



NEWSLETTER FEDERAL TAX OMBUDSMAN



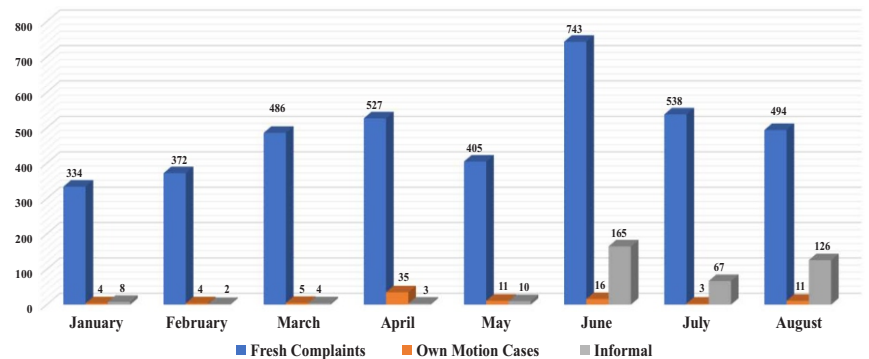
Saving Lives Through Mobile Clinics And Flood Relief:
by Customs Health Care Society *By: Dr. Yumna Nayab* *For details page 09*

INSIDE THIS ISSUE

**FTO Disposes Of
3745 Complaints
In 8 Months**

For details page 04

Complaints Registration At FTO For Period Jan-Aug, 2022



◆ **FTO's Orders Upheld:
81 Appeals Filed By
FBR Rejected**

For details page 05

◆ **Highlights Of The
Speech On
14th August 2022**

For details page 06

◆ **Giving Back To
Those From It
Is Collected**

For details page 14

Patron-in-Chief
Dr. Asif Mahmood Jah (FTO)
(Hilal-i-Imtiaz)(Sitara-i-Imtiaz)

Editors
Mrs. Sarwat Tahira Habib
Mr. Majid Qureshi

Editorial Board:
Ms. Zoyina Ali Pasha
Designer: Mr. Muhammad Mushtaq

We are on Social Media

Ph: 051-9212437 / 042-99202454 **0334-0544460**



ftopakistan



taxombudsman

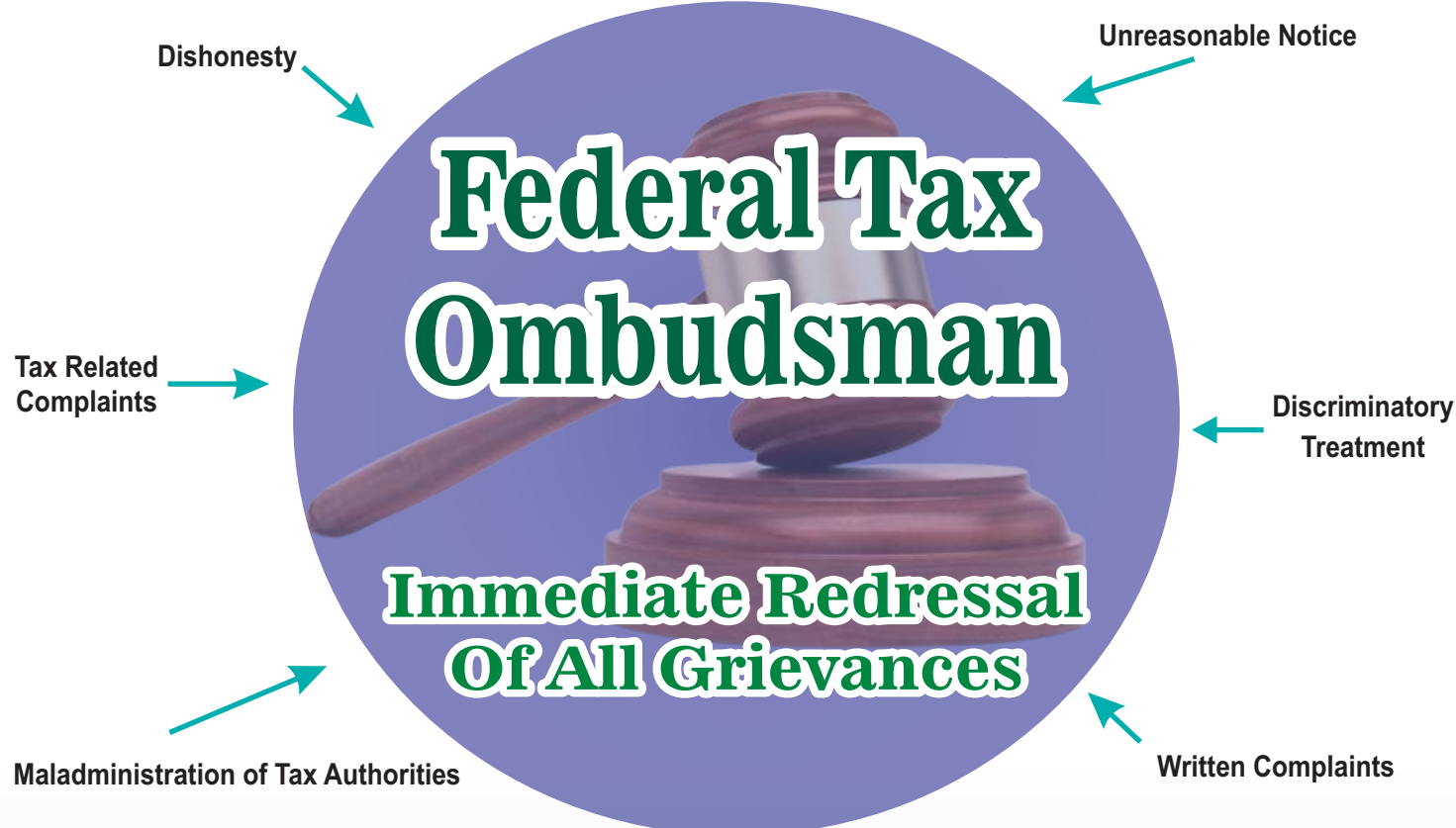


FTO

Email: media@fto.gov.pk / Web: www.fto.gov.pk



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



Written Complaints
FTO Portal
Mobile App
WhatsApp

Contact/Registration of Complaints

Federal Tax Ombudsman Secretariat Headquarter Islamabad
 5-A, Constitution Avenue, Islamabad Tel: 051-9212316, 051-9217767
 Fax: 051-9205553, E-mail: info@fto.gov.pk

Regional Office Karachi

8th Floor (NICL) Building, Sharah-e-Faisal Towards DHA, Karachi.
 Tel: 021-99225059, Fax: 021-99225058, E-mail: ftokhi@fto.gov.pk

Regional Office Lahore

Bungalow No. 186-A Scotch Corner, Upper Mall, Lahore
 Tel: 042-99201894, Fax: 042-99201893. E-mail: ftolhr@fto.gov.pk

Regional Office Peshawar

H # 9A-B/2, Old Jamrud Lane Road, University Town, Peshawar.
 Tel: 091-9224200, Fax: 091-9224201. E-mail: adminpwr@fto.gov.pk

Regional Office Quetta

1st Floor, Mashriq Plaza Opposite FC HQ, Hali Road, Quetta.
 Tel: 081-9202653, Fax: 081-9202841. E-mail: ftoqta@fto.gov.pk

Regional Office Faisalabad

House No. 35, Canal Park East Canal Road, Faisalabad
 Tel: 041-9230241, Fax: 9230244. E-mail: ftofaisalabad@gmail.com

Regional Office Multan

House No.98A, Ibrahim Avenue, Gulgasht Colony, Multan Tel:
 061-9210348, Fax: 061-9210349. E-mail: ftomultan@gmail.com

Regional Office Gujranwala

House No.68, Climax Town, G. T. Road, Gujranwala.
 Tel: 055-9330590 Fax: 055-9330589. Email: fto.gwl@gmail.com

Regional Office Sialkot

House No. 5, Nishat Park, Col. Sher Ali Road, Off Paris Road,
 Sialkot. Ph: 052-9250725-26, Email: ftoskt@gmail.com

Regional Office Sargodha

House No. 62/72, Peer Muhammad Colony, University Road,
 Sargodha. Telephone: 048-9330147

Regional Office Sukkur

Bangalow No. 32, Sukkur Cooperative Housing Society,
 Sukkur. Telephone: 071-5825222

Regional Office Abbottabad

House No.01, Street No. 01, Moosa-zai Colony, Abbottabad.
 Telephone: 0992-920200

Regional Office Hub

Lasbela Chamber of Commerce Building, 26-DC Hight Hub,
 Balochistan. Telephone: 085-3363261

MESSAGE OF THE FTO

Esteemed Taxpayers!

السلام عليكم ورحمة الله وبركاته!

The Federal Tax Ombudsman's issue for the month of September is in your hands. This sums up eight months performance of the Federal Tax Ombudsman. It may be assessed from its reading that the Federal Tax Ombudsman is consistently engaged in addressing the problems of the taxpayers. That is why the taxpayers are being provided relief without any delay and obstruction.

As all of you know that in our dear homeland, a spell of torrential rains and flash floods persistently continues for the last two months. Water has hit all places, and there are incidents of devastation and destruction. Flash floods have taken toll of 1200 lives. Thousands are injured and over millions are languishing helplessly without any cover and support under open sky, and are awaiting your aid. The taxpayers and affluent personalities are coming forward from every nook and corner of the country.

The Customs Health Care Society is ceaselessly providing requisite aid and service to the flood affectees. The flood affected people are being provided ration. In flood-hit areas, treatment of erupting diseases is also being done. Medical camps are being set up where thousands of people are being treated. The donations are pouring into from the country as well as abroad. The current flash flood has left behind a painful saga of devastation and destruction. Thanks to Allah Almighty, the people of Pakistan immensely possess the passion of sympathy and sacrifice.

From across the country, Government and NGOs are engaged in efforts to provide rescue and relief to the flood affected people. The institution of the Federal Tax Ombudsman has also assumed the shape of relief camp of the flood affectees. The officers of FTO and other



officials namely Shahid Nawaz, Akhtar Hussain, Muhammad Mushtaq, Muhammad Rafiq, Muhammad Naeem, Amin and Imtiaz are actively taking part in the relief operations. In our company, Mr. Almas Ali Jovindah especially Dr. Arslan Subuctageen has carried out examination and treatment of thousands of patients in our medical camp in Noshehra. Shahid Nawaz is also an active participant of relief teams. Dr. Junaid Asghar of His Excellency King of Saudi Arabia, who has recently returned from Saudi Arabia, has also taken part in our medical camps. In D.I. Khan and Charsada, thousands of patients were examined. My daughter Dr. Yumna Nayab is also ardently engrossed in collection of donations for the flood affectees day and night. Muhammad Ashfaq is busy collecting donations round the clock. In Islamabad, Jahangir, Dr. Aqil, Dr. Ramsha, Saqab Allah, Dr. Sohaib, Dr. Arfa, Naheeda, Attiya, Saeed, Syed Qadar and Shayan are part of every team. For the last three weeks, Amjad, Anwar Qadri and Taufeeq are providing aid to the flood affected people in South Punjab. In this hour of trial and tribulation, we should unite for the relief work, so that the hardships and afflictions of the flood affected people are alleviated and they are able to restart their normal way of life. May Almighty Allah make Pakistan secure and invincible, and save us from all calamities!

May Allah Almighty be our protector and guide!

Pakistan Paindabad



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



FTO Disposes Of 3745 Complaints In 8 Months

Tax Ombudsman Dr. Asif Mahmood Jah has disposed of 3745 complaints in eight months of current year. After taking charge as FTO on 29nd September 2021, he had directed his team to promptly dispose of the complaints at FTO Office.

According to him, the office of FTO had its presence in seven cities when he took over last year. It has been expanded to another five cities, including Sargodha, Sialkot, Sukkur, Abbotabad and Hub to provide justice to taxpayers at their doorstep. Besides, he said, he has appointed honorary advisors from various chambers of commerce and industry to remove hesitation of taxpayers in approaching the office of FTO. He is serving the institution over the last nine months and worked hard to activate it in the larger interest of taxpayer. According to Dr. Jah, the objective of FTO was to officially resolve tax matters of taxpayers.

He said the FTO is bound to dispose of a complaint within 60 days. "Sometimes, conclusion within one hour of the filing of a complaint. Only a telephone call to the relevant office is sufficient to resolve the issue in hand". It was not the situation earlier and the complainants were supposed to wait for long. He said there is no fee for filing of complaint and a complainant can file his complaint in written form or through mobile app of the FTO office. Status of the pending complaints can be checked though dialing 9386. A cost free justice is the sole objective of the office of FTO.

According to Dr. Jah, he has directed in 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, President Arif Alvi has dismissed/rejected 81 representations/appeals filed by the Federal Board of Revenue (FBR) and upheld the orders of the Federal Tax Ombudsman (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 FBR to:- (i) ensure that hired lecturers of Post Graduate College, Bannu or other such educational institutions are not burdened with excessive tax deductions at withholding stage. (ii) While taxpayers facilitation constitutes the core function of FBR, its implementation on ground should also be visible.

When asked about the nature of complaints received by his office, he said, most of the taxpayers turn up with a complaint of delay in payment of due refunds by the FBR. Recently, FTO has saved an octogenarian Overseas Pakistani from additional taxation. The FTO came into action after a show cause notice was issued to an 86-year-old complainant to file income tax year 2016. However, being an old non-resident with no Pakistan source of taxable income, he was not required to file an income tax return for the said year. FTO's order further stated that impugned penalty order without considering the reply of 86 years old non-resident person was not only contrary to law but was also perverse, unjust, biased and oppressive causing administrative excesses contrary to the principles of natural justice.

Source: FTO's Interaction With Newsletter Team

Months	Fresh Receipts (2021)	Fresh Receipts (2022)	Disposal (2021)	Disposal (2022)
January	191	346	198	307
February	241	378	153	305
March	231	495	205	287
April	240	565	213	522
May	164	426	201	531
June	381	794	281	560
July	240	608	200	535
August	198	631	199	553
Total	1886	4243	1650	3600
Percentage %	124.973%		118.18%	

FTO's Orders Upheld: 81 Appeals Filed By FBR Rejected

President Arif Alvi has dismissed 81 appeals filed by the Federal Board of Revenue (FBR) and upheld the orders of the Federal Tax Ombudsman (FTO) to treat the income of low-paid employees as salary income under section 12 of the Income Tax Ordinance, 2001 for taxation purposes.

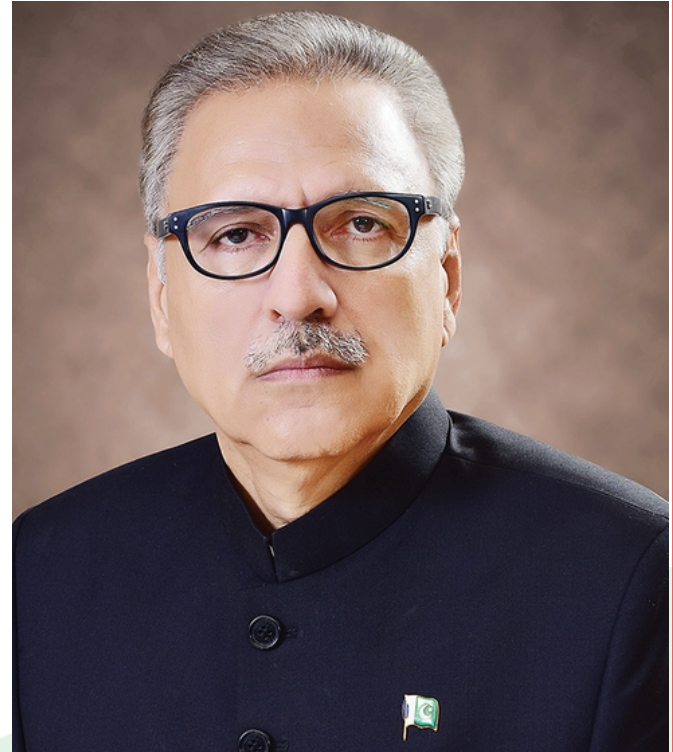
Briefly, in the subject cases, the complainants were temporary lecturers hired by the Higher Education Department (HED), Khyber-Pakhtunkhwa and posted at various colleges in the KPK. The employer colleges were alleged to have been deducting excessive taxes at source from the meagre salaries paid to the complainants. As a matter of concern for the complainants instead of treating them as salaried persons, to be treated u/s 149, they were rather subjected to unjust deductions u/s 153(i)(b) of Income tax ordinance, 2001 i.e. under head "Services Rendered" and that too treating the complainants as non-filers.

This treatment was vehemently agitated by the subject 81 complainants.

When confronted the department defended the treatment stating; "College authority has hired the subject complainant on semester basis and the taxpayer providing services to the Government Degree College Kaki Bannu in private capacity upon which tax is withheld u/s 153(1)(b) of the Income Tax Ordinance 2001 @ 10 per cent in case of filer and @ 20 per cent in case of non-filer. As the complainant is neither registered nor filed returns(s), of income, therefore, tax deduction @ 20 per cent has rightly been made as per prescribed rates.

The Tax Ombudsman while disposing of the subject complaints of low-paid employees, whose services were hired by Government Educational institutions in the KPK, had recommended the FBR to treat the payment against services rendered as salary income. The FTO had further recommended FBR to:-

- (I) 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 FBR, its implementation on ground should also be visible.

- (ii) direct RTO to process the instant cases on priority basis and under relevant legal provisions, so as to save the complainants from grave hardship they are suffering ever since hired by the concerned institution.
- (iii) issue necessary clarification for all withholding agents to safeguard such employees against excessive deductions.

President Arif Alvi, while disposing of the subject Appeals, has observed that: "The order of the learned FTO is based on valid justifications and sound legal footings. Further, the FBR vide its letter dated 11th April 2022 has already decided that the income of such employees hired under any of the forms, ie, regular, ad hoc or daily wages, contingency etc would be treated as salary income under section 12 of the Income Tax Ordinance, 2001. There remains no justification to treat the complainants differently. Thus, the representations of the FBR are liable to be rejected accordingly.



Highlights of the Speech on 14th August 2022

By: Afrasiab Mehdi Hashmi Qureshi,

Former Ambassador of Pakistan

(Derived from his Encyclopedia on Pakistan's foreign relations)

UNQUOTED QUOTES

I feel a cool breeze blowing from the east.

(Hazrat Muhammad (PBUH), Last Prophet of Islam.)

A city would be established close to me, which shall carry a great name in the Islamic World.

(Prediction by Imam Bari made more than three hundred years ago. The saint is buried in Islamabad. The decision to build Islamabad was taken after 1958).

The oldest stone tool in the world, going back to 2.2 million years, has been found at rawaat, about fifteen miles away from Rawalpindi, thus breaking the African record. the largest hand axe has also been found in the soan valley....later about fifty thousand B.C. at Sangho cave in Mardan district Man improved his technology for working on quartz in order to chase the animal in closed Valleys... however, the first known settled life began in the eighth millennium B.C. when the first village was found at mehergarh in the Sibi district of Balochistan comparable with the earliest villages of Jericho in Palestine and Jarmo in Iraq.

(Dr. Ahmad Hasan Dani.)

Pakistan is the Fortress Of Islam.

(King Faisal of Saudi Arabia (Islamic Summit in Lahore in February 1974).

When Pakistan looks north, the Islamic World looks north; when Pakistan looks south, the Islamic world looks south...Pakistan is the replication of the very idea of the creation of the Organisation of Islamic Conference (OIC). Pakistan consists of different states and different countries United by Islamic ethos, culture and values.

(Views expressed by the Foreign Ministers of a number of countries while interacting with the Pakistan side.)

It (Pakistan) is national and natural, like ulster in my native country. Do not wrangle about it.

[George Bernard Shaw (APA message dated March 28, 1946 quoted on page 83 by S. A. Rahman in his book 'Why Pakistan?')]

I once called Pakistan, a castle with a thousand doors for one can enter it from many sides, and once one has lived in it one discovers the same reality reflected in innumerable small mirrors of different colours.

[Dr. Annemarie Schimmel, German scholar (in Foreword to the book, 'Culture Shock! Pakistan').]

On this auspicious day which marks the emergence among the family of nations of the new dominion of Pakistan, I extend our sincere best wishes to you....we look forward to the constructive participation of the new dominion in world affairs for the welfare of all mankind.

(Telegram dated 14 August 1947 by President Truman addressed to Muhammad Ali Jinnah, Father of the Nation of Pakistan, conveying felicitations on the establishment of Pakistan.)

Do not forget the bridge (Pakistan), you used while coming to China; you may have to use it again.

(Premier Chou Enlai's remarks to Henry Kissinger during the latter's visit to the People's Republic of China in July 1971. The visit was organised by Pakistan.)

Those who want a more peaceful world in the generations to come, will forever be in your debt.

(President Nixon's remarks on Pakistan's role in Sino-US rapprochement, in a hand-written letter dated 7 August 1971 addressed to the President of Pakistan.)

Pakistan is an enormous country, a strategically important country, not just for America but for the world.

(Remarks by President Barack Obama during his visit to India in November 2010.)

The high idealism of the Indian government in international matters breaks down completely when confronted with the question of Kashmir.

(Bertrand Russell, 1964.)

Jinnah was a great man because he created something out of nothing, and single-handedly stood against the might of the congress party and against the British who did not really like him. Gandhi himself called Jinnah a great Indian. Why don't we recognize that?

(Jaswant Singh, former Minister of External Affairs of India, in interview with the Indian news channel, CNN IBN, in August 2009.)

China-Pakistan friendship is like a large tree with deep roots; and the friendship of people of both the countries runs in our blood.

(Address by Chinese Premier Wen Jiabao to the Joint Session of the Parliament in Islamabad on 19 December, 2010.)

One hundred thousand Indian troops have suppressed Kashmiri Autonomy.

[Bertrand Russell (Zulfikar Ali Bhutto in his book 'Myth of Independence').]



All of us remain concerned that the issue of Jammu and Kashmir should be solved through peaceful negotiations, and should be willing to lend all the strength we have to the resolution of this matter.

(President Nelson Mandela, 2 September 1998.)

India and Pakistan should resolve Kashmir dispute in the interest of peace in south Asia and the rest of the World.

(Russian President Vladimir Putin, 3 December 2004.)

India is an object lesson to those anthropologists who say that character is a function of the physical environment. For no two communities could have been more different than the Hindu and the Moslem. Yet the land they lived in was the same land burned by the same sun, watered by the same rains (both communities) stood against one another in sporadic and incurable hostility. They might live side by side in formal peace in the same town or village for years, and then some little provocation, when least expected – perhaps the killing of a cow by Moslems or the playing of a band by Hindu marriage or funeral procession passing a mosque at prayer time – could start a riot. As a community the Moslems keenly felt their inferior numbers, but at the same time were conscious of

belonging to a great international Moslem world outside India, a world which looked not to Delhi or benares but to Mecca, a world which the more parochial Hindu could never know.

[‘This Age of Conflict’ by Chambers, Harris and Bayley (pages 345 and 346), while focusing on the differences between the Hindu and the Muslim communities in the subcontinent.]

The remarks by Afrasiab Mehdi Hashmi Qureshi delivered on the occasion, were an elaboration of the points highlighted above. Pakistan is a modern country with an ancient civilization. Pakistan was founded as a country for the Muslims of the Subcontinent. The land that constitutes Pakistan today, also has a special place in the heart of followers of other religions. Guru Nanak was born near Lahore; he died near Lahore. Guru Padmasambhava considered to be the Second Buddha by many in the Buddhist world, was born in Swat, not too far from Islamabad. In particular, Ambassador Afrasiab underscored that while Pakistan was celebrating 14th August as its Independence Day, India for the first time in history, was observing the occasion as the ‘Partition Horrors Remembrance Day’. Pakistan has always been successful in confronting challenges. Pakistan will always play its rightful role in the comity of nations.

Flag Hoisting Ceremony At FTO Secretariat

A flag hoisting ceremony was held at the Federal Tax Ombudsman Secretariat Islamabad to mark the Diamond Jubilee Celebrations of Pakistan’s 75th Independence Day. A very senior diplomat Mr. Afrasiab Mehdi Hashmi also graced the occasion and enlightened the participants with his visionary thoughts.

At the outset, Hon’ble Federal Tax Ombudsman, Dr. Asif Mehmood Jah hoisted the Pakistani flag. Speaking on the occasion, Dr. Jah said that establishment of Pakistan was a miracle, which was possible due to the eternal sacrifices of our forefathers and the Muslims of the subcontinent. He said that the journey after independence was not easy. However, we faced all adverse situations with great courage.

He also said that there are challenges before us but we are confident that we will overcome these problems and emerge as a strong and prosperous nation. His Excellency Mr. Afrasiab in his message, paid homage to Quaid e Azam and other leaders of the Pakistan movement.

He also reaffirmed nation’s resolve to uphold Pakistan’s ideology and make Pakistan an ideal modern Islamic welfare nation-state. He also stated that the 75th independence anniversary was a watershed moment praising the unflinching resolve and devotion of Quaid-e-Azam that led to the creation of Pakistan.

He stated that it was now the collective duty of all Pakistanis to fulfill the vision of the founding fathers to make Pakistan a peaceful and strong country.

FTO along with Chief Guest planted trees at FTO office premises. Besides officials of the FTO Secretariat and their families, a large number of people including Chief Advisor Mr. Sohail Altaf, Group Leader of Rawalpindi Chamber Of Commerce & Industry, Honorary Business Coordinator Mr. Shakeel Munir, President Islamabad Chamber Of Commerce, Senior Advisor, Dr. Arslan Subuctageen, Advisor Mr. Majid Qureshi, former FTOs also attended ceremony.

FTO Warns FBR Against 'Illegal' Collections In Tribal Areas

The Federal Tax Ombudsman (FTO) has warned the Federal Board of Revenue (FBR) to refrain from illegal collections of income tax/withholding tax from individuals, Association of Persons (AoPs) and companies in tribal areas. According to an order of the FTO issued against the Regional Tax Office (RTO) Peshawar, clauses (109A) and (110) of the Income Tax Ordinance, 2001 provide that deduction or collection of withholding tax shall not apply to an individual domiciled or company and Association of person resident in tribal areas. In the instant case, the complainant's permanent address is of North Waziristan.

The fact of the case are that the complainant being domiciled of ex-Federally Administered Tribal Area (Fata) and posted as a medical doctor at District Headquarters Hospital Miranshah, claimed that he is not liable to pay income tax under the statutory provisions of the Income Tax Ordinance 2001, the FTO order said.

The RTO Peshawar responded that the tax from the salary of the complainant has been rightly deducted as he is a government employee, ie, the Government of

Khyber-Pakhtunkhwa. The salary income of a person, irrespective of his place of posting, is taxable under the provisions of the Income Tax Ordinance 2001. Section 101 of the Income Tax Ordinance 2001 clearly states salary income shall be considered Pakistan source i.e. deemed to accrue or arise in Pakistan, if it is received from any employment exercised in Pakistan, wherever paid or it is paid by any of the federal, provisional or local government of Pakistan.

The FTO's order revealed that after the merger of the said areas in the KPK/Pakistan tax laws have been fully extended to the areas in question. However, as a gesture of goodwill, the legislation has granted a grace period, whereby, all income earned through taxable activity in the said areas by the individuals domiciled in merged Fata/Pata has been exempted through clauses 145(A), 109(A) and 110 of the Income Tax Ordinance 2001 for a specified period. The salary individuals who are Fata/Pata domiciled and serving in the said areas are also entitled to this concessionary regime as no specific exclusion has been provided under the law.

Source: Business Recorder

Cases Of Electricity & Gas Tariffs: APTMA Praises FTO For Providing Relief To Export-Oriented Sectors

All Pakistan Textile Mills Association (APTMA) has appreciated Federal Tax Ombudsman (FTO) Dr. Asif Mahmood Jah for providing prompt relief to export oriented sectors against the inordinate delay caused by Export Oriented Sector Registration Cell (ESRC) of the Federal Board of Revenue (FBR) in processing cases of export units for electricity and gas tariff.

Hamid Zaman, Chairman, APTMA (NZ) said that processing of energy tariff cases were was being delayed on lame excuses and false pretexts, forcing the exporters to pay excessive tariff on electricity and gas. Consequently, they were being saddled with extra financial burden reducing their competitiveness in the global market against their local and regional competitors.

Zaman said that textile mills had apprised FTO that a Standard Operating Procedure directions of Economic Coordination Committee (ECC), was issued through FBR Circular No. 04 of 2020 prescribing procedure for enrolment of registered persons to qualify for special energy tariff. Unfortunately, the legally laid down SOP



was being blatantly violated by adopting delaying tactics causing immense loss to the applicants.

The matter was immediately taken up by the Honourable FTO who vide his decision in Complaint No. 1974/ISD/ST2022 held that the delay caused by FBR tantamounts to maladministration and unambiguously directed FBR to process all cases for concessionary energy tariff on Fast Track day to day basis without any delay or deviation from the prescribed procedure.

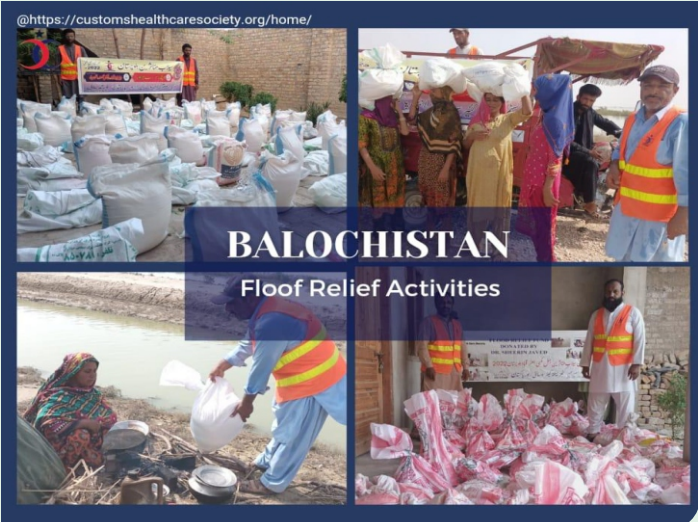
Source: Business Recorder

Immediate Response To Disaster (Flood) By: Dr. Yumna Nayab

Heavy floods induced by relentless monsoon rains continue to swamp villages and towns leaving trails of death and destruction in many cities of Pakistan.

Alhumdulillah, by the Grace of Allah and with continuous support of donors the teams of Customs Health Care Society (CHCS) are actively involved in conducting relief activities in the flood-ravaged areas of Pakistan. Our hard working teams are risking their lives to save the flood affected victims. Mobile Health units laden with emergency medicines, ration bags, tents and tarpaulines have been sent in various affected areas of Pakistan. The relief and medical teams of CHCS are working day and night in the flood affected cities like Jafferabad, Jhal Magsi, Khuzdar, Awaran, Qila Saifullah,

Lasbella and Othal in Balochistan and providing all types of relief goods and ration supplies. In Sindh the relief work is going on relentlessly in cities of Umer Kot, Dadu, Khairpur, Sanghar, Tharpakar, Badin and other affected places. The teams of CHCS are also providing relief supplies to the flood affectees in Khyber Pakhtoon Khawa in flood hit cities like Tank, Dera Ismail Khan, Charsada, Nowshera and Chitral. Relief is also going unabated in Taunsa Sharif, Layya, DG Khan, Rajan Pur, Rojhan, Fazal Pur and other affected areas of South Punjab. Relief activities are also underway in flood hit areas of Gilgit and Neelum Valley in AJK. The relief goods worth Rs. 50 million have been distributed so far and thousands of patients treated in medical camps.



Help Us In Saving The Humanity In Distress!

Account Title: Customs Health Care Society. **Branch Code** 1887, **Account No:** 4011311614

Swift Code: NBPAPKKA02L 1887004011311614, **IBAN:** PK76NBPA1887004011311614

National Bank of Pakistan, Moon Market Branch, Allama Iqbal Town, Lahore



FBR Directed To Investigate Sales Tax Scam In Cement Sector

Federal Tax Ombudsman (FTO) Dr. Asif Mahmood Jah asked the Federal Board of Revenue (FBR) to conduct a comprehensive investigation of a mega scam of billions of rupees in the form of fake sales tax supplies in the cement sector.

FTO unearthed the scam while investigating a complaint of a cement retailer who had disowned a huge supply of cement from two suppliers who had showed the supplies to the complainant at the time of filing their sales tax return. According to details, the complainant reported the case to regional tax office (RTO) Abbottabad, however, no action was reportedly taken to remove his entries from MIS record, IRIS.

The complainant took up the matter with the FTO. During the investigation, chief commissioner IR, reported that sales tax return of the complainee company were examined, which revealed that the registered person had made sales to the complainant as unregistered buyer since the registered person was dealing in Third Schedule item. No sales tax or further tax was involved in the instant case.

The commissioner added that tax profile of the complainee company had been scrutinised on findings that during the complaint period i.e July 2019 to July 2021, the registered person had made sales amounting

to Rs6.8 billion and sales tax involved was amounting to Rs1.22 billion.

As per IRIS record, the complainee company was selected for audit Under Section 177 of the Income Tax ordinance, 2001 for the tax year 2016 and 2019. Audit proceedings for the Tax Year 2016 had been finalised Under Section 122 (1) of the Income Tax Ordinance, 2001 and tax demand amounting to Rs 694 million has been created. However, audit proceedings for the tax year 2019 are pending. Therefore, during the audit proceedings content of complaint shall be kept in mind and would be finalised under the relevant provisions of law, the record revealed.

In view of the above stated, FTO recommended the FBR to conduct an incisive investigation regarding the allegations leveled and surfaced during the complaint, especially with reference to conduct of the complainee companies. He also asked the directorates of I&I-IR to conduct similar exercises in their respective jurisdictions with reference to high turnover sectors such as cement, sugar, steel, cigarette, beverages and fertilisers.

RTO, Abbottabad was directed to take corrective measures in complainant's MIS record of IRIS in light of the findings of the investigation.

Source: The News International

FTO Saves An Octogenarian Overseas Pakistani From Additional Taxation

While disposing of a complaint, Federal Tax Ombudsman (FTO) has directed the Federal Board of Revenue (FBR) to revisit the impugned order for the tax year 2016 in the case of an 86-year-old overseas Pakistani.

The FTO came into action after a show cause notice was issued to an 86-year-old complainant to file income tax year 2016. However, being an old non-resident with no Pakistan source of taxable income, he was not required to file an income tax return for the said year. The complainant provided the supporting evidence, however, FBR without considering the reply of the complainant, imposed a penalty of Rs. 25,000. Therefore, the senior citizen took up the matter with the FTO. The commissioner informed FTO that the complainant's reply was received by FBR but his claim was devoid of any merit as no supporting documentary evidence was furnished. FTO's finding stated that the FBR should have taken care of senior citizens

before taking any adverse action. It was also averred that the concerned officer denied receipt of any reply from the complainant whereas the complainant submitted documentary evidence of receipt of FBR's replies. It appeared that the commissioner did not even bother to read the impugned order as well as his comments, he added.

Thus, FTO's order further stated that impugned penalty order without considering the reply of 86 years old non-resident person was not only contrary to law but was also perverse, unjust, biased and oppressive causing administrative excesses contrary to the principle of natural justice. In view of the above, Tax Ombudsman directed FBR to revisit the impugned order for the tax year in terms of section 122A of the ordinance after affording a proper opportunity of hearing to the complainant in accordance with the law.

Source: PROPAK



President Calls Explanation From FBR Over Miscarriage Of Justice, Maladministration

President Dr. Arif Alvi called for an explanation from FBR over unnecessarily contesting the decision of the Federal Tax Ombudsman (FTO) before him without sound legal justification in a financially insignificant case and wasting the time and efforts of the highest office of the country. While expressing his dismay, he said that chasing the small and financially insignificant taxpayers unnecessarily and without cogent and lawful reasons impinged negatively on the image of FBR and also created public resentment against it.

President gave these remarks while upholding FTO's decision in a case where a shop owner from Abbottabad had been registered by FBR as "Tier 1 Retailer" even though he did not fulfill the criteria required for this purpose. The citizen approached FTO over this injustice which passed the orders in his favor. FBR, however, didn't comply with the decision and preferred a representation with the President.

The President rejected FBR's representation and directed it to deregister the shop and report compliance

within 45 days on the ground that FBR had unjustifiably registered a cloth shop as "Tier-1 Retailer" even though the shop was found lacking lawful criteria and was qualified for deregistration under relevant existing provisions of Sales Tax laws.

The President observed that since the complainant's shop was consisting of 594 sq. ft only, therefore, the compulsory registration of complainant by FBR under the Sales Tax Rules, 2006 was contrary to law, rules, arbitrary/unjust and was based on irrelevant grounds tantamount to maladministration.

He stated that the order of FTO was based on sound footings and, therefore, there was no valid justification to interfere with its original order, thus, the representation was being rejected. He further directed FBR to send a report within 45 days of implementation of his order and explain the reasons as to why this miscarriage had happened, justice was delayed and why efforts and time of highest forum was wasted.

Source: Associated Press Pakistan

FTO Secretariat Sets Up Facilitation Desk For Taxpayers

In order to facilitate the taxpayers, the Federal Tax Ombudsman (FTO) Secretariat has set up a facilitation desk at its premises, which was formally inaugurated by the Tax Ombudsman, Dr. Asif Mehmood Jah.

Director General FTO Secretariat Khaldun ul Haq, President ICCI Mohammad Shakeel Munir, Senior Advisor Sarwat Tahira Habib, Senior Advisor Customs Dr Arslan Subuctageen, and Senior Advisor Media Majid Qureshi were also present on the occasion.

Addressing the inaugural ceremony, Dr Asif said that our main objective is to show respect to the taxpayers with the establishment of the facilitation desk, the taxpayers would now be able to avail all Customs/tax-related services and get their issues resolved within the FTO's premises at Islamabad. "Protecting the interests of taxpayers is the key priority of this organisation and we are constantly providing relief to the taxpayers by carrying out independent investigations about the maladministration by the functionaries administering the federal taxes", FTO. He also said that the FTO would work with the FBR for setting timelines for tax cases to ensure their timely disposal.

Dr Asif, while giving a briefing to the media at the occasion said that the performance has been good in the last six months. About 3,000 complaints were received, out of which, 2,650 have been redressed. He said the time for the redressal of the complaints has been reduced from 68 days to 40 days.

He said that the FTO office was not only handling the taxpayers' complaints but was also checking maladministration in tax matters through own motion investigations and inspections. More than 75 own motion cases have been taken up during the last sixth months, he further added. To provide quick and cheap justice to the taxpayers, the FTO is also contacting the taxpayers through social media. ICCI President Munir said that the appointment of the business advisors by the FTO has proved to be a welcome initiative which has not only helped in resolving tax issues but also brought the business community together with the FTO. It has helped in promoting a favourable tax culture. A question and answer session was followed by the briefing.

Source: Business Recorder

AWARENESS AND OUTREACH

Visit To Custom House Islamabad



To acquaint the officers of FBR with the role and functions of the office of the Federal Tax Ombudsman, an awareness session was organized at the Customs House Islamabad. Senior Advisor FTO Ms. Sarwat Tahira Habib apprised the audience that FTO is enhancing its outreach by visiting various Chambers of Commerce & Industry of the country and FBR filed offices. She gave a brief presentation about the Mandate, vision of FTO.

She also stated that due to the efforts of the FTO, many cases were settled in favour of taxpayers. FTO was working to investigate, diagnose, redress and rectify maladministration of tax functionaries. She informed the participants that Hon'ble FTO provided complete assurance for the complainants' safety against any reaction by the tax authorities or reopening of their cases. She gave a detailed account of some of the significant cases and prompt action taken by the Tax Ombudsman. Advisor Customs, Dr. Arslan Subuctageen, gave a presentation on customs related

cases, how they were dealt and the role of customs in dispute resolution. He said multiple cases of serious nature are being resolved amicably providing immediate relief to aggrieved tax payers.

The Mr. Majid Qureshi, Advisor Income Tax spoke about the role of Tax Ombudsman, its effectiveness in disposal of taxpayer's complaints and desire to achieve the status of 'Relief Oriented Body'. He also stated that FTO is constantly working to provide relief to the taxpayers against the maladministration of tax machinery. Collector Customs, Islamabad and Chief Collector Customs, Islamabad also responded to the complainants and resolved some of the issues on-spot.

The Advisors urged the participants to identify maladministration so that remedial action can be taken. The participants including office holders of importers/exporters and Clearing Agents Associations in Islamabad appreciated the working of the FTO Secretariat and committed to share the recent initiatives taken by this forum with their members.

Visit To Sukkur Small Traders & Industries And Larkana TBA

An awareness session was arranged in Sukkur Small Traders & Small Industries and Larkana Tax Bar Association. A large number of business communities of the relevant areas were present there. A detailed briefing was given to the members of associations about the working of FTO office. The Chairmen of the associations motivated their members to approach FTO office for getting early and cost free relief. The association showed full confidence over the performance of Federal Tax Ombudsman. Participants were also informed that they can file hand written complaints

addressed to the Hon'ble FTO for which no fee is charged and even affidavit can be filled on non-judicial paper so as to save the complainant from payment of any charges.

Mr. Tarique Nazir Sheikh Presidnet, Sindh Small Traders Larkana expressed appreciation for having an institution like FTO. The Participants appreciated the efforts made by the FTO's office for resolution of the taxpayer's grievances and holding such awareness session in the 5th largest city of Sindh. They assured that aggrieved taxpayers would approach FTO for redressal of their genuine grievances.

Awareness Session At Islamabad Chamber Of Commerce & Industry



While addressing the awareness session at Islamabad Chamber of Commerce & Industry (ICCI), Dr. Asif Mahmood Jah, said that FTO received about 3000 complaints from January 2022 to June 2022, out of which 2650 complaints were resolved. He along with his team visited ICCI and under took an awareness session with the business community about the 6 months achievements of his organization. Dr. Arslan Subuctageen, Advisor (Customs), Ms Sarwat Tahira Habib, Advisor (Media & Awareness), and Almas Ali Jovindah (Advisor Legal FTO) were also present.

Addressing the business community, he said that the complaints redressal time has been reduced from 68 to 40 days while 75 own motion investigations were taken up during the 6-month period. He said that on the orders of FTO, Customs authorities collected over Rs.5 billion by auctioning pending vehicles and goods. Similarly, on their intervention, FBR cleared refunds of about Rs.8 billion of taxpayers. He said that FTO has set up 5 new regional offices to expand its network for the facilitation of taxpayers. He assured that FTO would continue to act as an advocate of taxpayers to address their grievances and stressed that the business community should take benefit of its services for redressal of their tax complaints. He also nominated Ms. Naima Ansari, President, Islamabad Women Chamber of

Commerce & Industry as Honorary Business Coordinator of FTO and presented a nomination letter to her at the occasion.

Speaking at the occasion, Muhammad Shakeel Munir, President, Islamabad Chamber of Commerce & Industry lauded the 6 month achievements of FTO that showed good performance and said that FTO was providing speedy justice to the taxpayers by addressing their tax complaints, which deserved great appreciation. He said that FTO's model of public private partnership by nominating Honorary Business Coordinators from the private sector was making a good contribution towards solving the grievances of taxpayers. He said that the current tax system of Pakistan was quite complicated and stressed that the government should make tax reforms to develop a tax system that should facilitate the promotion of business and investment activities, which would ultimately increase the tax revenue of the country.

Muhammad Faheem Khan, Vice President and Khalid Iqbal Malik, former President, Islamabad Chamber of Commerce & Industry also lauded the role of FTO for providing speedy and free of cost justice to the taxpayer and added that FTO's interventions were improving the confidence of taxpayers on its facilitative role.



By:
Sarwat Tahira Habib
SR. Advisor

Giving Back To Those From It Is Collected

"It was only for the good of subject's that he collected taxes from them just as the Sun draws moisture from the earth to give it back a thousand times"

FTO'S Recommendations in 81 cases fixing minimum income limit for taxing daily wagers confirmed by the President Arif Alvi

Issue Of Excessive Tax On Salary Of Low Paid Daily Wagers:

The president of Pakistan while considering the reviews appeals by FBR has held that the order by the FTO is based on valid justification and sound legal proofing as already held by FTO and Implemented by FBR in a previous case of PBC employee.

Previously in a specific case after taking cognizance of the complaint by a low paid contract employee, the Federal Tax Ombudsman ruled that the minimum income limit should be set for deducting tax from daily wage earner semi-government employees like the government employees. The FTO announced the judgement after initiating an inquiry into a complaint filed by a temporary employee of the Pakistan Broadcasting Corporation (PBC), contesting that per 20 cent income tax deduction on his daily salary was being made on the total amount without any basic exemption while the salaried government employee having up to Rs 4 lakh (now Rs 6 lakh) per annum salary are exempted from income tax.

Opinion Of FBR:

FBR opinioned that the daily wagers do not fall in the category of salaried persons. Thus, they cannot be categorized as exempt employees. The rate of tax for such contract-services employees has to be deducted u/s 153 (1)(b) of the Ordinance that is 10 % for filers and for non-filers it is 20%.

FTO Recommendations:

In his recommendations, the FTO noted that regular/ad hoc/temporary/daily wagers, all are the different shades and forms of employment and the law doesn't create any distinction among all the forms, and daily wagers cannot be excluded from the ambit of employment. Further, he held that the FBR's treatment of the instant case u/s 153(1)(b) is against the dictates of the law and excessive tax deductions from the pay/wages of a low-paid temporary employee of the PBC is tantamount to maladministration in terms of the FTO Ordinance 2000. FBR implemented this decision of the

Hon'ble FTO in Revision declaring that taxation was not due at the charged rate.

Cases of Low Paid Lectures Not Consider on The Basis of Identical Findings By FBR

The purpose of the recommendation was that all the low-income daily wagers be treated at a par with salaried employees who avail exemption for income up to Rs 400,000 under the present law. Lectures hired by the Higher Education Department (HED), Khyber - Pakhtunkhwa and posted at various colleges in the KPK also filed complaints to the FTO for equitable taxation. The employer colleges were alleged to have been deducting excessive taxes at source from the meagre salaries paid to the complainant. As a matter of concern for the complainants instead of treating them as salaried persons, to be treated u/s 149, they were rather subjected to unjust deductions u/s 153 (i)(b) of income tax ordinance, 2001 i.e., under head "Services Rendered" and that too treating the complainant as non-filers. This treatment was vehemently agitated by the subject 81 complainants.

The Tax Ombudsman while disposing of the subject complaints of low-paid employees, whose services were hired by Government Educational institutions in the KPK, had recommended to the FBR to treat the payment against services rendered as salary income.

The FTO had further recommended 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 to FBR, its implementation on ground should also be visible."

FBR Files Review Appeals To The President In 81 Lecturers Cases:

Despite the fact that it had implemented similar findings in revisions orders, instead of implementing recommendations of the FTO, FBR filed review to the President of Pakistan in 81 identical cases of such lecturers hired by Higher Education Department



(HED), Khyber Pakhtunkhwa(KP).

President Of Pakistan Confirms That All Low Paid Daily Wagers Are Not To Be Taxed:

President of Pakistan after reviewing the case in comparison to identical decisions held that:

- i. In view of above findings and further recommendations made by the Honorable FTO, it is the FBR already clarified that if on a case-to-case basis the relationship between payer and payee is found to be that of an employer and an employee respectively, then income of such low paid employee under any of the forms of employment i.e., Regular, Adhoc, Temporary or Daily Wages would be treated as Salary Income under Section 12 of Income Tax Ordinance, 2001.
- ii. In view of above circumstances, the order of the learned FTO is based on valid justifications and sound legal footings, Further, the FBR vide its letter dated 11 April, 2022 has already decided that the income of such employees hired under any of the forms i.e. regular, adhoc, temporary or daily wages, contingency etc. would be treated as Salary Income under section 12 of the Income Tax Ordinance, 2001. There remains no justification to treat the complainants differently. Thus, the representations of the FBR are liable to be rejected accordingly.

FTO Directs Advisors To Redress Affected Low Paid Employees:

In view of the above decision the Hon'ble Federal Tax Ombudsman has directed all regional offices to identify in their respective jurisdictions;

- i. Identical cases of employers Government as well as private), treating taxation of their / Adhoc/ Temporary /Hired/ Daily Wages, employees under section 153(i)(b) of Income Tax Ordinance, 2001
- ii. Details of all Adhoc/ Temporary /Hired/ Daily Wages, employees maybe obtained from AGPR Sub offices, provincial AGs and District Accounts Offices whose tax deductions are currently being made under head "Service".
- iii. Ensure that the due relief, recommended by this office and endorsed by the President is extended to all such employees who are currently being subjected to harsh taxation under Services Regime.
- iv. President's decisions and FTO's recommendations are widely shared & publicized so as to create general awareness about the intended relief.

Purpose of these directive is to reach out the tax payers who are not liable to tax, but charged to tax either due to lacunae in law or ignorance of the law, and provide relief to the low paid employee already burdened with the inflation and high rate of taxing on their low incomes.

Appreciation by the Affected Low Paid Employees:

The decision has been hailed by the complainants in these cases. Especially adhoc teacher organizations and associations from KPK have shown and conveyed appreciation for this sound, decisions and expressed that relief provided by the decision would have far reaching effects for such low paid employees all over Pakistan.

Serve Pakistan!

By: Asim Effendi

Last night received a personal call from Honourable Dr. Asif Mahmood Jah, Federal Tax Ombudsman, for attending a modest Independence Day Ceremony within the premises of his office in Islamabad.

There were a number of senior and high officials and their families who graced the occasion. I was fortunate to be sharing my seat with these two children from diversified social background but

bound by the common motherland whose proud sons they are.

I am still in the ceremony while Dr Asif Mahmood Jah is delivering his heart wrenching speech regarding the sacrifices of our forefathers who won us freedom. I believe it is people like Honourable Asif Mahmood Jah, who is not only grateful to Pakistan but works round the clock to serve her selflessly. Pakistan today belongs to these children who must save and serve it till they grow and take it over.

Independence Day of Pakistan was Celebrated in the FTO's Regional Office, Quetta



75th Independence Day of Pakistan was celebrated in the FTO's Regional Tax Office, Quetta. The whole staff assembled in the office and commemorated the establishment of a free, sovereign and independent homeland. In order to mark the occasion, national anthem was played and the cake was cut in the company of the staff. On this occasion, rich tribute was paid to the statesmanship of the Quaid-e-Azam whose deep vision and insight translated a dream into reality. Homage was also paid to hundred thousands of people who sacrificed their lives for a separate state.

The gathering ended with the prayers and resolve to serve the country for national unity, its integrity and stability in every aspect of national sphere.



Awareness Programmes At Postmaster General Balochistan Circle Quetta

As part of awareness programmes, a meeting was held with Mr. Maqsood Ahmed, Postmaster General, Balochistan Circle, Quetta and Mr. Manzoor Ahmed Bangalzai, Dy. Postmaster General (Operations) in their office. They were briefed about the role of FTO institution for doing away with excesses and irregularities in FBR's field formations of Customs,

Income Tax and Sales Tax by redressing the genuine grievances of the taxpayers and the public.

The Postmaster General pointed out that GPO, Quetta books parcels of general public destined for foreign countries. In this regard, no Customs Staff are detailed to allow customs clearance at GPO Quetta. Resultantly, while the parcels are enroute to Karachi, customs authorities of different stations detain the same in transit causing unnecessary hardships to the senders. He stated that he would visit FTO office, Quetta with a sound proposal for posting of Customs Staff at the time of booking of foreign and international posts for on the spot customs clearance. They were assured that their hardships would be addressed by taking up this matter with FBR.



Flag Hoisting Ceremony At FTO HQ's Islamabad On 75th Independence Day





14th August National Flag Hoisted at FTO Regional Office, Lahore



14th August National Flag Hoisted at Regional Sec. FTO Sargodha



Flag hoisted at FTO Regional Office, Sialkot



Mr. Khawar Rasool Khan with
Hon'ble FTO Dr. Asif Mahmood Jah



Acknowledgment / Appreciation Of FTO By Tax Payers

info@fto.gov.pk

From: kazim Naqvi
Sent: Monday, August 22, 2022 10:31 AM
To: info@fto.gov.pk
Subject: Intimation regarding close the complaint
Attachments: REFUND ORDER 2021.pdf

Aug 22, 2022

To,

The Honorable Sir,

Federal Tax Ombudsman Secretariat, 5-A, Constitution Avenue, Islamabad

Subject : Intimation regarding close the complaint

It is informed that my client grievances had been solved on 27-07-2022(Copy attached) and the refund amount has been credited to the bank account.

It is requested that you kindly close our complaints. Our complaint number is given below.

2751/ISB/IT/2022 dated 5 March 2022

Your quick action is highly appreciated.

Thanks & Regards

your Sincerely

Muhammad Kazim Raza Naqvi (ITP)

Mobile: 99200-5265343

FEDERAL TAX OMBUDSMAN
 ISLAMABAD

Aug 22, 2022

Dear Sir,

This refers to my complaint 1413/ISB/IT/2022 for advance tax refund for Rs.720,000/= from FBR

Matter was referred to FEDERAL TAX OMBUDSMAN who very kindly entertained my complaint and his kind perusal helped me in getting my refund within couple of months.

I appreciate the kind attitude of TAX OMBUDSMAN and hope such kind attitude can give a very soft image of the government and can lead to a prosperous PAKISTAN

Regards,

MUHAMMAD ARIF CHUGHTAI
 #392 STREET 11 PARKENCLAVE I
 ISLAMABAD
 CELL: 99200-5265343

Advisor

From: Saqib Hussain <saqibhussain4@yahoo.com>
Sent: Monday, 22 August 2022 11:09 am
To: info@fto.gov.pk; advisorcust@fto.gov.pk
Subject: Resolution of Complaint No. 2832/ISB/CUST/2022 Letter of Thanks

I would like to thank you first, on your good office intervention on my lodged complaint NO 2832/ISB/CUST/2022 to Federal Tax Ombudsman Court requesting for release my wife essential medical supplies seized by custom LHR since 5 months, which was actually a donation / charity by the US NGO to my wife being deserving under treatment cancer patient.

By the grace of Allah, I received the said shipment by paying Rs 4020/- considering some unavoidable / unwaivable charges.

I would also like to request you to please take OR advised to take some necessary step to simplify, hassle free online procedure without involving any agent to receive / import these type of charities by the deserving individuals without facing administrative, complicated lengthy procedure to save a life ,money and time.

Allah may help you to serve the humanity

jazakallah khair

Saqib Hussain

0300-6692237

Acknowledgment / Appreciation Of FTO By Tax Payers**SHAHEEN FOUNDATION PAF**

P.O. Box 2225, E 9/1, PAF Complex,
Islamabad-Pakistan.

Tel C [REDACTED]

Fax: [REDACTED]

E-mail: sfpaf@shaheenfoundation.com

www.shaheenfoundation.com

Ref: SF (PAF)/0753/10/I. Tax

19 August 2022

The Honorable Mr. Muhammad Majid Qureshi
Advisor
Federal Tax Ombudsman (FTO)
Islamabad

COMPLAINT NO. [REDACTED] FOR THE TAX YEAR 2009

Respectfully Sheweth,

Hope this letter finds you in best of health.

We would like to express our deep gratitude and highly appreciate commendable support and influence exerted by your Honorable office in expeditious disposal and release of our long outstanding income tax refund claims of PKR 51.2 Million for tax year 2009 held due to maladministration of Federal Board of Revenue (FBR) in terms of section 2(3) of the FTO Ordinance, 2000.

During FTO's complaint proceedings, the Chief Commissioner, Inland Revenue, FBR had not only passed order u/s 170(4) of the Income Tax Ordinance, 2001 dated 24 May 2022 but also in compliance with the FTO's recommendations dated 09 June 2022, income tax refund amount of PKR 51.2 Million had been credited to Shaheen Foundation, PAF bank account on 15 June 2022.

We once again thank Honorable FTO and pray for success, prosperity & growth of this highly fluent, effective and efficient forum.

Yours Sincerely,

Asad Humayou Mirza
Deputy Director Tax
Shaheen Foundation, PAF
NTN: 1170154-4