



Quarterly
NEWSLETTER
FEDERAL TAX OMBUDSMAN



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Unreasonable Notice

*Tax Related
Complaints*

*Discriminatory
Treatment*

*Maladministration
of Tax Authorities*

Written Complaints

Complaints



Written Complaints



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MESSAGE OF THE FTO

Dear Taxpayers!

السلام عليكم ورحمة الله وبركاته!

I am glad to present Quarterly Newsletter for Jan-March, 2023. This Newsletter highlights a few recommendations of FTO Office in individual as well joint/collective complaints. These Findings/Recommendations have been prepared after proper investigations in a professional manner within the domain of relevant tax laws and rules being administered by the Revenue Division (FBR). It may not be irrelevant to quote here that in one individual case, the Complainant was being denied refund of Rs.280,000/- illegally deducted in excess by the DAO, Khushab from the salary of his deceased wife. It became possible only on intervention by the FTO Office. Some recommendations identify systematic flaws with suggestions for improvement in the system/procedures of FBR with single objective to facilitate the businessmen/tax payers in the country. In extreme situations, recommendations include disciplinary proceedings against the delinquent officials of Revenue Division besides relief to the aggrieved tax payers.

The Newsletter also highlights some activities of Customs Health Care Society with regard to relief work for people affected by devastating earthquake that terribly hit Turkiye and Syria in February, 2023.

The Newsletter covers visit of FTO to Aiwan-e-Sadr on 13.03.2023 to present Annual Report, 2022 to the Hon'ble President of Pakistan. Some of landmark achievements during 2022 like tremendous increase in number of complaints received, reflecting enhanced trust on FTO Office and disposed of compared to 2021 and systematic improvement in the working of FTO



Office for prompt redressal and disposal of grievances of aggrieved taxpayers like introduction of Complaint Management Information System (CMIS) are also part of this Newsletter.

I congratulate my media team for their efforts in making this Newsletter informative and useful for the reader.

Asif Jah

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

CUSTOMS HEALTH CARE SOCIETY IN TÜRKİYE



Earthquake Relief Activities In Türkiye

A 7-member team of Customs Healthcare Society, including 4 Doctors, under the leadership of Dr Asif Mahmood Jah, spent two days in the camps of earthquake affectees, in the area of Adiyaman, Türkiye. Team arrived Istanbul on Feb. 22nd, 2023 and arranged for a 60 feet Container, consisting of 1000 Ration Boxes, for the earthquake affectees.

Team flew to Adiyaman on Feb. 23rd and met the Mayor of Adiyaman, who was handed over Container of 1000 Ration Boxes. CHCS visited multiple sites to assess future needs and to plan further relief activities.

Next day team visited the camps set up for affectees by AFAD and distributed Ration Boxes, Shawls, Warm Clothings and Sweets for children. CHCS was there to share feelings of sorrow and pain of those who lost their loved ones and were going through this tough phase of being homeless.

CHCS had already sent medicine worth two million ruprees, courtesy Türkiye Counsel General, Lahore. Besides, Dr. Asif Mahmood Jah, Honorable Federal Tax Ombudsman handed over a cheque of Rs. One Million for relief activities to Excellency Ambassador of Türkiye in Islamabad.



International Ombudsman Conference Ankara, Turkiye

World Ombudsmen met at the International Conference on "The Future of Human Rights in the 21st Century" organized jointly by the Ombudsman Institutions of Turkiye and the European Union.

Conference was held in Ankara, on 11-12 January 2023 and Ombudsmen from 40 different countries participated to discuss Empowerment & Role of the Ombudsman in the Protection and Promotion of Human Rights".

Federal Tax Ombudsman of Pakistan Honorable Dr. Asif Mahmood Jah was among the distinguished galaxy of World Ombudsmen and was key note speaker on the role of Ombudsmen in the protection and promotion of Human Rights in the 21st Century.

The Powerful deliberation of Honorable FTO at the conference, enlightened the audience about the role of Federal Tax Ombudsman in the protection of the rights of Tax Payers in Pakistan. Honorable FTO was the only Ombudsman in the conference who ensures rights of Tax Payers and his thoughts and experiences, inspired many to actively protect financial rights of people, being one of the fundamental rights in their respective countries.

Honorable FTO emphasized to further strengthen the effectiveness and independence of the Ombudsman institution and align it further with best practices worldwide.

Ombudsman of Turkiye Seref Malkoc made extraordinary arrangements to ensure this conference as a landmark event and to strengthen the Institution of Ombudsman and to make its role more effective through cohesive efforts worldwide.

Opening Session of the Conference was presided by Speaker of the Grand National Assembly of Turkiye,

Prof. Dr. Mustafa Sentop.

Ombudsman of Turkiye Seref Malkoc, Head of the Delegation of the European Union to Turkiye, Ambassador Nikolaus Meyer-Landrut, Deputy Minister of Foreign Affairs and Director for EU Affairs Faruk Kaymakcı, and UNHCR Representative in Turkiye Philippe Leclerc delivered speeches in the opening session.

Second Session was held in the Presidential Complex and Honorable President of Turkiye, Rajab Tayyip Erdogan was the Key Note Speaker, who emphasized, through his powerful speech, that a vibrant Ombudsman, along with a professional bureaucracy and an independent judiciary, is vital for democracy in every country.

President Erdogan personally greeted all the Ombudsmen and was delighted to meet Federal Tax



Ombudsman Dr. Asif Mahmood Jah.

One of the most important events of the conference was meeting between Russian and Ukrainian Envoys.

Tatiana Moskalkova, Russia's Human Rights Ombudsman and her Ukrainian counterpart Dmytro Lubinets made aggressive speeches, alleging each other's country of creating hostilities.

However, the breakthrough came when with the efforts of Ombudsman of Türkiye Seref Malkoc, both the delegates met on the sidelines of conference and agreed on an exchange of 40 prisoners of war each.

Honorable Federal Tax Ombudsman Dr. Asif Mahmood Jah, in his meeting with both Russian and Ukrainian Envoys emphasized that the Ombudsmen of Ukraine and Russia, in the absence of diplomatic relations (between the two countries), take concrete measures to help suffering humanity due to long protracted war. He also presented traditional Pakistani Shawls to both the delegates as a gesture of good will from Pakistan.

Along side the conference there were sight seeings of beautifully built Mosque and National Library in the Presidential Arena. The visit to National Assembly was followed by the dinner hosted in the Assembly Dining Hall, by the Speaker of the Grand National Assembly of Türkiye, Prof. Dr. Mustafa Sentop.

In the final session it was unanimously resolved that Ombudsman offices are key institutions in mature and effective democracies. They provide an essential instrument for citizens and businesses to protect their rights against unlawful actions of the state officials and to ensure that human rights and the principles of good governance are respected. Furthermore, robust and effective Ombudsman offices should ensure that citizens have trust in their State institutions.

Post Conference Federal Tax Ombudsman Dr. Asif Mahmood Jah visited Konya and distributed relief goods as well as cash among 250 Syrian Refugee families as a continuing resolve to help them since 2018, on behalf of his NGO Customs Healthcare Society.



FTO Presented Annual Report 2022 to Honourable President of Pakistan

Federal Tax Ombudsman, Dr. Asif Mahmood Jah , presented Annual Report 2022 to Dr. Arif Alvi, the Hon'ble President of Pakistan, on 13th March and apprised him about the performance of the FTO office during the calendar year 2022.

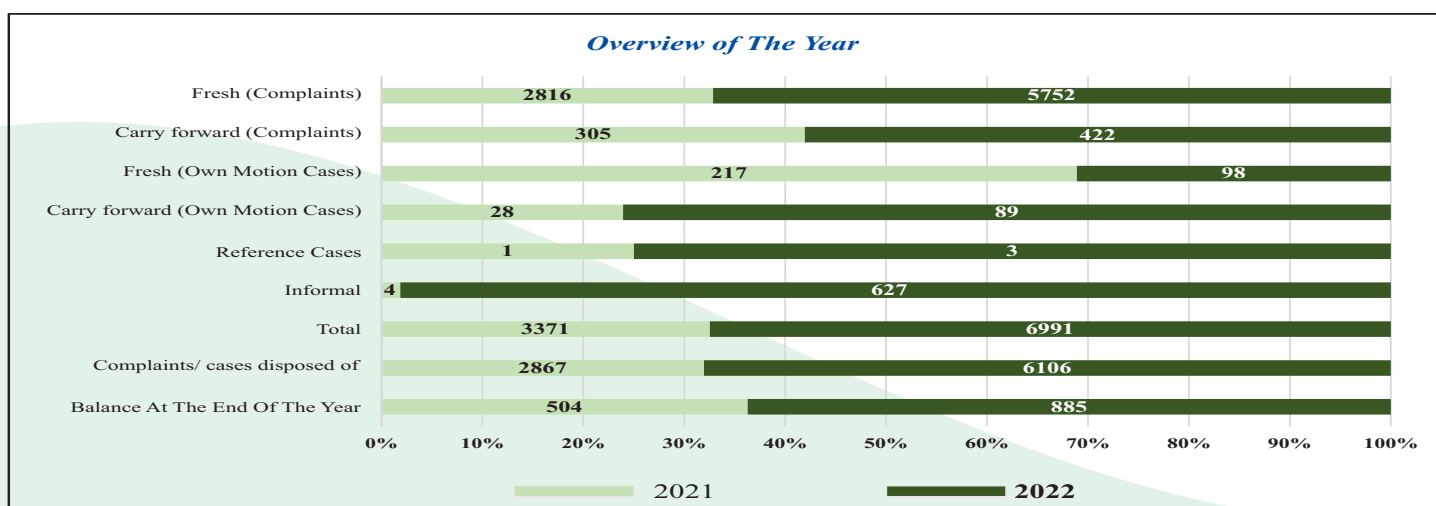
The Honourable President appreciated the role of FTO in resolving complaints of the taxpayers against the maladministration of Tax Authorities, as well as using Own Motion powers to unearth malpractices in the taxation system. He also appreciated establishment of Information Technology (IT) based complaint registration system (CMIS) to facilitate the aggrieved taxpayers. The Honourable President expressed his satisfaction over the optimum utilization of traditional and digital media by FTO Office to promote outreach awareness among the taxpayers.



Highlights of the Performance

Highlights of performance of the office of Federal Tax Ombudsman during 2022, with comparison to previous year are given as under:

Year	Complaints		Own Motion cases		Reference Cases	Informal	Total	Complaints /cases disposed of	Balance at the end of year
	Fresh	Carry forward	Fresh	Carry forward					
2021	2816	305	217	28	01	04	3371	2867	504
2022	5752	422	98	89	03	627	6991	6106	885



Use of Information Technology

In 2022, the Online Filing of Complaints through Android Application reached to a record number of 6480. The procedure for filing and tracking online complaints is as under:

- Search with “Wafaqi Tax Mohtasib” or “FTO” or “FTO CMIS” Mobile App in Play Store.

- Install Wafaqi Tax Mohtasib Mobile App.
- Click on File a New Complaint or Track Already Filed Complaints.

Table below shows the mode of receiving complaints in CMIS, highlighting the rising trend in complaints being received online inlets:

MODE	Complaints In 2021	%	Complaints in 2022	%age
Through R&I Branch / Post	1994	70.69%	3841	59.27%
Online	811	28.75%	2510	38.73%
Mobile App.	16	0.56%	129	01.99%
TOTAL	2821	100.00%	6480	100%

Geographical Locations for Hearing of Complaints

Complaints are heard at the FTO HQ in Islamabad and Regional offices at Karachi, Sukkur, Quetta, Hub,

Peshawar, Abbottabad, Lahore, Gujranwala, Sialkot, Faisalabad, Sargodha and Multan. The same can be heard through video link as well at any of the above stations.

FTO Takes Suo Moto Action in Tax Evasion Case

The Federal Tax Ombudsman (FTO) has taken suo motu action in a case involving multi-million dollar tax evasion by resident companies, concerns and international contractors. However, this evasion was not pursued by the tax authorities, which resulted in huge revenue loss to the national exchequer.

The FTO in its **Own Motion** observed that some of the most meaningful initiatives of the Federal Board of Revenue's (FBR) own officers and tax offices stand diluted and washed away simply due to the follow up failure, frequent postings and transfers of officers and massive changes in their jurisdiction.

According to the FTO office, a list of potential cases of tax evasion, including the present case, along with a detailed investigation report and a case study was prepared and shared by the Directorate General, Broadening of Tax Base (BTB), FBR.

"This valuable information was duly shared in December 2018, with the field formations concerned for taking action against the said entities for not declaring true particulars of their receipts and income and not discharging their responsibilities as withholding agents." "However, in 2019, the FBR's management suddenly shelved this whole BTB regime overnight; disbanding BTB Zones Islamabad, Lahore and Karachi. The office of the Director General, BTB was relegated to a ceremonial entity assigned as additional charge."

Thus, in addition to loosing an effective organisation, the repository of the whole above data and information was suddenly rendered extinct, the FTO observed. Based on the reports generated by the BTB the companies were not declaring the true particulars of income and were not discharging their responsibilities as the withholding agents, especially in respect of Section 149, 152 and 153 of the Income Tax Ordinance, 2001.

To make out foolproof cases, the total receipts of the companies were obtained by the BTB from International Aid Transparency Initiative, which was compared with the declared receipts in the tax returns. Huge discrepancies were observed resulting in tax evasion by the companies. However, after the disbanding of BTB, progress on the case was not known, unfortunately.



"It seems that the valuable information shared with the field formations was lost due to inattention, incompetence and ineptitude of the officers holding jurisdiction of the case," the FTO observed.

On the basis of available information, the FTO asked the FBR and its offices to file comments / reply. Instead of filing the response, the tax authorities raised objection to the jurisdiction of the FTO to investigate into the case of suspected maladministration.

"Instead of safeguarding the interest of revenue by plugging loopholes in the tax declaration of instant cases, the Chief Commissioner Inland Revenue (CCIR) Corporate Tax Office (CTO) Lahore chose to contest the suo moto investigation on technical grounds."

Interestingly, out of the 34 such cases in which notices were issued by the FTO, compliance has been made by the CTO and Regional Tax Office (RTO), Islamabad in 27 cases and raised Rs600 million demand in six cases at CTO and RTO Islamabad. "Besides, the CTO Lahore is adamant to protect the inattention, ineptitude and inefficiency of his officers. Non-provision of information by the CIR, CTO Lahore is; therefore, blatantly against the interest of the public exchequer and the core function of the FBR," the FTO observed.

The FTO asked the FBR to direct the Director General, Internal Audit-IR, to conduct inspection in the case to ensure that the action is initiated and concluded as per the information provided by the FTO during investigation. Further, the Chief Commissioner, CTO Lahore should be directed to identify the officers who are responsible for unwarranted delay and resultant revenue loss.



FTO Directs FBR to Facilitate Families of Deceased Govt Employees

The Federal Tax Ombudsman (FTO) has directed the Federal Board of Revenue (FBR) to honor the spirit of the government policy to help the families of deceased government servants by giving them salary/pensions and other benefits including refunds of excessive tax deductions well on time.

The directions were issued by the FTO while disposing of the case of non-issuance of Rs. 280,000 refund for tax years 2019 to 2021 which was excessive tax deducted from the salary of a deceased school teacher who died during service.

According to the FTO, the husband of the late Raheela Nusrat, who was a PET (EST) teacher at Government Girls High School Khoora, District Khushab, complained to the FTO against non-issuance of Rs. 280,000 refund for the tax years 2019 to 2021 which was excessive tax deducted from the salary of his deceased wife who died on 25th Aug 2018 due to the heart attack. Among other benefits, her family received her salary till the date of her superannuation i.e. 20th September, 2021.

According to the complainant, the District Accounts Office deducted excessive tax which was unlawful.

Neither the DAO helped them nor the local tax office refunded the tax deducted unlawfully as no tax was leviable on the income of the deceased.

According to the FTO, it is crystal clear that deductions were made by the Accounts Office on her salary at a higher rate than the rates mentioned in the Income Tax Ordinance, 2001. On the other hand, the complainant was also required to file the returns of income for tax years 2019 to 2022 as the legal representative of his deceased wife.

The FTO further stated that the tax department has deducted tax on the salary at a very high rate in this case. The process of facilitation must not be stuck in legal literalism. Therefore, the concerned Commissioner-IR is directed to assist, guide, and accommodate the complainant in filing returns of the relevant tax years and processing refund case as per law.

The complainant is also advised to submit all required documents to the department for early completion of the proceedings. Subsequent to the filing of documents by the complainant, a compliance report is required to be submitted by the department within 45 days, said FTO Secretariat.

FTO Intervention Helps Taxpayer To Get Withholding Certificate

Federal Tax Ombudsman (FTO) provided relief to a taxpayer by intervening in a matter where withholding tax certificate was denied to the taxpayer. The Tax Ombudsman's timely intervention has resolved a genuine taxpayers' grievance against a withholding company, said a statement issued.

Briefly, a complainant approached the tax ombudsman regarding the non-issuance of tax-deduction certificate by Muller & Philips Pakistan (Pvt) Limited as the withholding agent. Tax deduction certificates are mostly required from the withholding companies by their clients at the time of submission of Income Tax returns and tax adjustments. The tax withheld is deposited with tax authorities by withholding companies while evidence of such tax-

deductions is provided by such companies to their clients.

As tax collecting agency, FBR is bound to ensure that taxes are withheld and deposited according to law. Similarly, under the relevant tax laws the withholding agents, in compliance of their tax obligations are obligated to maintain certain record like CPRs, file periodical withholding statements and issue prescribed tax deduction certificates to the concerned withholders for submission before tax authorities.

FTO, accordingly, took up the matter with the withholding company and resolved the grievance of the tax payer. Upon FTO's intervention the company issued Withholding Certificate of tax to Complainant for the period 01.07.2019 to 31.10.2022.

FTO Says Oil, Gas Sector ‘strictly’ Governed By Ogra

Tax Ombudsman has ruled that the oil & gas sector being a highly regulated segment of national economy is strictly governed by the designated regulator, i.e., Oil & Gas Regulatory Authority (Ogra)

On the issue of compensation on delayed refund to an importer and seller of the liquefied Petroleum Gas (LPG), the FTO’s new order said that the preliminary objection regarding the bar of jurisdiction raised under Section 9 (2) (a) of the FTC Ordinance has been examined and observed that Oil & Gas sector being a highly regulated segment of national economy is strictly governed by the Ogra. All activities in this sensitive sector are properly regulated, licensed and monitored by the Ogra.

Under section 9(2) (a) of FTO Ordinance, 2000 no further investigation is mandated. Case files assigned to record, FTO order said.

The said complaint has been filed in terms of Section 10(1) of the Federal Tax Ombudsman (FTO Ordinance) against non-issuance of appeal effect order in compliance to ATIR decision and subsequent issuance of income tax refund and additional compensation.

Briefly, the complainant is an AOP engaged in the business of import and sale of liquefied petroleum gas (LPG). The complainant e-filed Return of Income for Tax Year 2016 along with refund application on 08.11.2016 claiming refund at Rs 271,430,856/- based on deductions under Section 148 of the Income Tax Ordinance (the Ordinance) as adjustable. The Additional Commissioner-IR (ADCIR) amended the deemed assessment order under Section 122(5A) of the Ordinance, holding the complainant as commercial importer (FTR) and not manufacturer vide order dated 03.03.2017.



The complaint was referred to the Secretary, Revenue Division for comments, in terms of Section 10(4) of the FTO Ordinance read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. In response thereto, the Chief Commissioner-IR, LTO Karachi vide letters dated 12.10.2022 & 21.10.2022 forwarded comments of Commissioner Audit-III and Commissioner Enforcement-I, LTO Karachi.

The Commissioner Audit-III vide letter dated 10.10.2022 submitted that appeal effect order under section 124 of the Ordinance in compliance to decision of ATIR dated 13.12.2017 had already been given, determining income tax refund of Rs. 270,511,998 vide order dated 10.10.2022.

On the other hand, the Commissioner Enforcement-I raised objection against issuance of refund contending that the legal issue whether complainant was a manufacturer or commercial importer had been pending before Sindh High Court (SHC). In addition, the Deptt challenged the order of ATIR dated 13.12.2017 before SHC vide ITRA no. 77/2018 which is still subjudice. Hence, the issue being subjudice is barred on the point of jurisdiction under Section 9(2) (b) of the FTC Ordinance.

However, it was concluded that since the matter of treating income tax collected on import stage as adjustable or final tax is sub-judice before the Sindh High Court, as such, hence, any refund application filed by the complainant will be processed as per law upon final decision of the High Court of Sindh.

FBR Urged to Probe Benami Transactions by Tractor Manufacturers

The Federal Tax Ombudsman (FTO) has strongly recommended the Federal Board of Revenue (FBR) to probe into the aspect of massive benami transactions in the tractor manufacturing sector and monitor and enforce the sales tax invoicing system to verify the input tax claims and refund of a leading tractor manufacturing company.

According to an order issued by the FTO against a top tractor manufacturing company, the complainant has highlighted before the FTO that he had booked 1001 agriculture tractors from a tractor manufacturing company on June 21, 2022, paying in advance full consideration amounting to Rs. 1,252,851,600, including 5 percent sales tax, under serial number 25 of the 8th Schedule of the Sales Tax Act, 1990, through 91 pay orders.

However, the company only delivered 47 tractors to the complainant in the month of June 2022 and failed to deliver the remaining 954 tractors even after the 60-day expiration period. The FTO office referred to the Statutory Regulatory Orders (SROs) related to the refund to agriculture tractor manufacturers, and therefore, due diligence is required while issuing a refund. But the FBR has also not been able to verify the genuineness or authenticity of the supply chain under Section 2(33A) of the Sales Tax Act, 1990.

The FTO office discovered that whenever any booking is made by a genuine grower or farmer through authorized dealers, the payment through banking instruments is made by the buyer or grower himself, and the invoice is issued in his own name. Such genuine instances are clearly distinguishable from the bulk of sales, wherein payment is received from someone else and invoices are issued in the names of lenders or benamidars.

It is evident from the proceedings that booking of tractors are made by commercial dealers who are not themselves growers or farmers, but rather are carrying on the purchase and sale of tractors for profit or commission motives. Tractors purchased in this manner are invoiced in the names of unrelated persons and mostly used for purposes other than agriculture, i.e., industry, trolleying bricks and construction material, digging of land (housing societies), cleaning of garbage, etc., so refunds in such cases are inadmissible. Thus, most of the sales tax invoices are

issued in the names of benami farmers or dummy growers. This scenario is a perfect benami arrangement that has already been prohibited under the Benami (Transactions) Prohibition Act, 2017.

While concluding the proceedings, the Tax Ombudsman has recommended that the Chief Commissioner Inland Revenue (IR), Large Taxpayers Office (LTO), Lahore to conduct an exhaustive review of the instant case to ensure that Section 2(44) and Section 23 of the Sales Tax Act, 1990, and all relevant SROs governing the tractor manufacturing sector are implemented in letter and spirit.

The FTO has recommended that the Chief Commissioner IR, LTO, Lahore to verify the contents of the instant complaint, especially challenging the genuineness of input tax claimed by the respondent, and also verify the genuineness of farmers, and that the DG Anti-Benami Initiative, FBR, probe the incidence of benami transactions in the tractor manufacturing sector. While conducting exhaustive investigations, the FTO has made serious observations about the company.

The arrangement would shield the true particulars of the real payer or investor by portraying the made-up particulars of an unrelated person whose CNIC has been misused to conceal the transactions made by the real payer. Investments made and profits earned by the beneficiaries thus remain concealed and untaxed.

Such an arrangement has neither legal backing nor fits within the parameters of Section 23 of the Sales Tax Act, 1990. The company's assertion that this practice is prevalent in the whole tractor manufacturing sector does not carry weight as the practice in question is against the clear provisions of law and it only encourages benami transactions.

In the instant case, though the full price of 1001 tractors, inclusive of chargeable sales tax at that point in time, was paid by the complainant in June 2022, this transaction was not accounted for by the company when it filed the sales tax return for the month of June 2022.

When the company was confronted on this account, their AR's first response was that time of supply is linked with delivery of goods, and as booked tractors were not delivered, hence there was no need to declare the same in June 2022. But when enquired about the non-invoicing of 47 tractors in the return of June 2022, in the name of



the complainant to whom these tractors were actually delivered in the month of June 2022, AR had no explanation to offer. Similarly, though AR is of the view that time of supply is strictly linked with delivery of goods, he could not offer any plausible reason when the aforesaid proviso was referred.

According to AR, this proviso is redundant in the face of other main provisions of law, but he failed to substantiate his assertion. His next argument was that the said proviso only covers cases where part payment is made—once again, an over-simplistic interpretation of the law.

Moreover, the company has failed to provide any explanation as to how and under which provision of law the sales tax component of payment received by the company can be retained by the supplier for an indefinite period and how sales tax paid by the buyer can be adjusted against a price differential, if any, by the supplier on its own without disclosing this fact in

the relevant sales tax return. Thus, by non-declaration of whole transaction and non-payment of sales tax recovered against 1,001 tractors from the payer or complainant, the company has contravened sales tax law, and LTO Lahore failed to take any suo motu cognizance of this glaring omission.

Regarding payment of Karachi Inter Bank Offered Rates (KIBOR) plus 3 percent for failure to deliver tractors within 60 days under SRO 837(I)/2020 dated June 30, 2020, it is evident that 1,001 tractors were booked on June 21, 2022, against full payment including 5 percent sales tax through 91 pay orders by the complainant, and the respondent company was obliged to deliver the same within 60 days of the booking, but they delivered only 47 tractors to the complainant though an authorized dealer of the respondent company. Revision of prices apart, the violation of the aforesaid SRO is evident.

FTO Directs FBR to Re-Examine Duplicate Illegal Assessment Orders

The Federal Tax Ombudsman (FTO) has directed FBR to reexamine the duplicate illegal assessment orders for the tax years 2016, 2017, and 2020 which were issued in violation of the FBR circular dated 30-06-2015, which states that no notice under the Income Tax Ordinance 2001 is to be issued to taxpayers w.e.f. 01-07-2015 without a system-generated barcode.

The brief facts of the complaint are that complainant was an individual engaged in the business of running a rice husking mill. The Inland Revenue Officer, RTO Hyderabad carried out a withholding audit for Tax Years 2016, 2017 and 2020 and issued manual orders. Thereafter, the department issued a show cause notice for audit of the above-mentioned years again. However, the monitoring of withholding audits for these period was already conducted by the previous officer.

But without examining the facts, the unit officer issued bar-coded assessment orders for Tax Year 2016 and for Tax Years 2017 and 2018 through IRIS creating tax liability of Rs. 35,746,758, Rs. 19,517,692, and Rs.

29,405,862 respectively. The complainant filed a rectification application under Section 221 as well as a revision application under Section 122A of the ordinance but failed to get any response.

Therefore he took up the matter with the Federal Tax Ombudsman. The FTO observed that manual assessment orders under Section 161/205 of the Ordinance for Tax Years 2016, 2017, and 2020 were issued on 25-12-2017, 17-08-2018, and 18-08-2020 respectively. The manual orders contained fake DCR numbers, which could not be verified from the relevant demand and collection register of the unit. Even the paltry tax demand created in this dubious way had not been carried forward in the subsequent year for recovery action, resulting in a loss of legitimate government revenue.

Accordingly, FTO has directed FBR to conduct a fact-finding inquiry into passing unverifiable orders, in violation of the Board's direction dated 30-06-2015 and causing loss of revenue with a view to initiate disciplinary proceedings under E&D rules and to report compliance within 45 days.

Complainant Heavily Taxed on Pension Received as Remittance: FTO Tells FBR to Transfer Jurisdiction, Revisit impugned order



The Federal Tax Ombudsman (FTO) has taken serious notice of illegal transfer of jurisdictions of an 80-year-old pensioner, who has been heavily taxed on account of pension received as foreign remittance.

While disposing of a complaint, the Ombudsman took cognizance against illegal transfer of jurisdictions and directed the FBR to transfer jurisdiction of an 80-year-old complainant from Large Tax Office (LTO) Lahore to LTO Karachi and to revisit the impugned order for Tax Year 2016 in terms of section 122A of the Income Tax Ordinance.

Brief facts of the case are that the complainant was 80-year-old retired pensioner, ex-president of a commercial bank and had been residing in Karachi since 1984. He had been receiving pension from a foreign bank in New York in US dollar which was drawn through a Pakistani bank since 1993. He sent an email to the FBR to inquire about taxability of pension and asked whether it was required to be declared in Asset Scheme 2019 and whether it could be invested in Pakistan Banao Certificate.

The FBR replied in writing that it was not required to be declared in Asset declaration Scheme and also confirmed that he could invest in PBC. Despite confirmations from FBR in writing, LTO, Lahore issued an assessment order for tax year 2015 creating tax liability of Rs. 44 million and another order for Tax Year 2016 creating tax liability of Rs. 33 million.

Whereas, the old aged taxpayer provided all the evidences of his retirement from a bank in New York, receipt of monthly pension till date through banking channel which was declared in wealth statement for Tax Year 2016 on account of pension received as

foreign remittance and deposited in a bank and evidence of receipt of gift from her wife (a return filer) and the assessment order by CIR (Appeals-I) and the complainant had already filed appeal before Income tax Appellate Tribunal, Lahore. But so far no response had been received.

The jurisdiction of the Complainant lies with Karachi but unfortunately, the complainant was being assessed in Lahore. The Complainant agitated the issue of jurisdiction in writing but the Assessing officer bulldozed the submission of the complainant as well as even the letter issued by his Chief, International Taxes, FBR for transfer of jurisdiction and issued order for Tax Year 2016 creating huge tax liability without lawful jurisdiction.

The FTO's findings further stated that; "Objections to jurisdiction are to be decided before proceeding in the matter by adjudication authority (1999) 80 TAX 115 (H.C. Lahore). As a result, show cause notice under section 122(9) for Tax Year 2016 becomes defective and if notice is prima facie defective and error is incurable, the entire proceedings including assessment order for Tax Year 2016 are null and void. Even otherwise on merit, the Complainant provided sufficient documentary evidences to prove his innocence.

Accordingly, the Tax Ombudsman directed the FBR to transfer jurisdiction of the complainant from AEOI Zone Lahore to AEOI Zone Karachi and to revisit the impugned order for the Tax Year 2016 in terms of section 122A of the ordinance and also CCIR, LTO Lahore to call for explanation of the AD CIR, Range-2, AEOI Zone LTO Lahore, who without settling the issue of jurisdiction, completed the impugned assessment proceedings resulting in harassment to a genuine taxpayer.

Perveen Shakir's 28th Death Anniversary Observed



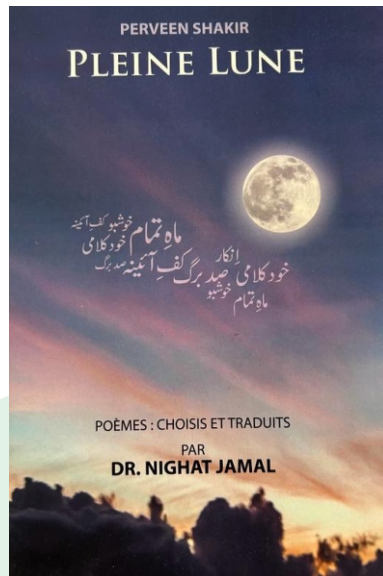
The 28th death anniversary of renowned poetess, Perveen Shakir was observed on 26-12-2022 and tributes were paid to her meritorious poetic services by the Perveen Shakir Trust and other organizations including Federal Tax

Ombudsman by placing floral wreaths on her grave. Renowned writers, poets and retired Customs Officers were also present at the occasion. The Perveen Shakir Trust organized Fateha Khawani at the her grave in H-8 Graveyard, Islamabad. A small contingent of officers from Pakistan Customs (in uniform) paid homage to the great lady for her literary and professional services and laid a floral wreath on the grave. It is worth mentioning that Perveen started writing at an early age and her first volume of poetry Khushbu was published in 1976. Besides, her other works include Sad Barg, Khud Kalami and Kaf e Aina. She used to write columns in newspapers, titled Gosha-e-Chashm and was awarded

with the Pride of Performance Award for her outstanding contribution in literature.

She worked as a teacher for nine years before she joined the civil service and was appointed in the Customs Department in 1982. On Dec 26th, 1994 her official car collided with a truck near F-7, Islamabad because traffic signals were off due to power outage. The fatal accident resulted in her death and the road on which she died was named after her. She married Mr. Naseer Ali, a doctor by profession. She has a son named Syed Murad Ali settled in Canada.

A unique honor for her was that when she appeared in the Central Superior Services (CSS) examination in 1981, there was a question regarding her poetry in the exam. Replying to a question, Ms. Perveen Qadir Agha, Chairperson of the Trust commented that "Even though 28 years have been passed but still people love Perveen Shakir and her poetry is as famous as it was three decades back. She was a true patriot of Pakistan".



Dr. Nighat Jamal, a teacher of French language at the University of Punjab, Lahore has translated poetry of Perveen Shakir which has been published by the same university.

FTO Directs FBR to IT Audit All Fake Transactions and Taxpayer Data

The Federal Tax Ombudsman (FTO) has directed the Federal Board of Revenue (FBR) to thoroughly investigate the thousands of fake entries on a taxpayer's name in the RTO Islamabad and order an IT audit of all fake transactions. The FTO has disposed of a complaint filed by a Deputy Secretary in the Ministry of Law and Justice who was filing income tax returns declaring income from salary only. Reportedly he has discovered thousands of unknown entries appearing in his tax profile. According to the complainant, there are approximately 23800 fake entries in the complainant's name including import declarations and withholding transactions. The FTO said that these are probably due to the fact that a test

NTN had been allotted to the complainant.

According to the findings of the FTO, neglect, inattention, incompetence, and ineptitude observed by the officers of FBR in this case, especially PRAL is obvious and tantamounts to maladministration

On this ground, the FTO has directed FBR to issue instructions to the Member (Information Technology) to thoroughly investigate this matter and order an IT audit of all fake transactions to be conducted by Directorate General I&I-IRs so as to gauge the extent of revenue leakage and fix responsibility on the individuals concerned, etc.

President Alvi for Service-oriented Conduct of Officials to Ensure Justice

The President Dr. Arif Alvi urged all government officials to ensure the dispensation of justice to the public and their service in its true spirit so that problems faced by citizens could be resolved in the shortest possible time. The president was addressing an awareness seminar titled “Roles, functions and Performance of Federal Tax Ombudsman” held here at Sindh Governor House Karachi. FTO’s annual report for the year 2021 was also unveiled at the occasion. President Arif Alvi said that it was among the primary duties of an ombudsman that he should expedite the process of dispensation of justice to the aggrieved citizens and find a way out for resolving the issues affecting citizens in an individual capacity or as a larger group.

The President said the written words of law sometimes cannot cater to and address all given situations therefore superior judiciary has been empowered to interpret the provision of the constitution and law. He said that legislation is a dynamic process that keeps on evolving to cater to new development, products, emerging business and trade processes, and development of the society which sometimes slow down the dispensation of services to the public.

Like the overall legal framework tax laws also pass through a dynamic and progressive process and they always require amendments and interpretation for their implementation in the spirit of facilitating and serving the public. He said that there is a need to create friendly, services-oriented, and objective tax system where every taxpayer willingly and happily follows the law and pays tax obligations without any fear of exploitation, harassment, or intimidation.

Ombudsman Secretariats are important organs of state and those could play an effective role in resolving public issues by right interpretation of concerning laws and providing a remedy to the aggrieved citizens, Dr. Arif Alvi said adding that ombudsman- whether it is federal, tax, or insurance ombudsman- were not rival to government departments and organizations but those were to facilitate the public and ensure their access to the concerned forums for resolution of their grievances.

Referring to the era of Hazrat Muhammad s.a.w. and Khulfa-e-Rashidain, the president said that whenever someone was appointed to administer public affairs at



that time he was directed to ensure public access and keep the sense of service as supreme. “The spirit of keeping the doors opened and listening to people’s grievances must be kept alive,” he stressed. Corruption and tax evasion prevailed all around the world while there were certain loopholes and anomalies in the law and rules which allow their misuse by the public or the authority, he noted and observed that corruption was a menace that could not be rooted out completely from society but it was regrettable that its proportion in our society was higher than those of other developed nations.

The President stressed need for imparting awareness to the public and said that mass awareness was an important element but a well-thought-out decision itself was an effective medium of promotion as it reinforces public confidence and persuades more people to refer to the institution to redress their grievances. Federal Tax Ombudsman Dr. Asif Mahmood Jah addressing the occasion said that FTO is a dynamic and vibrant organization working for awarding a respectable status to taxpayers so that they do not have to face problems while paying taxes and in resolution of issues.

FTO through resolution of individual and collective issues of a large number of people has become a public relief organization and its decisions impact millions of people, he said adding that in a recent case pertaining to reduction in the tax rate on locally- assembled vehicles, FTO’s decision provided relief to over 9,500 taxpayers while people would get relief in another case of same nature about tax on tractors.

Speedy System for Registration of Complaints Introduced: FTO

The Federal Tax Ombudsman Dr. Asif Mahmood Jah has said that his office is providing full services to masses as a public relief-oriented institution. The FTO has introduced a fast system for the registration of complaints and are formulating strategies for quick resolution of tax payers' problems.

Addressing the members of Pakistan Textile Exporters Association (PTEA), he said that textile industry is the backbone of the economy; whereas textile exporters are playing vital role in economic development of the country.

No country could achieve economic targets without the due role of exporters; therefore, his office is taking all out measures to address the exporters' grievances and rectify the complaints by carrying out independent and transparent investigations about tax maladministration.

He described that an online FTO portal is being launched in order to provide facilitation to tax payers. Dr. Asif Mahmood said that FTO has developed a very simple complaint filing procedure as any aggrieved person could file complaint personally or through courier service, email, online and fax. He said all the complaints were promptly acknowledged by the FTO HQs and its Regional Offices.

He asked business community to offer their suggestions to further streamline the complaint redressal system of FTO.

Earlier PTEA's Vice Chairman Muhammad Idrees, in his welcome address, said that textile industry has an overwhelming impact on the economy with its 60% share in exports; whereas textile exporters are major stake holders in foreign exchange earnings and generating employment.

The country is now passing through difficult times. Inflation is spine-breaking, the Rupee value has fallen sharply, and foreign reserves have dropped to the historic low level. All these factors are destabilizing the economy with every passing day.

A number of businesses have partially or completely shut down due to the lack of access to dollars to import raw material and machinery. Dollar



shortage has increased the cost by 20 percent due to demurrage /detention and delays. This crisis like situation has put severe adverse impact on all segments of the economy especially the textile industry.

Industrial activities have been squeezed and a substantial number of jobs are lost and many more are to follow. This is the time to step up sensibly and support the export sectors for earning of precious foreign exchange as export sector has the ability to put the economy on track and steer Pakistan towards economic stability.

Pointing out major issue, the former Chairman Azhar Majeed Sheikh said that liquidation of pending refund and automation of sales tax has released the financial stress considerably, however still huge amount of refund is stuck up with FBR. He requested the FTO to look into the matter as major portion of exporters' working capital is stuck in refund regime, creating severe financial stress.

He stressed that FTO should play role in release of such refund that would help in addressing liquidity issue of taxpayers.

Later, PTEA memento was presented to the Federal Tax Ombudsman Dr. Asif Mahmood Jah. A large number of textile exporters including Advisor Incharge FTO Faisalabad, Dr. Muhammad Akram Khan were also present on the occasion.



Workers Welfare Fund Segregated from Other Taxes: FBR Separates Workers Welfare Fund from Other Taxes

On the recommendations of the Federal Tax Ombudsman (FTO), the Federal Board of Revenue (FBR) has segregated the Workers Welfare Fund (WWF) from other taxes being collected by the Board.

The details of a case released by the FTO office revealed that the FBR has issued a clarification in this regard. As per the clarification, the WWF has been segregated from other taxes being collected by the FBR. The subject clarification has been issued in the backdrop of observations made by Federal Tax Ombudsman as under:

(i) Record of all refunds of WWF and WWPF need to be separately maintained by IR field formations. While furnishing final MPR for the month of June of each FY, IR field formations must reflect the overall refund amount of WWF, if any, paid by them during the year.

(ii) This overall amount of refund of WWF communicated by IR field formations must be separately summed up by Secretary, Budget-IR, FBR.

(iii) The aforesaid cumulative amount of refund of a non-tax levy/WWF paid from revenue collection need to be adjusted at the time of final yearly adjustment of Federal Accounts.

(iv) In a recent decision this office (FTO) has already held that any liability of WWF cannot be adjusted against determined tax refund because only inter-tax/intra tax adjustment is covered under the law. FBR's letter dated March 2, 2022 also holds the same view.

(v) Refund order u/s 170(4) of Income Tax Ordinance, 2001 covers only issuance of tax refunds.

Section 170 (1) categorically states; "A taxpayer who has paid tax in excess of the amount which the taxpayer is properly chargeable under this Ordinance may apply to the Commissioner for a refund of the excess" Apparently refund of any non-tax levy is not covered under the said section. If any such refund is to be issued then the order will have to be passed u/s 4(6) of WWF Ordinance 1971. It has now been clarified by the FBR that WWF is collected by the officers of Inland Revenue from the Industrial Establishments at 2% whose total income is not less than five lac rupees. The

mode of payment and recovery from industrial undertakings is mentioned in Section 4 of the WWF Ordinance, 1971. The said amount is paid by the Industrial units.

Establishment on or before the date prescribed for filing of return and proof of payment is furnished to the concerned officer, if the officer does not agree with the working of the industrial establishment, shall pass an order by taking into account the amount paid by before the date specified in the order. Similarly, the excess amount shall be refunded by the concerned officer to the Industrial Establishment. The amount of tax and WWF should be bifurcated that is refundable should be refunded from the WWF account only, FTO added.

UoS Organizes Lecture on "Role of The Tax Ombudsman In Protecting Taxpayers' Rights"

The Department of Economics, University of Sargodha (UoS) organized a special lecture on "Role of the Tax Ombudsman in Protecting Taxpayers' Rights". Federal Tax Ombudsman Islamabad Dr. Asif Mahmood Jah explained the background and history of the Tax Ombudsman Institution and how it helps safeguard the rights of taxpayers. The event was aimed at providing a better understanding of the Tax Ombudsman's role in protecting taxpayers' rights and how it helps to improve the functioning of the Federal Board of Revenue (FBR).

Vice Chancellor Prof. Dr. Qaisar Abbas welcomed the distinguished guest for sparing his time on a very important topic of the time. He informed the audience that the Tax Ombudsman is an independent and impartial body, established to address complaints and grievances of taxpayers related to the functioning of the Federal Board of Revenue (FBR). The institution also deals with the investigation of complaints, the provision of recommendations for resolution, and the monitoring of FBR's compliance on those recommendations.

RTO Lahore: FTO Unearths ‘Maladministration’



Federal Tax Ombudsman (FTO) has unearthed that the Regional Tax Office (RTO) Lahore has committed maladministration by framing an illegal case of concealment against an expatriate from Saudi Arabia without serving notices under the law.

According to an order issued by the FTO against the RTO Lahore, the said complaint was filed under section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against alleged illegal orders passed under section 122(1) of the Income Tax Ordinance, 2001 (the Ordinance) and passed u/s 122(5A) of the Ordinance for Tax Year 2016.

Brief facts of the case are that the complainant, an expatriate, had served in Saudi Arabia and returned in 2016 after retirement. The complainant e-filed return of income along with wealth statement for Tax Year 2016. The department initiated proceedings on the basis of definite information that complainant had purchased a property in DHA Lahore valuing of Rs.3.235 million, and the same has not been declared in the wealth statement; hence, issued notices u/s 122(9) of the Ordinance, but no response was made by the complainant. Therefore, RTO Lahore passed order u/s 122(1) of the Ordinance dated 29.09.2021 creating tax demand amounting to Rs.0.528 million for Tax Year 2016.

Thereafter, the department again initiated proceedings against the taxpayer and issued notice u/s 122(9) of the Ordinance calling evidence of foreign remittances amounting to Rs.23.371 million declared in the wealth statement for Tax Year 2016. The complainant did not respond to the notice; hence, the department passed order dated 11.06.2022 u/s 122(5A) of the Ordinance creating tax demand amounting to Rs.8.531 million for Tax Year 2016.

The complainant contended that he never received any notice from the department as he is unable to use the IRIS login; therefore, impugned orders passed by

the department be set at naught. Further, the complainant also averred that he has no business in Pakistan and earned foreign remittances by serving in Saudi Arabia from 1978 to 2016 till his retirement.

The FTO has required FBR to direct the Commissioner-IR, Zone-II, RTO Lahore to re-visit the order dated 1 passed u/s 122(5A) of the Ordinance by invoking provisions of section 122A of the Ordinance for Tax Year 2016 and pass lawful order after providing proper opportunity of being heard to the Complainant, as per law.

Dr Arif Alvi Allows Tax Exemption to Library in Multan

Multan library has about 400 members and very few staff on a low salary

President Dr Arif Alvi ordered the Federal Board of Revenue (FBR) to issue the tax exemption certificate to a British-era library in Multan and directed the Federal Tax Ombudsman (FTO) to return the Rs198,000 tax deduction to the library.

The president said that it was clearly a case of sympathy, as the Public Library and City Reading Room, Multan, had been registered as a non-profit organisation. He rejected the FBR's representation against the FTO's decision.

The tax assessment certificate was withheld because of delay in the filing of return, the President said, but added that no damage to the national exchequer was done because of that delay. He said that the library was providing the facility of reading to the citizens of the area at nominal charges.

Multan library has about 400 members and very few staff on a low salary. The expenses of the library are met by donations and profits from its endowment. Due to non-issuance of exemption certificate, four employees had to lose their meagre salaries of less than Rs20,000.

The President noted that the FBR had already issued the exemption certificate for the six months, therefore, the exemption certificate should be issued for the first six months of the financial year; sympathy should be shown in the future too, he further said.

FTO Inaugurates Another Regional Office in Interior Sindh

In a glittering ceremony befitting the occasion, Honorable FTO, Dr. Asif Mahmood Jah carried out inauguration of the newly established Regional FTO office in Hyderabad on February 8, 2023. He was accompanied by the FTO Advisors based in Karachi. The officers of IRS and Customs posted in Hyderabad were also present on the occasion. The regional FTO office in Hyderabad has been set up on demand of the taxpayers of the region in order to resolve their grievances against maladministration by the tax officials. Subsequently, the Honorable FTO addressed a well-attended gathering of members/representatives of trade bodies including local tax bars in the office of Chamber of Commerce and Industry Hyderabad.

He assured the business community that FTO office will redouble its efforts to resolve the issues faced by the taxpayers at their doorstep and creation of a new regional office was a manifestation of this resolve. Honorable FTO highlighted the extraordinary performance of FTO office during the last year which witnessed the number of complaints registered and resolved jumped up to as many as six thousand in number. He also informed the audience that the President of Pakistan lauded the efforts of FTO in promptly redressing the grievances of the taxpayers and few representations filed against the orders of FTO were accepted by the President during the last year showing the quality of orders issued

by the FTO. Chief Commissioner RTO Hyderabad, Collector MCC Hyderabad and Vice President Hyderabad Chamber of Commerce Industry in their remarks welcomed the setting up of new regional FTO office in Hyderabad which will certainly help redress the grievances of the complainants at the local level and save their precious time.

The Director, Customs Intelligence and Investigation, Hyderabad was also present on the occasion. The Honorable FTO also responded several questions raised by members of business community as well as Tax Bar Hyderabad and assured them of wholehearted support of FTO in addressing and resolving their genuine complaints within minimum possible time. He promised that FTO will take immediate cognizance of complaints regarding undue harassment of traders transporting legally-acquired/tax-paid goods by the tax officials.

He urged the taxpayers to use the facility of lodging complaints under section 33 of FTO Ordinance for immediate redressal of their grievances which bypasses the longer route of lodging written formal complaints. The honorable FTO also spoke to the media and apprised them of the steps being taken by the FTO office for resolution of the issues faced by the aggrieved complainants.



Tax Liability on Estimates: FTO asks FBR to Reconsider its Order – Trade and Finance

Disposing of a complaint, the Federal Tax Ombudsman (FTO) has directed the Federal Board of Revenue (FBR) to reconsider its order assessing tax liability made on estimates and without any definite information which is a basic requirement in terms of section 122(5) of the Income Tax Ordinance, 2001. In brief, the complainant is a Stock Brokerage Private Limited Company and is engaged in sale/purchase of client's shares as well as its own shares. The complainant filed a return of income for the tax year 2016 declaring business losses of 336 million rupees.

The department created a tax liability of Rs.1.042 million. On appeal by amending the deemed order under section 122(5A) of the Ordinance dated 09.06.2022, Commissioner (Appeals-III) ordered re-examination with specific instructions to counter third party information. The department issued a remand back order reiterating the same original order estimating commission of Rs. 0.10 per share without sharing the information physically.

The FTO referred the complaint to the Secretary, Revenue Division, for comments. In response, the CTO Karachi stated that the brokerage commission was not estimated but calculated on the basis of third party information mentioned in the order. The author of the order argued that the brokerage commission was calcu-

lated on the basis of third party information and the commission under section 18(1) of the Ordinance was estimated at 10 paise per share. On the contrary, the complainant argued that certain information from NCCPL on the basis of which tax levied was not shared in violation of the CIR (Appeals) direction. Further, there is no provision for taxation on presumption.

While concluding the proceedings, the FTO observed that the department shared certain third party information by the complainant. But the department did not share a copy of this information before passing an adverse order in violation of the clear direction of the CIR (Appeals). On the contrary, the complainant declared himself to have traded 375.48 million shares, which was more than three times the number of shares held. Therefore, without considering the contention of the complainant, the impugned order in violation of the directions of the CIR (Appeals) is not only contrary to law, rules or regulations, but also perverse, arbitrary, unfair and unjust.

Accordingly, the Tax Ombudsman has required FBR to direct the Commissioner, CTO, Karachi to reconsider the impugned order in terms of section 122A of the Ordinance after giving the complainant a reasonable opportunity of being heard in accordance with law.

Tax Ombudsman Directs FBR to Issue a 5-year-old Pending Refund to an ex-FBR Employee

While disposing of complaint tax ombudsman directed FBR to ensure requisite correction in tax refund orders amounting to Rupees 19,245 for tax year 2017.

Briefly, the Complainant a retired Inspector-IR, filed income tax return for Tax year 2017 claiming income tax refund amounting to Rs.19,968. The department issued refund order under section 170(4) of the Ordinance determining refund of Rs. 19,245 on 09.06.2022. However, no refund was credited into bank account of the Complainant despite repeated visits.

The Chief Commissioner-IR stated that the refund order had already been passed and the Secretary (Revenue Budget), FBR had also been requested to transfer the refund in the declared bank account of the complainant.

While concluding the proceedings, FTO has observed that the department issued refund order under section 170(4) of the Ordinance determining refund of Rs.19,245 for tax year 2017 almost after five years to a retired Inspector of its own department. But no refund was credited into bank account due to mistake in the order, in IRIS by the Assessing Officer who failed to insert any amount against sanctioned refund amount at the bottom of the refund order causing unnecessary delay and harassment. In terms of section 170(4) of Income Tax Ordinance, 2021 the FBR is required to issue refund within sixty days of filing of refund application which it has failed to do so. Therefore, non-payment of refund within statutory period of sixty days attracts maladministration under section 2(3)(ii) & (v) of FTO Ordinance.

Advisor Corner:

Use of IT to Enhance Efficiency

Information Technology (IT) has brought revolution in the life of individuals as well as the institutions. The introduction of information technology in public offices has helped in enhancing efficiency and reducing the time in official processes. It has also helped to increase efficiency and speed.

2. The Office of FTO is gradually converting its operations from manual to the information technology with the aim to reduce the taxpayers' grievances in the shortest possible time. The Hon'ble FTO has continually introduced innovative and modern Techniques in performing day to day functions e.g. introduction of Complaint Management Information System (CMIS), Mobile App for lodging and tracking of complaint, WhatsApp for communication and lodging of complaint, Short Code Message Service 9386, FTO TV on YouTube Channel, Website, Facebook, Twitter and video link for conducting hearings and other meetings etc. It has recently been decided to issue FTO's Findings/Recommendations electronically to all stakeholders. A barcoded order will replace physical paper-based communication which will not only reduce the cost but also reduce the time and hassle in official communication.

By : **Mr. Majid Qureshi**
(Registrar FTO HQS)



3. The Hon'ble FTO has directed to develop close liaison with the various wings of FBR for prompt implementation of FTO's recommendations. As a result of this interaction the IR(Operations) Wing has processed 47 refund cases involving Rs.1.357 million in a span of 3 days. Similarly, in another initiative, list of 50 cases pending for implementation was shared with Secretary (Jurisdiction), FBR out of which 36 cases have been implemented in one day by Secretary (Jurisdiction), FBR. Similar initiative for issuing notices and reminders through information technology are also in processes.

4. The Hon'ble FTO has directed to develop close liaison with the various wings of FBR for prompt implementation of FTO's recommendations.

FTO Terms Delay in changing Taxpayers' Jurisdiction 'Maladministration'

Inordinate delay in changing the jurisdiction of taxpayers tantamount to maladministration, said Federal Tax Ombudsman (FTO) Dr Asif Mahmood Jah. He said taxpayers pay heavy price for reckless and irresponsible attitude of tax authorities and wait for years for redressal of their grievances which falls under the definition of maladministration as per the FTO Ordinance 2000. According to him, the field formations of the Federal Board of Revenue (FBR) initiate investigation of tax evasion and undeclared assets without knowing their jurisdiction.

He said he had decided a tax matter in the recent past where a complainant filed a complaint against undue harassment by tax officials by the field formation of Sialkot. When a notice was served to the Regional Tax Office (RTO) Sialkot to submit reply, he contended that the NTN of the complainant shows that he is registered with RTO Lahore. He further

informed the FTO that a letter was dispatched to the Secretary IR (Jurisdiction) FBR for transfer of the jurisdiction from RTO Lahore to RTO Sialkot. According to him, a number of reminders were issued the competent authority but to no avail. The FTO said even his office had sent a letter to the concerned authority, which also remained unattended.

Accordingly, he has passed an order that inordinate delay on the part of Secretary-IR (Jurisdiction) FBR in changing of jurisdiction from RTO Lahore to RTO Sialkot despite repeated reminders, tantamount to maladministration. He has directed the FBR to call for explanation of Secretary-IR (Jurisdiction) FBR for his careless and irresponsible attitude and defiance to the FTO's correspondence. Meanwhile, he has also directed the concerned secretary to comply with his direction and transfer the jurisdiction of the taxpayer.

Verification Of Tax Challans on The Transfer of Property: FTO has Directed FBR To Evolve Transparent and Hassle-Free IT Solution to help Withholding Agents as well as Taxpayers



While disposing of complaint pertaining to Quetta region Tax Ombudsman has directed FBR to facilitate the taxpayers and the withholding agents by evolving a transparent IT solution.

Briefly, the complaint had been filed on account of hardships caused by the process of verification of tax challans in terms of withholding tax on the transfer of property the complainant stated that they have to undergo a lengthy process for getting PSIDs and making deposit in bank and then obtaining challans and conveying it to FBR office for getting it endorsed and verified and the property registering authorities had been compelled by the FBR Authorities not to entertain the registration of transfer without getting the tax challans verified from the FBR Office at Quetta.

Further added that the FBR Authorities have delegated powers to withholding Authorities and they are confined to audit but to the contrary, the FBR has pre-conditioned the registration of transfer with the verification of tax challans by FBR Authorities. Further contended that there is no legal mandate with the FBR Authorities to verify the tax challans and no tax law binds the Withholding Authorities to get tax challans verified by FBR offices.

In this regard, FTO refers the complaints to the Secretary Revenue Divisions for comments. The Commissioner, RTO, Quetta stated that the Regional Tax Office had left no stone unturned in extending full-fledged facilitation and easing PSIDs making and tax payment process for general taxpayers. However, a large number of short deductions and non-deductions in

taxes charged on transfer of property was revealed during audit. It was maintained by the concerned withholding authorities that they were not well-conversant with the FBR taxes system and their staff was not efficient in this regard. The assistance was sought by the Withholding Authorities to avert such malpractices. It was also contended that the verification of CPRs was pre-conditioned on persistent demand of the property registering authorities, as they were not well conversant with the proper application of rates, generation of PSIDs and authentication of tax challans.

While concluding the complaint, FTO observed that RTO Quetta's specific administrative intervention in monitoring of withholding taxes on properties is extraordinary effort and guideline alien to the rest of IR formations across the country. Notwithstanding the reasons put forward by RTO Quetta, an extra forum created without FBR's formal approval is apparently uncalled for. Though FBR has the authority to pre-audit withholding taxes, yet FBR also has the responsibility to facilitate the taxpayers which can be conveniently ensured by use of technology. Ideally, the FBR should conduct, post audit on the basis of CPRs available in its database.

Accordingly, FTO has directed FBR to install suitable operational software in the offices of all withholding agents responsible for transfer of properties, minimizing human discretion in application of valuation rates and calculation of taxes. FTO in its findings has also emphasized FBR to evolve and enforce foolproof mechanism for timely post audit of CPRs across the country.

‘Forum of Pakistan Ombudsman’ Resolves to Promote Good Governance

The ‘Forum of Pakistan Ombudsman’ (FPO) has reiterated its resolve to act as a platform for promoting the cause of ombudsmanship and robust public opinion against maladministration, discrimination, favouritism, corruption and alike.

The 27th meeting of the ‘Forum of Pakistan Ombudsman’ (FPO) was held at the Wafaqi Mohtasib Secretariat here on Tuesday. Dr Asif Mahmood Jah, Federal Tax Ombudsman/President FPO chaired the meeting which was attended by Mr. Ejaz Ahmad Qureshi, Federal Ombudsman and President of AOA; Ms Fauzia Viqar, Federal Ombudsperson for Protection Against Harassment at Workplace; Muhammad Kamran Shehzad, Banking Ombudsman; Nazar Muhammad Baloch, Provincial Ombudsman Balochistan; Ms Nabila Khan, Provincial Ombudsperson for Protection against Harassment at Workplace Punjab; Ms Rukhshanda Naz, Provincial Ombudsperson for Protection



against Harassment at Workplace, KP; and Ms Noor Jahan Maingal, Ombudsperson for Protection Against Harassment at Workplace, Balochistan, while Syed Tahir Raza Secretary to Provincial Ombudsman Punjab participated on behalf of Ombudsman of Punjab. Established in April 2011, the forum is a non-political, independent and professional network of ombudsmen in Pakistan.





Tausif Ahmad Qureshi, Advisor Incharge, FTO RO Quetta Speaks at the Meeting of Tax Bar Association

Pakistan Tax Bar Association held a country wide seminar in Quetta on “Critical Issues under Direct and Indirect Taxes”. 25 Tax Bars from across the country participated. Such an event was held in Quetta after a long span of two decades. Mr. Tausif Ahmad Qureshi, Advisor Incharge, FTO Regional Office Quetta addressed the seminar as a guest speaker and highlighted the role of the institution of the FTO for addressing the genuine hardships of the taxpayers. On this occasion, office bearers of Balochistan Tax Bar Association immensely admired decisions of the

honourable FTO and specifically mentioned the decision of FTO relating to transfer of jurisdiction of Builders/ Developers from MTO Karachi to RTO Quetta. Patron-in-Chief of Pakistan Tax Bar Mr. Abdul Qadir Memon applauded the decisions of the honourable FTO acknowledging that initially there was some mis-understanding which no longer exists owing to the extraordinary and excellent decisions of the honourable FTO. All Tax Bars were vocal about vigorous, effective and pragmatic role of the FTO for alleviating the hardships of the taxpayers.



Conducting FTO Outreach Session with Sialkot & Gujrat Bar Association

Acknowledgment / Appreciation Of FTO By Tax Payers



Abdul Hafeez Associates
Tax & Corporate Consultants

Dated: 20th March, 2023

Ref: No. Dr. Shafique/Refnd-15

The Federal Tax Ombudsman,
Islamabad.

**SUBJECT: THANKS LETTER IN THE CASE OF DR. MUHAMMAD SHAFIQUE
REGISTRATION NO. 3520226077365- TAX YEAR 2015.**

Dear Sir,

We take this opportunity to express our gratitude for the valuable assistance rendered by your office in getting the refund order u/s 170(4) of the Income Tax Ordinance 2001 passed by the Deputy Commissioner Inland Revenue Unit-V, Range-II, Zone-II, RTO Lahore on the basis of directions contained in your office Order dated 13-03-2023 in complaint No. 0440/LHR/IT/2023. We appreciate the valuable efforts and timely intervention made by your good self for issuance of refund. It is quite evident that the measures taken by your office paved the way for timely justice. We feel no hesitation in saying that if the state functionaries respond to the public complaints in similar spirit, it will not only restore the confidence of taxpayer, but the country will also start moving on the road of progress as timely justice is the most important key to the progress of a civilized society.

Ch. Abdul Rashid Gill

Managing Partner
Tax and Finance Management Co.

Rai Khuram Mubarak

(Advocate High Court)



The FTO presented Annual Report 2022 to Honorable President of Pakistan on 13-03-2023. The President of Pakistan Dr. Arif Alvi expressed great satisfaction on the performance of FTO in the year 2022.



Conducting FTO Awareness Seminar with freshly inducted officers of Pakistan Customs Service at Customs Academy, Islamabad