



Honorable Federal Tax Ombudsman made a visit to the head office of PRAL

IN THIS ISSUE

- 1 FTO's Visit To PRAL
- 2 Meeting of the Advisory Committee (2020) to the FTO
- 3 Meeting of OICOA Board of Directors & First Training Session
- 4 FTO Recommends FBR to Expedite the Auction of Stranded Vehicles at Karachi Port
- 5 FTO Recommends FBR to Initiate Criminal Proceedings Against the tax Evaders
- 6 Safety Measures Taken at FTO Office During COVID Pandemic
- 7 FTO Directs FBR For Disciplinary Proceedings Against Officers/officials
- 8 Farewell of Federal Secretary FTO - Ms. Sarwat Tahira Habib
- 9 SAPM - Revenue visits FTO Secretariat

Honorable Federal Tax Ombudsman Mr. Mushtaq Ahmad Sukhera, has termed the understanding of the tax laws while developing an integrated information system for Taxation, as vital. Federal Tax Ombudsman visited the head office of Pakistan Revenue Automation (Pvt.) Ltd. (PRAL) where CEO PRAL, Mr. Muhammad Gohar Ahmed Khan along with his team, hosted the meeting. Senior

modules, which were completed, and under process in WEBOC. The PRAL also explained the issues relating to the rollback and PRAL processing in carrying forward cases in FASTER module. On the question of load bearing capacity of the system during the peak days of the filing of the returns, PRAL management informed that they had upgraded the hardware, which is now capable of handling pressure of work at any peak hour/day. On the Refund Management System, the Federal



Advisors of Federal Tax Ombudsman Secretariat and FBR officials were also amongst the participants of the meeting.

GM PRAL gave introduction about the setup and performance of PRAL, relevant interjections were made by the FTO and different members of the team whenever an occasion arose. He explained about the

Tax Ombudsman discussed with them the issues found out during the investigation relating to the smuggling of mis-declared items from the green channel. He advised the PRAL to help FBR in specifying better risk parameters. Similarly, in the IRIS module, the Federal Tax Ombudsman apprised the PRAL about the shortcomings of monitoring and reporting system of Commissioner Appeals.

[Continued on Page 3](#)

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Meeting Of the Advisory Committee 2020 to The Federal Tax Ombudsman

Meeting of the Advisory Committee to the FTO was held under the chairmanship of Mr, Mshtaq Ahmad Sukhera, Federal Tax Ombudsman. The committee members raised a number of issues, gist of which is given below for comments and necessary action by FBR:

- 1) Pending inquiry proceedings against the officers and officials may be expedited and until the clearance, their postings at sensitive and important places should be avoided.
- 2) The process of approval pending at the office of Concerned commissioners, where by number of taxpayers have applied for revision of Income/ Sales Tax returns, be expedited
- 3) FBR may take the matter with the Ministry of Law and Justice for posting of Judicial Member at Peshawar at the earliest as Appellate Tribunal IR Peshawar is functioning as Single Bench and no judicial member has been posted there as yet.

sales tax act, especially in these challenging times when they are already facing great liquidity issues. Moreover, the FBR may allow adjustment of input tax of the 100% of output tax that would address their financial problems.

- 8) The business community desires that all exemptions regarding imports, supplies and utility bills may be directly given automatically to them through IRIS and WeBOC to obviate any interaction between Taxpayers and Tax collectors.
- 9) FBR may regularly update its tax refunds pendency data on its portal. The Annex-H, for FATSER need to be made transparent and FBR may publish figures of both the Annex H and refunds cleared to know the exact quantum of pendency.
- 10) FBR may disclose the factual amount of pending claims since and before 2014, to deal with persistent complaints of



**Federal Tax Ombudsman
Pakistan**



Consequently, number of appeals are pending finalization.

- 4) The process of clearance for the vehicles carrying export goods for Afghanistan may be streamlined, to facilitate clearance of maximum number of vehicles. It is pertinent to mention that previously 700 vehicles carrying export goods for Afghanistan used to be cleared by the customs authorities at Torkham branch daily that has drastically fallen to the clearance of just 200 vehicles per day.
- 5) It was suggested that demurrage charges and shipping charges should be the same for all ports and shipping lines as varying amount from the importers are being charged from country to country.
- 6) Time lines may be set for every step involved in the process to complete the clearance of goods being imported as delays by the Customs Authorities are observed while clearance of goods at import stage. The delay by any office may be required to be explained.
- 7) That FBR may exempt the business community from the high ratio of withholding input tax i.e. 10% under section-8B of

stuck up refunds.

- 11) The business community desires that the tax base should be broadened with the sequential approach, which means that's first the commercial electricity meter holders should be registered in tax net followed by wholesalers and distributors instead of directly making the retailers to mention the CNICs of unregistered buyers on the invoice of transactions exceeding Rs.100,000/-, as it is creating lot of problems for them and discouraging business activities.
- 12) Harmonization of Indirect taxes is extremely important:
 - a. There is a need of one indirect taxes return, one composite audit directorate with representation from all provinces, one payment of tax but with direct transfer of share of the provinces and one indirect tax rate and set of rules.
 - b. One window operation should be introduced by harmonization of all taxes at one point for the facilitation of the taxpayers.

OICOA Board of Directors Online Meeting & the First Online Training Session

The first and 2nd successive OICOA Board of Directors meeting were held online on 14th October 2020 and 02 December 2020 respectively.

The Honourable FTO as Secretary General of OICOA, shared valuable advices for the possible cooperative measures of member states amidst the COVID-19 global pandemic. He also shared the ways to strengthening the communication network among OICOA members. The meeting convened was chaired by Mr. Şeref Malkoç - Chief Ombudsman of Turkey and alongside attended by other participant of member countries. Board of Directors agreed and approved the agenda to operationalize Training/Workshop activities



The First online training session was conducted by Yalcin Akten, Head of Training Department of The Ombudsman Institution of Turkey. His Presentation encompassed

Visit to the head office of PRAL Continued from Page 1

On the subject of registration and broadening of Tax base, the Federal Tax Ombudsman gave his input for adopting more verification measures and seeking help from the data by WAPDA and Sui gas authorities, to identify the potential taxpayers. He appreciated the work done in constant update of end-to-end automation in FASTER module of refunds, specially the response to the taxpayers through SMS. The Federal Tax Ombudsman, emphasized on integration of data sources and various modules used by FBR. He shared with the participants examples of number of successful investigations where due to some deficiencies in the systems, big scams were unearthed. The Federal Tax Ombudsman particularly focused on the issues relating to the flaw in system and design for Tax amnesty scheme. Honorable Federal Tax Ombudsman urged the PRAL team to be more vigilant and proactive while designing the system to eradicate tax evasion and other malpractices. He emphasized that system should be able to identify taxpayers so that the tax base is broadened for realization of full revenue potential.

Synopsis of The Ombudsman Institution of Turkey, Overview of the Complaints Management Process and Types of decisions and Reception of complaints and Preliminary Examination.



وفاقی ٹیکس محتسب

ٹیکس سے متعلق شکایات کے فوری، منصفانہ، بلا معاوضہ حل کا آئینی ادارہ

وفاقی ٹیکس محتسب کا کردار

- ▶ ٹیکس سے متعلق شکایات کا ازالہ
- ▶ ٹیکس حکام اور ٹیکس گزاروں کے مابین اعتماد میں اضافہ
- ▶ ٹیکس نیٹ میں اضافے سے قومی معیشت کا استحکام

اب ٹیکس معاملات میں نا انصافی، بد انتظامی اور بد عنوانی سے پریشان ہونے یا ان معاملات سے بچنے کے لئے وکلاء کو بھاری فیس ادا کرنے کی ضرورت نہیں۔ وفاقی ٹیکس محتسب، بشمول انکم ٹیکس، سیلز ٹیکس، کسٹم اور فیڈرل ایکسائز سے متعلق شکایات کے فوری اور منصفانہ حل کے لئے وفاقی ٹیکس محتسب کی خدمات بلا معاوضہ دستیاب ہیں۔

بددیانتی

نامناسب رویہ

تاخیری حربے

اعتدال کا غلط استعمال

بد انتظامی

آن لائن، ای میل، کوریئر یا دفتری اوقات میں شکایت گزار خود بھی درخواست جمع کروا سکتے ہیں۔ متعلقہ دستاویزات کی تفصیل اور مزید معلومات کیلئے ہماری ویب سائٹ www.fto.gov.pk پر جائیں۔

شکایت درج کرنے کے طریقے

FTO Recommends FBR to Expedite Auction of Stranded Vehicles at Karachi Port

Honorable Federal Tax Ombudsman (FTO) has recommended FBR to expedite the auction of substantial number of non-cleared stranded vehicles at Karachi Port which were imported in violation of SRO issued by the Ministry of Commerce.

The subject vehicles were imported under Personal Baggage, Transfer of Residence or under Gift Schemes. According to Customs Act, in case if goods are not cleared from the Port within twenty days of arrival these should be removed from the port and sold in auction.

Federal Tax Ombudsman's Own Motion decision states that failing to timely arrange auction of vehicles lying un-cleared is prima facie a systemic issue of maladministration and it appears that FBR had failed to put in place a system whereby vehicles cleared from the Port are not timely listed in the

small number of so-called professional bidders purchased large number of vehicles regularly and then sold the same on huge profit in the open market. It was observed that 62 bidders purchased 167 vehicles auctioned during the period from July to November 2020, while 20 bidders purchased 117 vehicles. Perusal of data reflects that some bidders had frequently participated in auctions, thus, casting serious doubts on transparency of the auction proceedings.

FBR had recently devised new "online bidding procedure" to purchase goods digitally from Customs Dept. However, it has not yet been implemented due to E-Auction module being under development. In this regard, Federal Tax Ombudsman has recommended FBR to ensure the examining of the proposal pertaining to developing of an E- Auction module



Auction Schedule. Delay in auction would make most of these vehicles unserviceable due to rusting of bodies, running down of tires and batteries, pilferage of parts etc besides creating congestion at Ports.

It is pertinent to mention that subsequent to the initiation of Own Motion investigation, the concerned department auctioned one hundred sixty seven (167) vehicles and pursued the verification of Proceed Realization Certificate (PRC). However over 500 cars are still awaited to be auctioned.

It was also observed during Own motion investigation that a

under the WeBOC software to expedite disposal of un-cleared consignments. FBR has been further recommended to ensure the implementation of the E-Auction Rules notified vide SRO 1174(I)/2020 dated 26.10.2020. FTO office has recommended FBR to ensure the availability of the data relating to bidders who participated in auctions on regular basis and sharing it with the respective IRS field formations. It is expected that after implementation of E-Auction module, the goods ripe for auction would be disposed of without delay, besides, the mafia of professional bidders would be addressed, resulting in improvement in revenue realization.

FTO Recommends FBR to Initiate Criminal Proceedings Against the Tax Evaders

An own motion investigation was initiated to investigate irregularities committed by the FBR field formations, while processing and sanctioning of bogus sales tax refunds, involving preparation of fake and flying invoices. The fraudulent entities obtained sales tax registration for the purpose of issuing fake sales tax invoices to enable other registered persons for claiming bogus refund, input tax credit and reduce their tax liability. It was found that due to lack of credible institutional mechanism to verify transactional details, uploaded by buyers and sellers, cases of tax evasion and colossal loss to national exchequer occurred. In response to the notice of FTO, the department contended that the matter of fake sales tax registrations and issuance of dubious refunds based on fake and flying invoices was

loss of tax had been defined as 'tax fraud' under Section 2(37) of the Act.

However, factually in none of the cases, penal and punitive actions were initiated by the Deptt, except suspending/blacklisting the Sales Tax Registration of the culprit. Moreover, under Section 21 of the Act, that if a registered person is engaged in issuing fake or flying invoices, he should be blocked and "appropriate legal action be taken. The phrase "appropriate legal action" means that action is not only confined to punitive measures under the Act, but it also embraces penal laws of the land which deal with fabrication, preparation of false documents and using the same dishonestly with an intention to defraud any person including government for wrong gain.



rampant in the years 2012 to 2015. However, after the launch of Sales Tax Real-time Invoice Verification System (STRIVE) in July 2016, the issue of fake invoices had been addressed at large. Besides, the registration procedure was changed requiring the applicant for biometric verification, which minimized the possibility of fake registration.

It was further contended that various measures i.e. suspension/blacklisting, post registration and post refund audits, flagging of dormant units as inactive, system checks by PRAL and registration of FIRs/criminal proceedings in multiple cases were also taken.

Falsifying of sales tax invoices to understate the tax liability or overstate the entitlement to tax credit or tax refund or cause

But the Department instead of invoking the provisions of PPC, restricted itself to the extent of stopping further payments and suspending the registrations, which are incomplete actions and against the provisions of Section 21 of the Act against persons involved in committing tax fraud.

It was recommended to FBR to regularly conduct desk audit to cross match the data declared by Registered Persons at the time of filing Annex-A and Annex-C; direct the field formations to initiate criminal proceedings against the person(s)/registered person(s) found involved in committing tax fraud; and ensure application of relevant provisions of Pakistan Penal Code along with provisions of Section 21 and 37A of the Sales Tax Act, 1990 while dealing with cases of fake invoices.

Safety Measures Taken at FTO Office During Covid Pandemic

The second wave of COVID-19 has strike Pakistan as it has to other countries. FTO office has taken all requisite precautionary measures against the spread of pandemic COVID-19. FTO Secretariat has issued several instructions/directions to their employees to guide them in drive for protection from Corona virus. Essential staff was identified for important tasks and their presence in the office was ensured on rotation basis so that office work is not suffered. Anticipating the possible threat, Bioimetric attendance has been suspended. COVID-19 tests of the suspected employees were conducted in coordination with

the District Health Officer (DHO) and National Institute of Health (NIH), Islamabad. The exercise of disinfection was carried-out in the office premises with appropriate planned intervals. The availability of face masks, hand sanitizers along-with disinfection liquid and spray bottles were ensured to all wings/sections of office to minimize the chances of infection from COVID-19. Instructions were issued to the employees for taking precautionary measures due to continued COVID-19 pandemic.



FTO Directs FBR for Disciplinary Proceedings Against Officers

The Federal Tax Ombudsman, in its recommendations of Complaint No.2669/MLN/IT/2020 has directed the FBR to take appropriate disciplinary actions against the concerned officer who by ignoring his statutory duty, passed impugned order dated 02.10.2020, without affording opportunity of hearing to the Complainant.

The complaint was filed under section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against order dated 02.10.2020, passed under Section 170(4) of the Income Tax Ordinance, 2001 (the Ordinance) for Tax Year 2019.

Since the concerned officer had also flouted the recommendations of FTO, a notice for contempt proceedings in terms of Section 16(1)(a) of the FTO Ordinance, was also ordered to be issued to him.

Moreover the Department was also directed to complete the verification and settle Complainant's refund application after providing him opportunity of hearing, as per law.

In a much similar case a concerned officer was found maliciously putting the Complainant into persistent agony of litigation. The Federal Tax Ombudsman, in its recommendations of Complaint No.2671/MLN/IT/2020 has directed the FBR to take appropriate disciplinary actions against the concerned officer who by ignoring his statutory duty, passed impugned order dated 02.10.2020, without affording opportunity of hearing to the Complainant.

The complaint was filed under section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against order dated 02.10.2020, passed under Section 170(4) of the Income Tax Ordinance, 2001 (the Ordinance) for Tax Year 2019.

The concerned officer also flouted the recommendations dated 25.08.2020, which amounts to disobey order of the Honorable FTO, a notice for contempt proceedings in terms of Section 16(1)(a) of the FTO Ordinance, was also ordered to be issued to him.

Farewell of Federal Secretary FTO - Ms. Sarwat Tahira Habib

Honorable Federal Tax Ombudsman hosted a farewell function to bid adieu to our Federal Secretary Ms. Sarwat Tahira Habib who successfully completed her tenure and retired graciously. Ms. Sarwat Tahira Habib had been one of the most outstanding and illustrious officers of Pakistan Customs Service. She started her career in Pakistan Customs by joining the Central Superior Services

Speaking on the occasion, the honorable FTO said that Ms. Sarwat Tahira Habib has become a role model for the civil servants for the kind of work she has done to ensure good governance and effective administration during her tenure. He said any government that has officers like Ms. Sarwat Tahira Habib never fails to come up to the expectations of the masses. She rendered, valuable service and worked with full



with the 13th CTP. She had an extensive operational and management experience in areas of administration, enforcement and compliance in National Customs, Excise & Sales tax. During her career, she had served on key posts in Pakistan Customs including Chief Collector (North), Director General (IPR), Director Intelligence & Investigation FBR, Chief (Management) FBR, Chief (International Customs & Tariff) FBR, Collector of Customs, MCC Islamabad etc. She was last posted as Federal Secretary at Federal Tax Ombudsman and remained here from 31st August 2018 to 21 December 2020.

The farewell ceremony held at a FTO Secretariat was attended by Senior Advisors and other senior officials of FTO office.

dedication, devotion and honesty, and her performance will always be remembered. She was indeed an asset who shall be missed dearly.

Advisor Mr. Tariq Ahad Nawaz was all praise for the retiring colleague and called her very cooperative and considerate. Other Senior Advisors and Senior Officials also contributed with their words to pay their utmost respects to the outgoing colleague.

Ms. Sarwat Tahira Habib thanked everyone for their wonderful gesture. She thanked the FTO and all other colleagues for the wonderful guidance and support that was lent to her during her stay with the FTO secretariat. She said she would cherish the memories of staying with the FTO office for the rest of her life.

Special Assistant to Prime Minister on Revenue Visits FTO Secretariat

Honorable Special Assistant to Prime Minister (SAPM) on Revenue, Dr. Waqar Masood Khan, visited the office of Federal Tax Ombudsman to discuss the matters relating to Tax affairs.

The Federal Tax Ombudsman, Mushatq Ahmad Sukhera, apprised the honorable guest about the efforts, which the FTO office is putting in to contribute towards transparent, effective and efficient working of the tax machinery by giving

regime. He specially mentioned the areas of Human Resource Management, Accountability, Key Performance indicators and their reflection in the Annual Performance Reports. According to him, the revival of inspection regime is necessary to ensure monitoring of Performance of subordinate officers.

The honorable guest, apprised the audience (Federal Tax Ombudsman and Senior Advisors) about the steps which the



suitable recommendations on the complaints of the aggrieved taxpayers. The honorable Federal Tax Ombudsman also told the SAPM about the OWN Motion initiatives and inspections to curb the maladministration in the office and functionaries of FBR. He emphasized that his office has been regularly sending proposals for addressing the systematic issues in the Tax

government is taking to utilize the data of the withholding taxes for improvement in the collection of Direct and In-direct taxes. He also informed about the sharing of data maintained by NADRA and correlating these to utilities and properties. He appreciated the efforts of FTO office for contributing to the national cause of ensuring implementation of tax laws.