required to hire counsels for pleading their cases before the Tax Ombudsman, there is a stipulated time frame for disposal of cases filed with FTO Offices. Hence, complainants are not subjected to suffer indefinitely as is the case with formal judicial system, the FBR or its lower offices against whom the order is passed by the FTO has only one appeal to the President of Pakistan, as against the opportunity of filing multiple appeals in the higher courts in formal judicial system and the complainants do not fall prey to adjournments of hearings as the cases are decided promptly in a few hearings.

### Tax Ombudsman Offices in Pakistan

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**H**on'ble Federal Tax Ombudsman Mr. Mushtaq Ahmed Sukhera, former IG, Police, Punjab, retired from service on April 11, 2017 after serving for more than three decades in the Police Service of Pakistan (PSP). He was appointed Federal Tax Ombudsman (FTO) on September 5, 2017. His Excellency the President of Pakistan administered the oath of office of Federal tax Ombudsman (FTO) to Mr. Mushtaq Ahmad Sukhera.

Hon'ble FTO joined PSP as an Assistant Superintendent of Police (ASP) in the year 1982. He graduated from the prestigious Government College, Lahore and obtained a LLB degree from the University of Punjab. He is a graduate of Civil Services Academy, National Police Academy and the National School of Public Policy. He has also successfully completed numerous professional courses within the country and abroad.

Hon'ble FTO has held strategic field, staff and training assignments, both within Pakistan and abroad. He has also served, with distinction, as the Chief of Discipline and Internal Investigation in the International Police Task Force (IPTF) of United Nations Mission in Bosnia and Herzegovina (UNMIBH). Mr. Mushtaq Ahmad Sukhera has been instrumental in developing pro-active, community oriented, technology based and intelligence led policing in Punjab.

As head of Punjab police major technology driven projects have been initiated under his command. Mr. Mushtaq Ahmad Sukhera has turned around the working of the FTO Office by implementing the 587 cases pending since 2009. He has also created an online complaint management interface with FBR which will go a long way in progressing towards paperless processing.

## Profile of Hon'ble FTO Mr. Mushtaq Ahmad Sukhera



## Profile of Secretary, FTO Secretariat

Mrs. Sarwat Tahira Habib



**M**rs. Sarwat Tahir Habib, Secretary (BS-22), Federal Tax Ombudsman Secretariat. She started her career in Pakistan Customs by joining the Central Superior Services in 1985. She has a Master Degree in Journalism from Punjab University and a Masters Degree in Public Policy & Administration from the University of Southampton, UK. She has also attended numerous courses and trainings in Belgium, Singapore, USA, China, Jordan, Srilanka and Japan. She is participant of NWSC 2012-13, NDU, Islamabad.

She has an extensive tax operations and management experience. During her career she has served on key posts at FBR policy wings and formations including Member Legal & Accounting (Customs), FBR, Chief Collector of Custom (North), Director General Intellectual Property Rights, Collector Customs Islamabad, Director Intelligence & Investigations (Customs), Chief Customs Management and Chief International Customs FBR.

Her academic pursuits include Privatization in Pakistan, Reform and Automation in Taxation, Trade facilitation, decentralization and deregulation in public sector. She has remained actively involved in formulation and implementation of Tax Policy, Tax Reform, Reorganization of Human Resources. Her passion for Redressal of Taxpayers problems has been the major stimulus to her present posting as Secretary, Federal Tax Ombudsman Secretariat.

**M**r. Arshad Mahmood Cheema was superannuated on 11th July, 2012. After serving in the judiciary in various capacities as Civil judge, Senior Civil Judge, Addl. District & Sessions Judge, and District & Sessions Judge. He also remained posted as Addl. Registrar Lahore High Court at Rawalpindi Bench, Judge Banking Court and twice as Judge Anti-Terrorism Court.

After his retirement, Mr. Arshad Mahmood Cheema joined the Office of Federal Tax Ombudsman as Advisor/Registrar. Here, he has established himself as a core team member of the Hon'ble FTO. His main obligations in FTO Office include registration of complaints, their scrutiny for admittance or otherwise and allocation to various Advisors for processing, appraisal/issuance of findings/recommendations after approval of the Hon'ble FTO. He also renders legal assistance to the Hon'ble FTO and the Advisors across the country and has been designated focal person of FTO's Secretariat. Mr. Arshad Mahmood Cheema has been obligated to monitor investigation & implementation of complaints for presenting overall performance in this regard in the monthly progress review meetings, chaired by Hon'ble FTO.

## Profile of Advisor/Registrar, FTO Secretariat

Mr. Arshad Mahmood Cheema



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