

NEWSLETTER FEDERAL TAX OMBUDSMAN



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Dr. Asif Mahmood Jah (FTO)

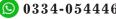
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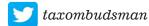






Patron-in-Chief

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







Quick Redressal of Complaints Against Federal Tax Authorities: Justice at Your Door Step





Written Complaints 👺 FTO Portal 🔀 Mobile App







WhatsApp

Contact/Registration of Complaints

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MESSAGE OF THE FTO

Esteemed Taxpayers!

السلام وعليكم ورحمته الله وبركاته!

Voyage from September 29, 2021 to September 29, 2022

A year back on September 29, 2021, it was such an evening when the bugle sounded in the President's House and the President of Pakistan Dr. Arif Alvi arrived. After recitation of the Holy Quran, the President administered the oath of the Federal Tax Ombudsman after which a one-on-one meeting with the President took place. I made a pledge to him that I will work day and night to transform the organisation of the Federal Tax Ombudsman into an effective and efficient institution. Within one year, by the grace of Allah, taxpayers will not only realize the usefulness and importance of this institution, but will also get resolved their problems expeditiously. The difficulties in paying taxes will be done away with. A pleasant tax culture, based on mutual trust will be introduced and people will pay taxes voluntarily.

Alhamdulillah! During the last year we have been making efforts to address the problems of the tax payers and to alleviate their hardships. The institution of Federal Tax Ombudsman has strived hard to provide justice to the taxpayers at their doorsteps. We made every possible effort to understand the difficulties of taxpayers and to solve them. Chambers of Commerce, Trade Bodies, Tax Bars and all organizations of small and large traders across the country were consulted and their suggestions were sought. We revamped the Advisory Committees to include senior representatives from industry, commerce, custom and Income Tax. Thank God, with the passage of time, taxpayers' trust in FTO has increased, and they are turning to this organization in large numbers for



resolving their problems. Throughout the year, we have tried to make the FTO office accessible, easier and simpler.

In pursuance of the instructions of the President, the registration of complaints has been made very easy. The complaints can be registered via WhatsApp, Mobile App, plain paper and email. As soon as a complaint is received from any source, action thereon commences forthwith. Over the past year we have invoked clause 33 of the FTO Ordinance for prompt resolution of issues, which has resulted in hundreds of complaints being resolved not in days, but in hours. From 29 September 2021 to 29 September 2022, as many as 5770 complaints were registered and about 5503 complaints were decided. In most of the cases, immediate relief was provided and FBR implemented most of the decisions promptly. Thanks to Allah, 99% decisions of FTO were upheld by the President of Pakistan.

Dear taxpayers, InShaAllah, we will continue our efforts to solve your problems with the same spirit, passion and dedication in the coming year.

May Allah be our guide and supporter.

Pakistan Zindabad!

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



FTO Takes Notice of FBR's Harsh Treatment Towards Senior Citizen

The Federal Tax Ombudsman (FTO) has taken notice of the harsh treatment of the Federal Board of Revenue (FBR) to an old lady (senior citizen) by issuing multiple notices and ex-parte orders against her over the past several years.

An old lady, who is a compliant taxpayer was burdened with multiple audit notices for the tax year 2016. She was engaged in the textile manufacturing business when the final show cause notice for compliance was issued. The complainant applied for an extension which was rejected and an ex-parte order was passed asking for Rs. 2.7 million.

However, all the relevant details of purchases and expenses were not only filed but also duly examined by the officer but the ex-parte order was passed without considering the details available on record. The complainant, being aggrieved, took up the matter with the FTO. In response to the notice, the Chief Commissioner of Inland Revenue (IR) contended that the case of the complainant was selected under Section 214C of the Income Tax Ordinance, 2001. Subsequently, the Assistant Commissioner IR issued notice to produce records for the audit but the taxpayer did not fulfill her statutory duty.

However, to provide another opportunity to the taxpayer, a show cause notice was issued. As the taxpayer failed to make any compliance, the order was passed under Section 121(1) based on failure to provide an explanation. According to the findings of the FTO, the issue was the non-assessment of income and determination of tax liability. The complaint was filed against the unfair treatment meted out to the complainant by passing harsh ex-parte order when the complainant was regularly making compliance to departmental notices issued for multiple years from time to time.

FTO observed that the complainant's case was selected for audit in 2018 and the order was passed on 28th June 2022, i.e. about the same time when the case was getting time barred (on 30th June 2022).

It was a very unfortunate departmental practice to sleep over the audit cases till the last minute and summarily dispose them of when they are getting time-barred. This results not only in prolonged agony for taxpayers but also did not result in any meaningful audit as these cases were disposed of mostly either exparte or without examining any details and documents.

The Lahore High Court has already directed in another case to finalize the audit cases before 30th June of the year of selection which was later relaxed to 31st December in ICAs 1263/2017. Subsequently, the Supreme Court of Pakistan (SCP) in CPLA No 2370-L filed by the department, observed Para 22:

"We are also convinced that a general time frame is necessary to be put in place to ensure that the tool of audit is not abused or misused to pester, torment or harass the taxpayer on account of reasons not attributable to him. We, therefore, find that the time frame mentioned in the policy guidelines namely completion of the audit within the same financial year in which a taxpayer is selected for audit is fair and reasonable. It must as far as possible be adhered to."

The order further stated, "If delays are inevitable, beyond the control of the department and do not occur on account of any act or omission on the part of the taxation officers and happen on account of litigation and grant of stay orders, the Audit Officer may seek an extension of time from the FBR for completion of the audit after recording reasons in writing for seeking such extension explaining reasons for his inability to complete the audit within the stipulated time. The Board may in consideration of such reasons grant a reasonable extension to enable the completion of the audit.

Moreover, the SCP order emphasized, "The extension granted should be supported by due application of mind and appropriate reasoning on the part of the FBR. It should not be granted casually, repeatedly and as a matter of routine. Adherence to guidelines and time frames would enhance the confidence of the taxpayers in the system and at the same time act as a check on lethargy and inefficiency on the part of the departmental functionaries."

The FTO's finding further stated, "It was unfortunate that neither the field formations are following the judgment of the SCP nor the guidelines issued by FBR. The instant complaint is a classic example of abuse, misuse and hardship pointed out by the SCP." The passing of harsh, arbitrary ex-parte order without considering the details provided by the aged compliant taxpayer is tantamount to maladministration, FTO added.

The Tax ombudsman recommended the FBR to



The President Addresses Awareness Seminar On The Functions Of FTO At Governor House Peshawar



While addressing an awareness seminar at Governor House Peshawar regarding role of Federal Tax Ombudsman (FTO) Office for provision of prompt, quick and free justice to people at their doorsteps, the President said that the state was responsible for providing uniform education, quality health services and jobs on merit to people and it was only possible when well-off people were brought under the tax network by simplifying tax collection procedures.

The President said that the states often resort to imposing indirect taxes on alternate products like gasoline and other expensive consumable items when the majority of people were reluctant to pay taxes due to the complicated tax system.

"If we compare the newspapers of 1950 and the one being printed today we would find well-off people always seeking to defer taxes owing to complex and lengthy procedures of tax collection," the President said.

Emphasizing upon building the confidence and trust of the people, he noted that most people were reluctant to pay taxes as they fear to be bothered by tax departments from time to time.

In this situation, he said, the responsibility of the

Federal Tax Ombudsman (FTO) increases as according to the law the FTO has to decide the tax-related complaints against federal tax authorities within 60 days of time. He expressed satisfaction that most of citizens' complaints were being addressed by FTO.

Countering smuggling, money laundering and finance-related white collar crimes were among the major challenges of the present era, the President said, "We have to go towards speedy adaptation of digital technology for financial transparency and curbing these social evils."

Dr. Alvi said that today was an era of capitalism and most of the poor countries were looking towards international monetary institutions for loans, adding Pakistan has all the resources that need to be exploited for the well-being of masses and increase tax collection to bridge the rich-poor gap.

Instead of confrontation, he said we have to bring more well-off people under tax-net through a friendly and cooperative approach to get rid of obsolete tax culture and foreign loans.

Dr. Alvi said that the President secretariat was speedily disposing tax-related complaints/ cases and no delay being done in this regard. He said that alternative dispute resolution councils (ADRC) exist in almost all



the developed countries like England and the FTO's role was very important for quick dispensation of justice.

The President underlined the need for more outreach of the federal tax ombudsman and creation of awareness about this office for facilitation of taxpayers and complainants.

Acting Governor KP, Mushtaq Ghani, expressing gratitude to the President for addressing FTO seminar despite his hectic schedule, said that tax collection in KPK has been increased to record Rs30 billion against Rs10 billion recorded before, adding reforms in tax collection were imperative to increase tax base.

Dr Asif Mahmood Jah, Federal Tax Ombudsman while referring to his department's performance and various decisions in tax-related cases said that the importance and effectiveness of the institution was increasing day by day due to trust of taxpayers and people.

"We do not wait for our mandatory sixty-days period, rather resolve problems of complainants in days, hours and even through a phone call," he said and urged the taxpayers to immediately contact FTO if they have any grievances with tax administration, or their legitimate issues were not being resolved.

To facilitate taxpayers, five new FTO stations were established in different cities in the country, he mentioned. That in 2021, FTO received as many as 3371 complaints and decided 2867, while the FBR's acceptance response to FTO's recommendations/ decisions was 88percent.

Besides letters and emails, Dr Asif said people can contact FTO through a mobile app and WhatsApp for quick resolution of their complaints.

FTO Disposed Of 4000 Cases Of Tax Issues In Last 11 Months: Dr. Asif Mehmood Jah

Federal Tax Ombudsman Dr. Asif Mehmood Jah on Tuesday said FTO Office disposed of record 4000 cases of tax issues in the last 11 months and there was significant increase in number of people approaching the Office. In a exclusive talk with APP, he said the cases were decided without any delay and complainants did not need lawyers to present their case before the tax ombudsman.

Dr. Asif Mahmood Jah said the tax ombudsman institution was established decades ago to specifically resolve people's problems and provide prompt relief to complainants. He said "The FTO office did receive 4,600 tax-related complaints, out of which I solved 4,000 cases, which is unprecedented in the last 22 years."

He said that the number of cases never surpassed 3,000 over the years, but this time, 4,600 cases were reported in one year, which reflected the public's trust in the institution. He said: "I have solved the problems on telephone calls as well. If any one's container is stuck, he/she can directly complain to me through phone call, message. I have resolved the issues on the spot."

He said that for the first time, the government had appointed a person who had a relevant background as a tax ombudsman. He said :"I have worked in the

Customs Department for 29 years, so I am well aware of genuine problems."

"The trust will be restored and now the four thousand cases that I have decided, did provide relief to people, "he added. He pointed out that a worker of Radio Pakistan complained that his salary was just 30 thousand rupees and 20% tax was being deducted from it.

"A person who has a salary of Rs 30,000 and 4,000 tax is deducted, so there are problems for him" he added. He said "On the complaint of the employee, we reviewed all the laws, and found that wrong tax deduction is being done because the income up to 6 lakhs per year does not come in the tax slab."

He said that "I first implemented it in my office and after that I sent this decision to the Accountant General of Pakistan and it benefited thousand of employees." "An important issue regarding tax on vehicles came to my attention that when the vehicles were booked there was a tax of 17% and when the vehicles were delivered, it was different."

"So at that time the tax rate was decreased to 12%, so I decided that the 5% tax was taken illegally and should be refunded," he added.

Source: Pro Pakistan



Customs Health Care Society and Regional FTO Office Quetta Distribute Relief Packages Among Flood Affected People of Balochistan



On timely philanthropic initiative of the Patronin-Chief of Customs Healthcare Society and Honourable Federal Tax Ombudsman Dr. Asif Mahmood Jah, ration was distributed in the low lying and flood affected areas of Quetta i.e., Uzbek Bazar and Eastern Bypass. The magnitude of disaster was enormous and unimaginable in this area. Even after the rains have stopped for weeks, most of the areas of Balochistan are still presenting the scene of lakes, ravaged houses and damaged crops. Dasht area in Mastung District has been adversely affected by the recent floods caused by the torrential rains. The vast area gives a catastrophic look of alarming proportions. Dozens of villages in Tehsil Dasht have been entirely wiped out. The crops and cattle have undergone massive devastation. The flood affectees have neither homes nor goods. If anything is left, it is

helplessness, hunger and thirst.

On special instruction of the Honourable Federal Tax Ombudsman, Mr. Tausif Ahmad Qureshi, Adviser-in-charge of Federal Tax Ombudsman Quetta reached the devastated area with relief supplies to alleviate the hunger of the flood affected people in desolate areas where a large number of people were desperately waiting for help. A wave of happiness spread among the displaced people after seeing the relief goods which were distributed in the office of the Assistant Commissioner of Dasht Tehsil, Ms. Fareeda Tareen. On this occasion, she expressed her deep gratitude to the Honourable Federal Tax Ombudsman for this immensely needed humanitarian assistance and large scale relief efforts in this adversely flood-hit area.

By: Sumbal Tausif







FTO Directs FBR to Conduct Inspection in Mega Tax Evasion Cases

Federal Tax Ombudsman (FTO) has disclosed that the important cases of tax evasion, detected by the Directorate General (DG) Broadening the Tax Base (BTB) Federal Board of Revenue (FBR), have not been finalized by the FBR's field formations, causing revenue loss to the national kitty.

According to a special study conducted by the FTO, the in-house analysis revealed that FBR and its dozens of field formations maintain an organized web portal, rich data centre, exhaustive databases, elaborate and comprehensive operational software and house a full-fledged home-grown IT support system i.e., Pakistan Automation Limited (PRAL).

However, neither FBR Headquarters nor any single field formation maintains any IT-based tracking system, archiving various valuable initiatives and ventures made by different FBR organizations, officers, teams or specially created cells from time to time.

It also lacks any exhaustive, fool-proof and IT-enabled handing over a module (from predecessors to successors) for such initiatives, any institutionalized internal follow-up system, and any internal evaluation mechanism to gauge whether the goals envisaged under FBR's flagship ventures have been logically pursued achieved. Therefore, it was reasonably assumed that in most cases, the good job done is wasted, diluted or compromised with the transfer of individuals, and dissolution of the cells which are taken over by new managers.

FTO initiated the investigation in terms of Section 9(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance), as FTO Secretariat had evidence-based information that some of the most meaningful and innovative initiatives of FBR's officers and field formations stand diluted and washed away due to follow up failure, frequent posting and transfers of officers, and massive changes of jurisdictions

While conducting the aforesaid in-house analysis, FTO Secretariat obtained information that a list of potential cases of tax evasion (including the aforementioned six cases), along with a detailed Investigation report and case study was prepared and shared by DG BTB FBR. This information was duly shared in December 2018 with the concerned field



formations for taking action against said entities for not declaring the true particulars of their receipts/income and not discharging their responsibilities as withholding agents.

However, in 2019, FBR's management suddenly shelved this whole BTB regime overnight and disbanded BTB Zones in Islamabad, Lahore and Karachi. The Office of DG BTB was relegated to a ceremonial entity. Thus, in addition to losing an effective organization, the repository of the whole above information was suddenly rendered extinct. Such an attitude on part of FBR reflects clear maladministration in terms of section 2(3) (ii) of FTO Ordinance, 2000. FTO's inhouse analysis was mainly based on investigation reports generated by DG BTB which clearly shows that the above concerns were not declaring the true particulars of income and were not discharging their responsibilities as withholding agents, especially in respect of sections 149, 152 and 153.

To make out foolproof cases, the total receipts of the said companies were obtained by DG BTB which was compared with the declared receipts in the tax returns. Huge discrepancies were observed, casting doubt about tax evasion by the said companies. A detailed analysis was provided to the department discussing the parameters and extent of tax evasion.

However, after disbanding the DG BTB office, the



progress status of this case is not known. It appears that the valuable information shared with the field formations was lost due to the inattention, incompetence and ineptitude of the officers holding jurisdiction of this case. The department was, therefore, asked vide notices u/s 10(4) of the FTO Ordinance 2000 to file a response to the abovementioned observation and submit para-wise comments.

Thus, instead of safeguarding the interest of revenue by plugging loopholes in the tax declarations of instant cases, the concerned Commissioner Inland Revenue (CIR) Large Taxpayers Office (LTO) Islamabad chose to contest its motion investigations on technical grounds.

It is pertinent to mention that out of 34 such cases in which notices were issued by the FTO office, compliance has been provided in 27 cases. As per information provided by field offices, demand amounting to Rs. 660 million has been raised in six cases at CTO and RTO Islamabad.

Objection to the jurisdiction raised by the CIR in this case reflects an inherent contradiction in compliance patterns of FBR's field formations. On one hand, in 27 similar cases wherein the information was provided, the intervention of the FTO's office has enabled the field formations to recover millions of rupees in revenue.

FTO office has recommended the FBR to direct the Director General Internal Audit, Inland Revenue to inspect the subject six cases to ensure that action is initiated and concluded as per information provided by FTO during instant investigations; It has also directed the Chief Commissioner LTO Islamabad to identify the officers who are responsible for the unwarranted delay and resultant loss of revenue.

Source: ProPakistani

FTO Briefs Businessmen About "Instant Justice At Your Doorstep" Initiative

Federal Tax Ombudsman (FTO), Dr. Asif Mahmood Jah has said that due to confidence of general masses and tax payers, the performance of FTO is improving with each passing day.

He expressed these views while speaking to a delegation of businessmen led by Vice President Pak-Afghan Joint Chamber of Commerce and Industry (PAJCCI) and Media Coordinator FTO, Zia-ul-Haq Sarhadi. The meeting was arranged regarding awareness of business community about the FTO's initiative of 'Instant Justice at Your Doorstep'.

FTO Dr. Asif Mahmood Jah apprised businessmen that they did not wait for 60 days time period of responding to application, but take forthwith action with focus of resolving the issues in days or weeks. The FTO office give response to complaints received on phone and did not delays the issue for receiving application in writing. He told businessmen that if they have any complaints against tax administration, they should forthwith approach FTO.

He also disclosed that for the convenience of tax payers, five new FTO stations have been opened in different cities of the country. It merits a mention here that in year 2021, FTO received 3371 complaints out of which 2867 were redressed. Whereas acceptance of FBR



on decisions and recommendations of FTO is around 88 percent. Apart from approaching FTO through postal means or email, the tax payers can also utilize the facility of mobile App and Whatsapp, he added.

Speaking on the occasion, Zia-ul-Haq Sarhadi welcomed launching of Instant Justice at Your Doorstep initiative and expressed the hope that it will provide great relief to traders and tax payers. He said instant resolution of issues through Instant Justice initiative will have very positive impact on trade and commercial activities in the country.

Source: Daily Times





Meeting of the Advisory Committee held at Islamabad

Meeting of the Advisory Committee (HQs) was held at Federal Tax Ombudsman Secretariat, Islamabad, on 29.09.2022, presided by Hon'ble FTO, Dr. Asif Mahmood Jah. He thanked the participants and welcomed four new Members of the Advisory Committee. He briefed about the working of FTO Secretariat and informed about the initiative regarding informal resolution of disputes. He said that around 5000 complaints have been filed and 4500 complaints disposed off during the first year of his tenure.

- 2. Malik Sohail Hussain, Secretary General US-Pakistan International Chamber of Commerce and Mr. Muhammad Adnan Jalil praised the effective working of FTO office and suggested that taxpayer and tax collector interaction may be minimized, mobile app should be introduced for complainants and refunds should be processed in shortest time possible. Ms. Saima, President Women Chamber of Commerce, Hazara, stated that One Window Operation for women should start facilitating women who feels hesitation in visiting various offices. Mr. Zafar Mahmood, suggested that the negative working attitude should be transformed to positive working by FBR for facilitating the taxpayers.
- 3. Mr. Yasin Tahir, Former Senior Advisor, FTO Office and former Chairman IPO, Islamabad, sug-

gested that awareness campaign by FTO Office can be made more productive by visiting different Chambers. He stated that if any taxpayer voluntarily declares higher value of goods at import stage, he should be assessed in a rightful way and facilitated so as to discourage under-invoicing.

- 4. Mr. Salman Nabi, Former Chairman NTC and formar Member, FBR, suggested that Income Tax Return filing be simplified to facilitate the taxpayers. FBR should send teams to different chambers to facilitate business community in filing income tax returns. He further suggested that backlog of tax refund claims should be liquidated. He stated that FBR should not harass the taxpayers because harassment and intimidation cause huge loss of revenue by avoidance of registration and tax payments. He suggested that refund claims processing system should be made transparent by displaying it on FBR's website. He suggested that those officers who recover the arrears from the defaulters should be awarded a certain percentage from the recovered amount.
- 5. Mr. Ramzan Bhatti, Former Advisor, FTO and former Member FBR, suggested that those Officers, who are helping taxpayers under the FTO's directions, should be acknowledged/appreciated, matters relating to jurisdiction be expeditiously settled and Customs



auctions and verifications of auctioned vehicles by Excise and Taxation Offices should be made online under WeBOC module to avoid any malpractices.

6. Mr. Muhammad Tanvir Akhtar, Advisor (Income Tax), FTO Office, Islamabad, proposed to update FTO Ordinance, 2000. Mr. Arshad Nawaz Cheena, Chief Inland Revenue, FBR, Islamabad, stated that a facilitation center has been established at RTO, Islamabad, for return filing. He informed that pending refunds have been cleared up till 15.08.2022. Mr. Muhammad Siddique, Former Advisor, FTO Office stated that

implementation of FTO decisions should be done promptly by FBR and it should avoid unnecessary



filing of Review or Representations causing delay in implementation.

WHT On Judicial Allowance: FTO Directs FBR To Clarify Legal Status

The Federal Tax Ombudsman (FTO) has directed the Federal Board of Revenue (FBR) to clarify the legal status of withholding tax on judicial and special judicial allowance admissible to district judicial officers.

The instant complaint was referred for comments to the Secretary, Revenue Division in terms of Section 10(4) of the FTO Ordinance. Briefly, the complainant is an Additional Judge, his complaint before FTO was in consequence to the judgments of Sindh High Court and Peshawar High Court, the FBR vide letters dated March 29, 2021, granted exemption of judicial and special judicial allowances from deduction of Income tax paid to the judicial officers of District Judiciary.

The exemption granted under clause 39 Part-I of the Second Schedule of the Income Tax Ordinance, 2001 was circulated to and implemented by all field formations and AGPR. However, this exemption was withdrawn by FBR on 28.05.2021 on the plea of pendency of appeal before Honourable Supreme Court. The complainant believed that in pursuance of a recent direction by Supreme Court of Pakistan, the FBR's letters withdrawing the exemption were no more in field and the letter allowing exemption of judicial and special judicial allowance of the concerned, which should be implemented.

The Complainant filed an application before Chief Commissioner-IR, RTO seeking refund of tax from 2016 to 2020 the application was granted and he filed revised returns for 2016 to 2020 and return for 2021 claiming refund of Rs900,634. Despite repeated requests the amount has not been refunded.

FTO has observed that, FBR had withdrawn the exemption in the light of Hon'ble Supreme Court's short order by which the order of Peshawar High Court was suspended. Board had also issued instructions to the AGPR and District Accounts Officers to withhold tax from judicial allowance as the Board's letter of exemption had been withdrawn and the matter of exemption was still pending before the Supreme Court.

Tax Ombudsman has directed FBR to treat the subject complaint as representation on behalf of the Complainant and issue necessary clarification within 30 days, after taking into consideration all legal aspects of the case. The FTO further directed that the commissioner concerned is to dispose of the Complainant's refund application, in light of the above referred clarification of the FBR, on issuance, after providing the Complainant an adequate opportunity of hearing.

Source: Business Recorder



Federal Tax Ombudsman Distributes Cheques Of Excess Sales Tax Refunds To Taxpayers



Asif Mahmood Jah, Federal Tax Ombudsman said that the business community was the backbone of the economy and his institution was working as an advocate of taxpayers to provide them speedy, fair and cost free redressal of tax grievances. He said that the mission of FTO was to deliver justice to the taxpayers at their doorsteps. He said this while addressing at Islamabad Chamber of Commerce & Industry (ICCI) a cheques distribution ceremony of excess sales tax refunds to the taxpayers in Suzuki Car cases in light of FTO's decision. He also congratulated Ahsan Zafar Bakhtawari President, Faad Waheed Senior Vice President and Muhammad Azhar ul Islam Zafar Vice President ICCI on their unopposed election and announced to nominate Ahsan Zafar Bakhtawari as Honorary Business Advisor of FTO for one year to act as a bridge between FTO and the business community for the facilitation of taxpayers.

Dr. Asif Mahmood Jah said that Pakistan Suzuki had charged 17% sales tax from purchasers at the time of car booking, but in the last budget, the sales tax on vehicles up to 1000 cc vehicles was reduced to 12.5 percent. He said that on receipt of complaints from car purchasers, FTO dug out the data of Suzuki car purchasers and worked hard to provide refunds of 4.5% excess sales tax to 9500 car purchasers. He said that the FTO would continue to provide more relief to taxpayers. He urged that the

business community should take maximum benefit of the services of FTO to get relief in tax grievances.

Speaking at the occasion, Ahsan Zafar Bakhtawari, President, Islamabad Chamber of Commerce and Industry lauded the efforts of FTO for providing speedy justice to taxpayers by addressing their tax complaints. He said that refunds of excess sales tax to the taxpayers in Suzuki car cases reflected the commitment of FTO to protect the interests of taxpayers. He assured that ICCI would work closely with the FTO to address the grievances of taxpayers.

Faad Waheed, Senior Vice President, Muhammad Azhar ul Islam Zafar, Vice President and Muhammad Shakeel Munir outgoing President ICCI also lauded the efforts of FTO in resolving the tax grievances of business community and hoped that close liaison between ICCI and FTO would provide more relief to taxpayers.

Jamshaid Akhtar Sheikh outgoing Senior Vice President, Muhammad Faheem Khan outgoing Vice President ICCI, Tariq Sadiq & Muhammad Ahmed former Presidents ICCI, FTO Advisors including Nisar Ahmed, Almas Ali Jovindah, Majid Qureshi, Dr. Arslan Subuctageen, Mrs. Sarwat Tahira Habib, ICCI Executive Members and others were also present at the occasion.

Source: Islamabad Post



FTO Directs FBR To Constitute Fact Finding Committee and fix responsibility against delinquent Officials

Brief facts of the case were that the complainant's company dealt with import and sale of yarn, and filed two complaints against commissioner—IR Enforcement—I, Medium Tax Office (MTO), stated that DC-IR passed order on the basis of report of I &I, for recovery of adjudged amount of Rs 3478,000. The amount not only contained sales tax but also value of goods along with default surcharge, under section 34 ibid and penalty under section 33(5) ibid.

Complainant being aggrieved filed appeal multiple times before commissioner –IR and before Appellate Tribunal Inland Revenue who remanded the case for de novo consideration. However, department failed to initiate complete proceedings and let the statutory limitation expire. Later on, the complainant's company requested the department for refund; however, the same remained unattended or considerable time.

Therefore, complainant took up matter with Federal Tax Ombudsman. Chief Commissioner-IR, MTO stated that his office was not aware of any proceedings in the case after remand by ATIR, as jurisdiction over the case was transferred from CTO to Enforcement-I, MTO but record of the case had not been transferred by Enforcement-I, CTO, Karachi to them despite their request for the same. According to the findings of FTO, Commissioner-IR (Appeal) also did not bother to look into the matter despite raising the issue by them and simply upheld the order Due to this blunder, case was remanded back by Appellate Tribunal to original authority for de novo consideration and passing fresh order which was not done within permissible time. It was further averred that presently no order is in field, therefore, amount recovered from them is refundable. DR confirmed that order passed, contained value of goods also which seems mistake on part of the adjudicating authority. He reiterated that record of the goods is still not transferred by Enforcement Division, CTO, Karachi to Enforcement Division MTO, Karachi, therefore, they are not in a position to do anything in this case.

FTO's finding stated that this was a glaring case of maladministration on part of the officers as at initial stage, adjudicating officer passed order in casual manner which proves from the fact that he included value of the goods into amount of tax as recoverable. Secondly, the officer of CTO kept sleeping after remand of case from Appellate Tribunal and let the prescribed limitation period passed. Resultantly, case got time barred, in terms of Section 11B(2) of the Act.

It seems that record of the cases, remanded back by Appellate fora, is not maintained properly, resultantly there are chances that cases of fraud may also be receiving the same fate after remand. Now withholding of Complainant's money, without any legal order in field, has become illegal and therefore refundable.

The FTO recommended FBR to direct Member (HR/Admin) FBR to constitute a fact finding committee to examine the fallowing issue:

- a) how adjudicating officer passed order where amount of value was also included for recovery?
- b) how Commissioner-IR (Appeals) Karachi upheld order so bad in law? Was contention of Complainant recorded and examined by him in his order?
- c) why concerned officer failed to initiate fresh proceedings on remanded case and pass fresh assessment order?
- d) why record of the case has not been transferred by Enforcement Division, CTO to MTO, Karachi after change in jurisdiction?

FTO has also directed FBR that the Chief Commissioner-IR, CTO, Karachi to ensure transfer of record from Enforcement-I CTO, Karachi to Enforcement-I, MTO, Karachi immediately and Commissioner-IR, Enf-1, MTO, Karachi to require concerned officer to process refund of Complainant, filed under Section 66 of the Act, along with compensation charges, in terms of Section 67 of the Act.

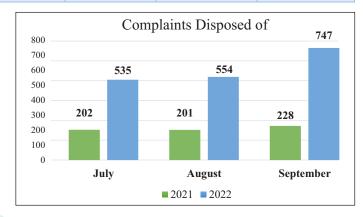
Source: Business Recorder



1,747 Complaints Registered and 1,836 Disposed of in Three Months (July-Sep 2022)

	2021		021	2022			
	Month	Complaint	Complaint	Complaint	Complaint	Increase in	Increase in
		Filed	Disposed	Filed	Disposed	Filing	Disposal
1	July	240	202	608	535	368	333
2	August	198	201	631	554	433	353
3	September	269	228	508	747	239	519
Total		707	631	1747	1836	1040	1205





The Federal Tax Ombudsman (FTO) has received 1,747 complaints against FBR during the first three months (July-September) of the current fiscal year against 707 complaints in the same period of 2021-22, reflecting a massive increase of 1040 complaints. Out of these, 1836 complaints were disposed of as compared to 631 during the same period last year, showing increase of 1205. During the nine months (January-September 2022) he has disposed of 4264 complaints. After taking charge as the FTO on 29 September 2021, he had directed his team to promptly dispose of the complaints and now the figures speak about enhance performance.

According to him, the office of the FTO had its presence in seven cities when he took over last year. It has been expanded to another five cities, including Abbottabad, Sargodha, Sialkot, Sukkur, and Lasbela, Balochistan, to provide justice to taxpayers at their doorstep. Besides, he has appointed honorary advisors from various chambers of commerce and industry to remove the hesitation of the taxpayers in approaching the office of the FTO.

He is serving the institution for the last one year and worked hard to activate it in the larger interest of the taxpayer. Dr. Jah said the objective of the FTO was to resolve tax matters of the taxpayers promptly and effectively. He said there is no fee for the filing of complaint and a complainant can file his complaint in written form or through the mobile app of the FTO office. Status of the pending complaints could be checked by dialing 9386. A cost-free justice is the sole objective of the office of the FTO, he emphasised. He said the FTO is bound to dispose of a complaint within 60 days. According to him, he has directed in the recent past that the FBR should not deduct tax on the income of daily wagers and contract employees, falling below the threshold of taxable income.

Similarly, the President Dr. Arif Alvi has dismissed/rejected 81 representations/appeals filed by the FBR and upheld the orders of the FTO to treat the income of low-paid employees as salary income under section 12 of the Income Tax Ordinance, 2001 for taxation purposes. The FTO had further recommended the FBR to ensure that hired lecturers of Post Graduate College, Bannu or other such educational institutions are not burdened with excessive tax deductions at withholding stage. While taxpayers' facilitation constitutes the core function of the FBR, its implementation on the ground should also be visible. When asked about the nature of complaints received, he said, majority of the taxpayers turn up with a complaint of delay in payment of due refunds by the FBR.

Source: FTO's Interaction with Newsletter Team)



FTO Directs FBR To Undertake "Special Anti Smuggling Drive" To Seize Smuggled Vehicles In Collaboration With Other LEA's

While concluding an own motion investigation undertaken after receiving news reports that there are large number of non-duty paid vehicles plying in Malakand Divison and adjoining areas of KPK, the Federal Tax Ombudsman has directed FBR to take appropriate policy decision with regard to collaborating with Police and other LEAS to seize Smuggled vehicles plying country wide. During investigation, reports were sought from Secretary Revenue Division, Director General I&I Customs and Chief Collector of Customs KPK, reporting an estimated number of NCP vehicles, plying in KPK, Chief Collector Customs KPK submitted that exercise, undertaken by the erstwhile MCC, Peshawar, in the light of ECC decision and Board's instructions, with due assistance from provincial authorities/local administration of newly merged Districts of KPK, report by the Chief Collector indicated that NCP vehicles, registered till October, 2018, were around 121,193, however, figures may vary keeping in view existence of large number of unregistered vehicles and constant smuggling of such vehicles into these areas. On the other hand, Director General I&I(Customs), reported that on the basis of information through un-official sources, estimated number of NCP vehicles, plying in Malakand and other areas of KPK, is around 2 to 3 lakhs.

The Customs Act, 1969, was extended to Federally Administered Tribal Areas (FATAs) in 1984 and to Provincially Administered Tribal Areas (PATAs) in 1975. Accordingly, duties & taxes were enforced via Border Customs Stations (BCS) in ex-FATA/PATA but only at import stage. Inside ex-FATA/PATA, neither Customs officials were deployed, nor customs provisions enforced, particularly with regard to smuggled non-customs paid vehicles. After passage of 25th amendment to the Constitution, in 2018, FATA/PATA were merged with KPK whereby all federal laws got extended to these areas automatically. Economic Coordination Committee (ECC), in its meeting, approved certain tax concessions for ex-FATA/ATA residents. Further, Federal Cabinet, in its meeting held on July 18, 2018, while promoting opinion that, in view of "the peculiar nature, geography as well as economic backwardness of erstwhile FATA/PATA, a phased approach for enforcement of federal tax laws was necessitated, thus, expanded scope of tax remissions, with regard to NCP vehicles, for a period of five years ending on 30th June, 2023.

The FTO finding states that smuggling of NCP vehicles is going on even after 30.06.2018, cutoff date, given in ECC decision. The Tax Ombudsman observes that FBR formations, entrusted to enforce customs regulations, were required to seize smuggled vehicles, being transported through settled areas without payment of duties/taxes. Ironically, despite having information that the number of NCP vehicles has increased two fold in last 4 years, only 204 NCP vehicles were seized by Collectorate of Enforcement, D.I Khan and Peshawar while Director I&I Peshawar apprehended 57 vehicles in the period from 1st July 2021 till June 30th 2022. Collectively, a total of 261 NCP were seized which is less than one vehicle per day. FTO noted that as per Enforcement Collectorate's own account, smuggled vehicles pass through settled areas before joining NCP lots in Malakand Division and there are 2 to 3 lac NCP vehicles in various areas of the KPK. Hence, failure by Customs Enforcement and Intelligence formations to intercept and seize vehicles, being transported through settled areas, despite having knowledge of same, tantamounts to maladministration.

Accordingly Federal Tax Ombudsman has recommended FBR to direct Chief Enforcement, FBR Customs (focal person) to collaborate with Inspector Generals of other LEA's/Police, entrusted to perform functions under the Customs Act 1969 and to chalk out a plan to seize all smuggled vehicles, plying countrywide. FTO also directed all Chief Collectors to ensure that tight border controls are in place so that smuggling of vehicles is prevented at the time of entry into Pakistan and that vehicles, crossing border, are effectively seized by LEA's, confiscated accordingly and timely auctioned as per law & rules.

By: Sarwat Tahira Habib



Acknowledgment / Appreciation Of FTO By Tax Payers

registrar@fto.gov.pk

From: Athar Khan <

Sent: Wednesday, September 21, 2022 11:51 AM

To: registrar@fto.gov.pk

Subject: Note of appreciation for resolving a long standing issue with FBR.

To

Mr. Nisar Ahmad Advisor/Registrar, Federal Tax Ombudsman Secretariat, 5-A Constitution Avenue, Islamabad

Dear Sir,

I am writing this to express my deepest appreciation and gratitude to you for so amicably resolving in almost no time my long standing issue of wrong assessment and determination of tax by an officer of FBR. I wish our courts follow such precepts for providing justice and resolving issues between parties. Thank You.

Sincerely yours,

Prof. Dr. Muhammad Athar Khan Islamabad

TAX OMBUDSMAN



NEWSLETTER

FTO's Awareness Seminar At Governor House Peshawar









Advisor Customs Dr Arslan Subuctageen and Advisor Income Tax Mr Majid Qurashi held an awareness Seminar at the Customs Directorate General of Training and Research, Islamabad.



Advisor Majid Qureshi at Awareness Session at University of Haripur

TAX OMBUDSMAN



NEWSLETTER



Hon'ble FTO Dr. Asif Mahmood Jah With Vice Chancellor F.J.M.U Dr. Khalid Masud Gondal, and others. Dr. Fizza President FJMU Alumni Presenting a Cheque for rebuilding of houses of flood affected in collaboration with Customs Health Care Society (CHCS)



FTO team went to the annual dinner hosted by Pakistan Paper and Paper Board Merchant Association at Hotel Marriott, Karachi. Message of awareness about the FTOs office was shared with the participants. The President FPCCI also shed light on the role and importance of the FTO.



MEDIA COVERAGE













BUSINESS RECORDER

Islamabad, Wednesday 14 September 2022, 17 Safar 1444

FTO receives 1,239 complaints against FBR in just 2 months ISLAMABAD: The Federal plaints, showing an increase of ax Ombudsman (FTO) has a Complaints. Is Lamabad: The Federal plaints, showing an increase of ax Ombudsman (FTO) has received 1,239 complaints against against and the objective of the FTO has received 608 four cities, including Sargodha, taxpayers. Is Lamabad: It has been expanded to another was to resolve tax matters of the FTO has received 608 four cities, including Sargodha, taxpayers. In the FTO has received 608 four cities, including Sargodha, taxpayers.

Tax Ombudsman (FTO) has 433 complaints. received 1,239 complaints against The FTO has received 608 the Federal Board of Revenue (FBR) during the first two months (July-August) of the cur-rent fiscal year against 438 complaints in the same period of

FTO headquarters here on promptly dispose of the com-Tuesday that the FTO has plaints. received 631 complaints in According to him, the office of worked hard to activate it in the August 2022 against 198 com- the FTO had its presence in seven larger interest of the taxpayer. Dr

complaints in July 2022 against 240 complaints in July 2021, showing an increase of 368 complaints.

He has disposed of 3,745 com-2021-22, reflecting a massive plaints in eight months of the current year. After taking charge as remove the hesitation of the tax-could be checked by dialing FTO Dr Muhammad Asif Jah told Business Recorder at the he had directed his team to of the FTO.

Sialkot, Sukkur, and Abbottabad to provide justice to taxpayers at their doorstep. Besides, he said, plainant can file his complaint in he has appointed honorary advisors from various chambers of mobile app of the FTO office.

He said there is no fee for the written form or through the has dismissed/rejected 81 repre-He is serving the institution FTO, he emphasised. He said the over the last nine months and FTO is bound to dispose of a complaint within 60 days.

According to him, he has mended the FBR to:(i) ensure FBR.—SOHAIL SARFRAZ

income of daily wagers and con- other such educational institutract employees, falling below the tions are not burdened with

threshold of taxable income. Similarly, President Arif Alvi PTO to treat the income of formal paid employees as salary income under section 12 of the Income complaints received by his office, he said, most of the taxpayers with a complaint of delay

The FTO had further recom-

excessive tax deductions at with-holding stage. While taxpayers' has dismissed/rejected 81 repre-sentations/appeals filed by the function of the FBR, its imple-FBR and upheld the orders of the mentation on the ground should

> turn up with a complaint of delay in payment of due refunds by the