



Monthly NEWSLETTER FEDERAL TAX OMBUDSMAN



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

Editors
Mr. Muhammad Nazim Saleem
Mr. Sohaib Marghub

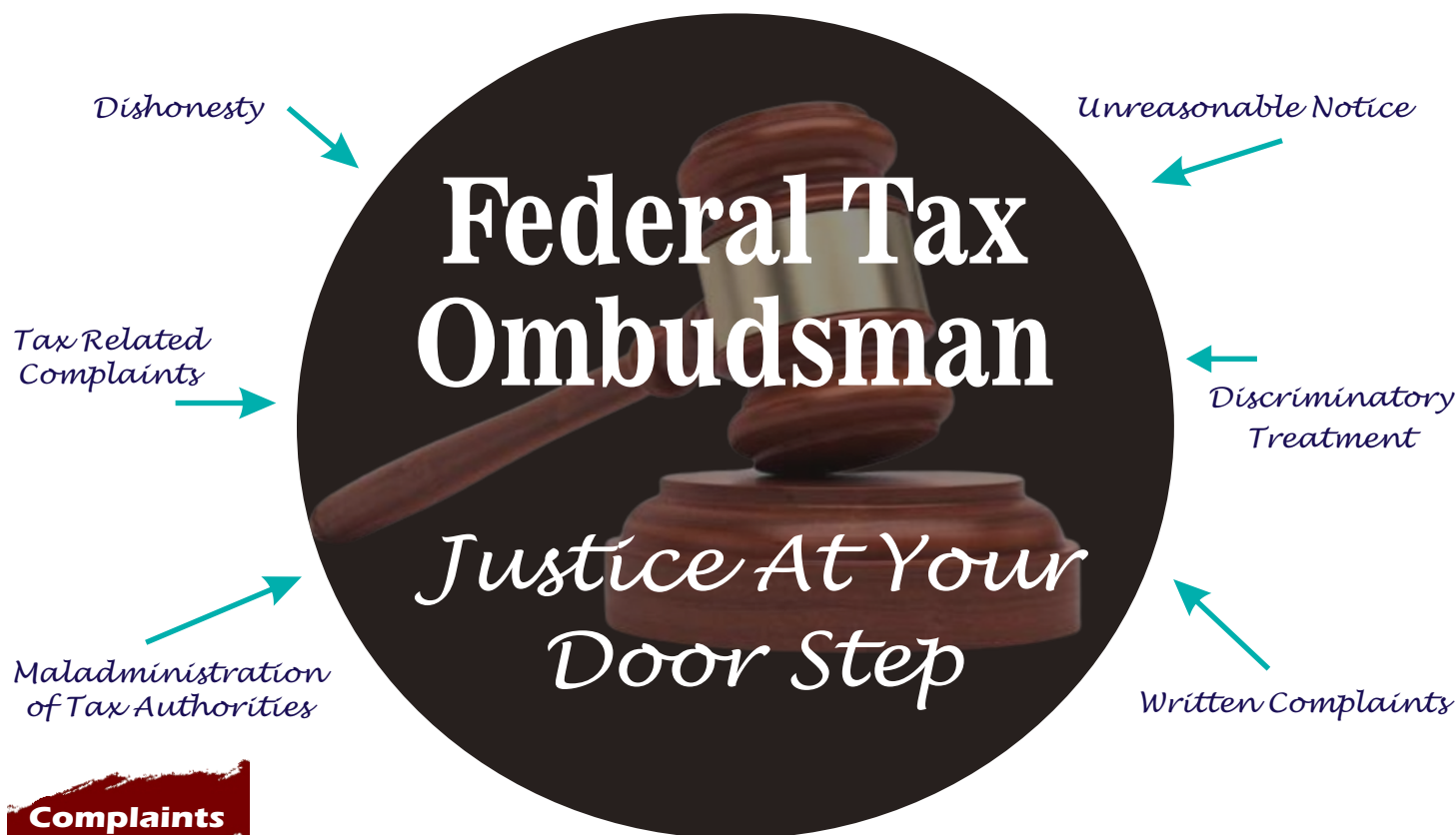
Editorial Board:
Ms. Zoyina Ali Pasha
Designer: Mr. Muhammad Mushtaq

We are on Social Media

Ph: 051-9212437 / 042-99204140  **0334-0544460**



QUICK REDRESSAL OF COMPLAINTS AGAINST FEDERAL TAX AUTHORITIES



Complaints



Written Complaints



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Contacts

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: Peer Muhammad Colony, University
Road, Sargodha. Ph: 048-9330147

Regional Office Sukkar: Bangalow No. 32, Sukkur Cooperative
Housing Society, Sukkur. Ph: 071-5825222

Regional Office Abbottabad: House No. 01, Street No. 01
Moosa-zai Colony, Abbottabad. Ph: 0992-920200

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

Regional Office Hyderabad: H. 272, Block-B Zead Pak, Housing
Society, Latifabad, Hyderabad, Ph: 022-3400426

MESSAGE OF THE FTO

السلام عليكم ورحمة الله وبركاته!

I am glad to present Monthly Newsletter for May, 2023. This Newsletter highlights a few Recommendations of FTO Office in individual complaints. These Findings/ Recommendations have been formalized after proper investigations in a professional manner within the domain of relevant tax laws and rules being administered by the Revenue Division (FBR).

Besides, it contains some decisions of the Hon'ble President of Pakistan on Representations filed by FBR and taxpayers against Recommendations of the FTO. In extreme cases, Recommendations have been made to initiate disciplinary proceedings against the delinquent officials of Revenue Division besides relief to the aggrieved tax payers.

The Newsletter covers Iftar-cum-Dinners arranged in FTO House, Islamabad, Governor House Lahore. An Iftar-cum-Dinner was also arranged at FTO Secretariat, Islamabad in the honour of Forum of Pakistan Ombudsmen (FPO) also attended by the officers/staff of the FTO Secretariate.

A book launching ceremony on شہر آشوب تلہ گنگ authored by Mr. Muhammad Tanveer Akhtar, Advisor, Income Tax, FTO was organized at FTO Secretariat, Islamabad in March, 2023. Professor Dr. Fateh Muhammad Malik, a renowned Educationist and scholar was the Guest of Honour. Mr. Riaz A. Malik, Ex-Chairman, FBR also graced



the occasion. This Newsletter also contains some glimpses of the event.

I appreciate my media team for undertaking due efforts to make this Newsletter worth reading for the reader.



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

FTO's Helpline Launched

Office of the Federal Tax Ombudsman (FTO) has been endeavoring for redressing grievances of the aggrieved tax-payers occurring as a result of maladministration of the tax functionaries of Revenue Division (FBR). The grievance redressal mechanism of the Federal Tax Ombudsman provides speedy and free of cost relief to the aggrieved taxpayers, In this regard the FTO secretariat has launched a public awareness campaign with the approval of Government of Pakistan to reach out the existing and prospective taxpayers for building their confidence to fulfill their national obligation by paying due taxes in national exchequer. The secretariat has developed and launched CMIS software for the convenience of taxpayers. Communication with the complainants through short code SMS service has also been initiated. In this regard, PTA has approved the mobile short code 9386 and also developed a monitoring dashboard aided with graphical representations of data for the FTO to monitor daily progress in CMIS. The developed Android mobile application is available on Google Play Store.

Now, the office of FTO has taken another initiative to facilitate the aggrieved taxpayers and resolve their



grievances as “FTO’S HELPLINE has been launched. This helpline will guide the taxpayers about the types of complaints FTO deals with and how to lodge online complaints through official FTO website. The timings of HELPLINE will be 7:30 am to 3:30 pm from Monday to Friday. The basic purpose of launching this helpline is to reply any query from the taxpayers while lodging their complaints with FTO office.

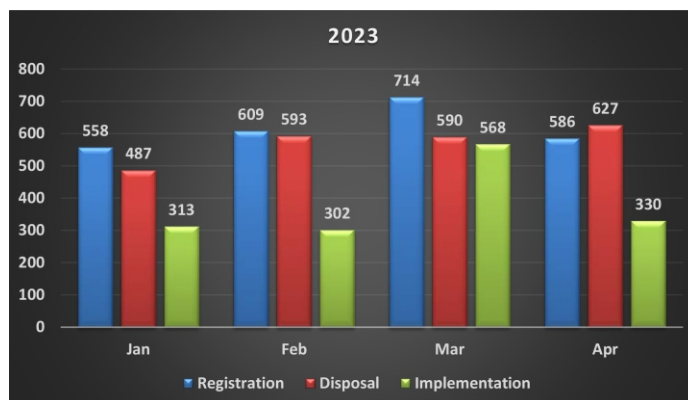
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“051-9212316”**



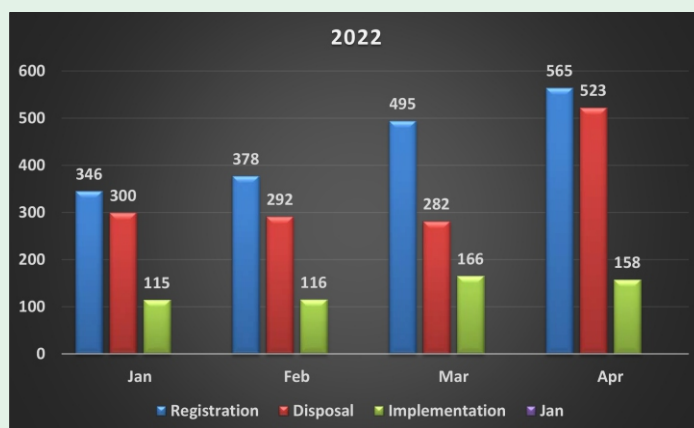
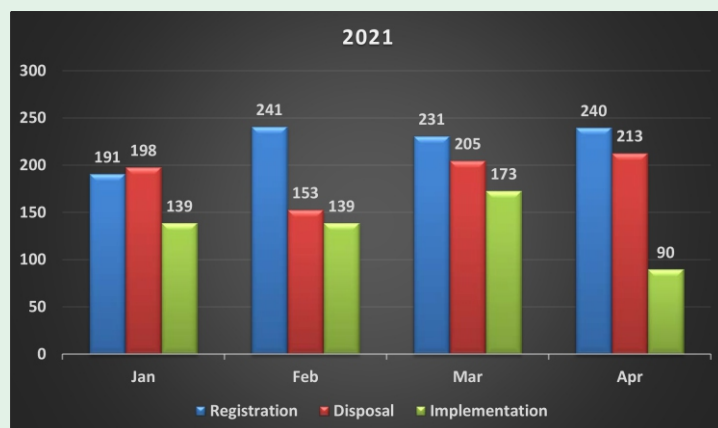
Comparative Analysis Registration and Disposal (Jan-April 2021 to Jan-April 2022-3)

A comparison of the first four months (Jan to April) shows a remarkable upward trend visa-a-vis registration and disposal of complaints. It is significant to note that **903** Complaints had been registered during the period under report in **2021**. However, this figure surged to **1784** and **2467** for the years **2022** & **2023** respectively. Similarly, disposal of the complaints stood at **769**, **1397**, **2297** for the years **2021**, **2022** and **2023** respectively. Furthermore, due to continuous efforts and effective coordination with FBR, implementations of the FTO's recommendations has jumped to **1573** in **2023** compared to **555** and **541** decisions previously implemented in year **2022** and **2021**. This shows more and more trust of the taxpayers in FTO organization and also an outcome of the robust

awareness campaign undertaken by FTO Secretariat in the last one and a half year.



Month	2021			2022			2023		
	Registration	Disposal	Implementation	Registration	Disposal	Implementation	Registration	Disposal	Implementation
Jan	191	198	139	346	300	115	558	487	313
Feb	241	153	139	378	292	116	609	593	302
March	231	205	173	495	282	166	714	590	568
April	240	213	90	565	523	158	586	627	330
Total	903	769	541	1784	1397	555	2467	2297	1513



FTO holds Customs official responsible of maladministration, unearths fake auctions



The Federal Tax Ombudsman (FTO) has unearthed a case of fake auction of the seized vehicles by the Directorate of Intelligence and Investigation Customs, Quetta. In this regard, the FTO has issued an order.

Director General Intelligence and Investigation (Customs) has also recommended the Federal Board of Revenue (FBR) for initiating disciplinary proceedings against the involved official in Quetta.

A complaint had been filed before the Federal Tax Ombudsman regarding fake auction of the seized vehicles by the Directorate of Intelligence and Investigation Customs, Quetta.

Briefly, the complainant informed that on July 21, 2022, Customs Intelligence, Quetta conducted open auction at Jinnah Town, Quetta. He participated in the auction and offered a bid of Rs 10, 000,00 regarding a vehicle. But the officers on the spot didn't accept his bid and apprised him that since Forensic Science Laboratory (FSL) report of this vehicle is not available; the same will be auctioned once again.

However, when the auction was held again on August 22, 2022, the said vehicle was not included in the list. Further added that on his personal probe, he came to know that the FSL report had already been issued by the Crime Branch on 31-12-2021.

Despite the availability of the said report, the

vehicle was concealed. Therefore, he went to the Directorate and informed them that the FSL of the vehicle has been issued, but the same was not included in the list for auction.

As a matter of fact, the vehicle was still present on the spot and the auction was conducted again on August 22, 2022 in which the vehicle was not placed for auction. This showed the personal interest of the concerned officer of Customs Intelligence. The Complainant has agitated why the matter of vehicle was concealed, while all the auction formalities of the vehicle were complete.

The FTO after thorough investigation of the complaint passed recommendations to the DG, Intelligence and Investigation Customs to investigate this underhand auction and misuse of authority and initiate necessary disciplinary proceedings under E&D Rules 2020 against officer and staff found responsible and cancel fake auction proceedings and conduct afresh public re-auction of the vehicle.

The Director General, accordingly, conducted Investigation/Inquiry as per findings/ recommendations of FTO and concluded that the disposal was not done as per rules by Additional Director and delinquency seems evident therefore, the Director General proposed to FBR to initiate necessary proceedings under E&D Rules.

Public complaints, taxpayers' cases: FTO concerned at FBR's attitude



Federal Tax Ombudsman (FTO) has expressed grave concern on indifferent attitude of the Federal Board of Revenue (FBR) while handling public complaints and hardship cases of taxpayers.

According to an order, the FTO has directed FBR to facilitate the employees of the school and get the particulars corrected in the CPR.

Briefly, the complainant was a Principal of Workers Welfare Higher Secondary School for Girls, Multan (the school). An amount of Rs69,885 was deducted from the salary of School employees under Section 149 of the Income Tax Ordinance, 2001 (the Ordinance) for the month of August, 2020 and deposited in the Government treasury. Inadvertently, tax period was mentioned as 2019 instead of 2020.

The principal of the school applied for correction to RTQ, and this request was forwarded to RTO, Islamabad which has been rejected by RTO, Islamabad.

Therefore, complainant took up matter with Federal Tax Ombudsman. The complaint was referred to Secretary Revenue Division for comments, The, RTO, Islamabad instead of facilitating the complainant has forwarded comments stating that Complainant, Principal Workers Welfare Higher Secondary School for Girls Multan is not an affectee /party in the CPR, therefore, not entitled to apply for said correction.

Prima facie, the complaint filed is without any substance which may be rejected. However, FTO has observed that the contention of the department CPR Coordinator-IR, RTO, Islamabad was incorrect that the principal being the complainant was not a direct party

therefore not entitled for applying correction of particulars in CPR.

The principal being incharge of the institution was fully justified to safeguard the interest of employees of her school who could not take credit of tax deducted because of wrong mentioning of tax year in the CPR. Moreover, it was a fact that organizational FTNs were used by all sub-offices of the given organization for tax withholding purposes.

Interestingly RTO Multan raised no objection while taxes were deducted and deposited by the Complainant, as Principal by using the same FTN. But when the same person applied for a harmless correction neither RTO Multan was ready to shoulder its responsibility nor the central CPR office at Islamabad is attentive to the genuine grievances of the Complainant.

This attitude reflects the cold blooded indifference of state functionaries while handling public complaints. If the Circular No.1 (2)-SS(BDT)18-CPR/280845-R dated 30.12.2019 fails to respond to a genuine problem, it must be compassionately reviewed.

It was, therefore, a case of clear hardship having no revenue implication and yet the Department was denying to facilitate the Complainant on the strength of the above circular.

Accordingly, Tax Ombudsman has directed FBR to get the particulars corrected in the CPR enabling the employees of the School to take credit of tax already deducted in the Year 2020 and report compliance within 30 days.

FTO secretariat clears FBR'S revenue quagmire: assists FBR to recover Rs. 5.5 billion stuck up revenue in steel sector cases

Federal Tax Ombudsman (FTO) while concluding an inspection activity under Section 17 of FTO Ordinance, 2000 has recommended a feasible and conclusive way out to the FBR for effecting recoveries of evaded government revenue by way of misusing the Rule 3(A) of Rule 58H of Sales Tax Special Procedure Rule, 2007 introduced vide SRO No. 421(1)/2014 dated 04.06.2014.

Briefly speaking, in order to facilitate Steel Sector, Special Procedure Rules were introduced since 2007. According to the above referred Special Procedure Rules, collection of Sales Tax from steel melters/ re-rollers/ composite of melters and re-rollers having single electricity meter was charged at specified rates under Rule 58H of Sales Tax Special Procedure Rule, 2007. The above levied sales tax was collected through monthly electricity bills on the basis of consumption of electricity. However, subsequently, in the year 2014, sub Rule (3A) was inserted under Rule 58H of the above said Rules, with effect from 04.06.2014. The purpose behind the above insertion of sub-Rule (3A) was primarily to bring in an ease and convenience in Sales Tax collection from this sector i.e. steel melters. As a corollary to above, the commissioners were empowered to collect Sales Tax directly from the steel melters and re-rollers after according necessary adjustments in lieu of collection of sales tax at import stage and by issuing an adjustment/ exclusion certificate in this regard. However, during currency of the above facilitation scheme, the following glaring discrepancies were noticed:

- i. Issuance of exclusion certificates against cheque/ pay order instead of payment in treasury/ to national exchequer
- ii. Returning of pay orders with ill motives, to registered persons after issuance of exclusion certificates.
- iii. Pay orders of one party were used in favour of STRN of another party.
- iv. Outright violation of concessionary regime i.e. Issuance of exclusion certificates to unregistered person.
- v. Use of pay orders for deposit in treasury for a later period of a registered person.

vi. Inaction in cases of bounced back cheques.

The Inspection Team constituted by FTO made strenuous efforts and examined voluminous data provided by Corporate Tax Office, Lahore for cross check. The team also retrieved the relevant data from Lahore Electrical Supply Corporation (LESCO). According to FTO's findings in the subject inspection, there is a huge gap between number of exclusion certificates issued as per LESCO data and that of CTO, Lahore. Furthermore, CTO Lahore did not have information regarding amounts deposited in treasury and corresponding CPR numbers, which are of crucial importance. Also, non production of record in respect of remaining exclusion certificates clearly depicts that the same fall in extremely grey area where instances of maladministration, misuse of authority, ulterior motives are likely to prevail. According to FTO findings, based on examination of relevant record an amount of approximately Rs. 5.5 billion is suspected to be evaded in such cases at CTO Lahore.

FTO has further observed that FBR facing the huge revenue shortfall, through timely and directional action can easily recover the loss as it does not involve any complex and intricate legalities. The strategy to recover the lost revenue, recommended by FTO office is equally simple, FBR driven and hassle free: All Steel Units which availed Exclusion Certificate need to be confronted by FBR and amounts as per ECs must reconcile with the payment of Sales Tax at the relevant point of time and where ever there is a difference, it needs to be recovered.

Further, in order to ensure fast recovery of this apparent loss of Rs.5.5 billion, FTO has recommended FBR to Re-locate the jurisdiction of Steel Cases from CTO Lahore to LTO Lahore or RTO Lahore for a more independent and effective recovery proceedings. Similarly, any officers/officials having any link in the past, with the cases of Steel melters must not be associated or assigned the fresh jurisdiction of said cases. FTO has also recommended FBR to Recover the loss incurred on priority basis through its investigation arm: Directorate General I&I-IR. Internal investigation on all Pakistan basis, with special emphasis at Lahore, solely aiming at recovery of loss incurred is required probing all cases of exclusion certificates.

President Alvi orders FBR to submit report on whistle-blower identity leak

President Dr. Arif Alvi has ordered the Federal Board of Revenue (FBR) to explain how the identity of a whistle-blower who reported large-scale tax evasion/fraud by a private limited company was leaked to his employer, resulting in threats to the whistle-blower by the tax-evading company.

The President also directed FBR to explain why it could not fully utilize the information provided by the whistle-blower to recover the maximum sales tax amount from the company, which caused a loss to the national exchequer.

The President expressed his displeasure that the FBR did not take full advantage of the information provided by the whistle-blower about the alleged financial irregularities by the company and disclosed his identity. He rejected a representation filed by the FBR against the order of the Federal Tax Ombudsman (FTO) directing the FBR to revisit its relevant Assessment Order, provide an opportunity for hearing to the whistle-blower, and fully utilize the information provided by him for the recovery of the evaded sales tax.

The complainant, reported to FBR that the company was indulging in various financial irregularities, resulting in a huge loss to the national exchequer. After reporting large-scale tax evasion/fraud to FBR, the complainant was registered as a whistle-blower. FBR initiated proceedings against the company and recovered Rs 15.251 million, but the amount recovered was too short due to not properly utilizing all annexures provided by the complainant.

FBR ignored and misread all annexures with definite calculations, reflecting the extent of evaded tax on various accounts. The staff of CTO Lahore disclosed the whistle-blower's identity to the owner of the tax-evading company, and resultantly, the company threatened him physically and mentally through police and other criminal proceedings. The employee filed complaints to the Chairman FBR regarding less assessment, but without any result. Feeling aggrieved, he took up the matter with FTO.

During the proceedings of the Ombudsman, FBR raised objections over the jurisdiction of FTO on the ground that the issue related to the determination of liability of tax and interpretation of laws, rules and



regulations with respect to which legal remedies were available. FTO rejected the stance of FBR and stated that it was a case of not fully utilizing the information in a matter where duty and taxes were evaded by using various tactics.

FTO further held that the complainant's contention regarding tax fraud by the company carried weight and therefore, it was in the interest of justice that he be given another opportunity to present his viewpoint before FBR. It further directed to revisit the Assessment Order, dated 30.12.2016 under Section 45A(4) of the Sales Tax Act, 1990, and pass a fresh speaking appealable order after affording the opportunity of hearing to the complainant and after fully utilizing the information provided by him and submit a compliance report.

Instead of complying with the order, FBR chose to file a Representation with the President against the order of the FTO. In his decision, the President observed that FTO's order was merely a reiteration of the duty of FBR to conduct reaudit proceedings for the recovery of the alleged huge amount of evaded Sales Tax by fully utilizing the information provided by the complainant and affording him another opportunity to explain his point of view in this regard. He, therefore, rejected the Representation with the added direction to FBR to submit a report to FTO on the matter within 60 days.

Hon'ble President of Pakistan Rejected The Representation Filed By an Export Company Against The Findings /recommendations Dated 25.3.2022 Passed By The FTO

The complaint was filed against the Commissioner-IR (Cm), Audit-I, CTO Lahore in terms of Section 10(1) of the Federal Tax Ombudsman, 2000 (FTO Ordinance) for rejection of request for revision of Sales Tax Return for the month of September 2021 vide order dated 20-12-2021

On a representation filed by FBR against FTO'S RECOMMENDATION dated 25.3.2022, the President of Pakistan observed that the recommendations of the learned FTO directing the FBR to (i) carefully examine Section 26(3) of the Sales Tax Act, 1990 vis-a-vis para 2(11) of Board's SOP, issued vide No. 1 (25)ST&FE/LP&E/Misc/2019/95575-R dated 18.07.2019, keeping in view the hardship, being faced by the taxpayers while filing revised returns and issue suitable clarification to resolve the matter and (ii) report compliance within 45 days are unassailable clarification in order to remove the hardships being faced by the taxpayers in filing revised returns. Suffice it to observe that being main tax collecting Dept of the

country, the FBR has responsibility to provide maximum facilities by instantly removing the hardships of the taxpayers whenever any issue comes to its notice. Thus, the FBR may be directed to issue suitable clarification in this regard and a compliance report may also be submitted to the FTO's Secretariat within 90 days. The Hon'ble President further observed as under:-

"Regarding the instant Representation, it is worth noting that in compliance of the Hon'ble Lahore High Court order, the Commissioner-IR Audit-I, CTO, Lahore has already passed an appealable order dated 20.12.2021. Moreover, as also mentioned by the learned FTO vide para-7 of the order; the complainant has to assail the order before the ATIR for determining true and lawful application of legal provisions. In the circumstances of the case, suffice it to observe that the instant representation of the complainant is liable to be rejected".

Relief To Principal & Vice Principals/ Head Masters/ Subject Specialists Etc. of KPK Elementary and Secondary Education

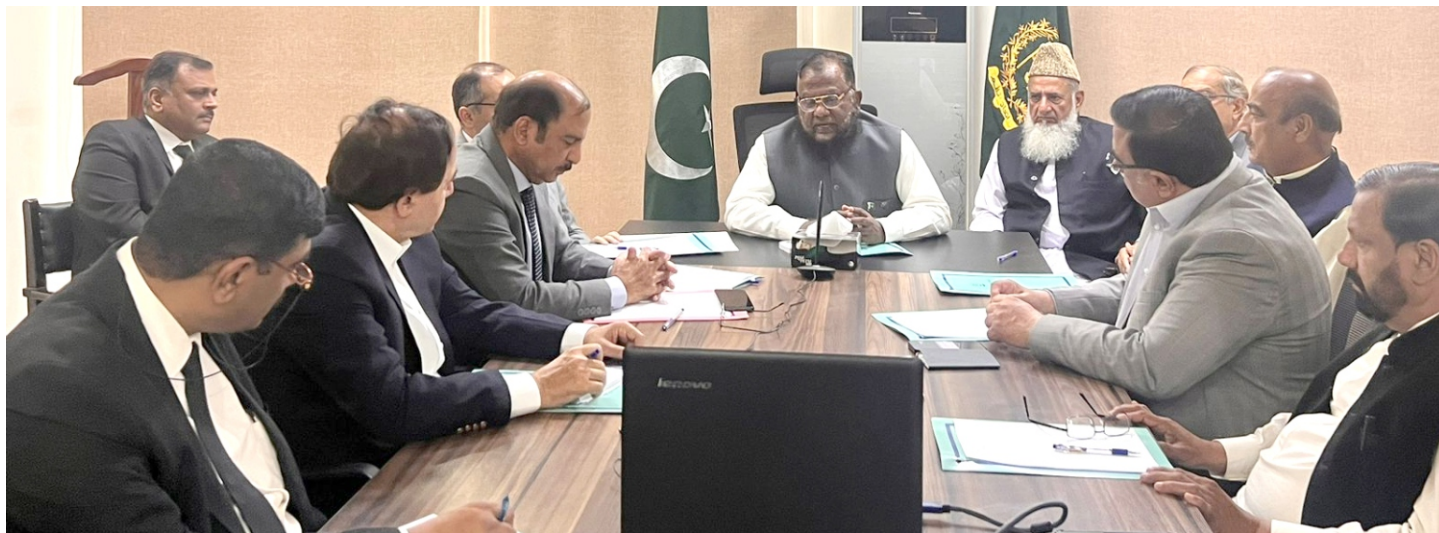
FBR has allowed 25% rebate in salary through Finance Act, 2019 to full time teachers or researchers, however, it is not admissible to Principal, Headmaster, Director's Vice Chancellor etc performing administrative job. Several complaints are received in Regional Office, Peshawar filed by Principal/Vice Principal etc that despite posting as Principal/Vice Principal/Headmaster, they are still categorized in Teaching Cadres under KPK Province's Civil Servant (Appointment Promotion & Transfer) Rules 1989.

During investigation it is found that on tax matters, FBR's laws i.e. IT Ordinance, 2001 being special law over rides all other laws/instructions etc. As regard grant of concession to Principals of FG's Schools, it is found that complainant has compelling evidence of discriminatory treatment vis-a-vis less deduction of income from Principals of F.G College. This apparently, discriminatory treatment of FBR and RTO, Peshawar tantamount to maladministration, defined US 2 (3) (i) (b) of FTO, Ordinance 2000. The Hon'ble FTO

has been pleased to issue following recommendation:

- (I) direct the Chief Commissioner RTO Peshawar to ensure that Principals, Vice-Principals and Head Masters, of Elementary & Secondary Education, Khyber Pakhtunkhwa are treated at par with Principals FG Institutions in matters relating to tax withholding u/s 149 of Income Tax Ordinance, 2001 report compliance within 45 days.
- (ii) FBR challenged the above recommendations before President of Pakistan. Hon'ble President upheld recommendations of FTO. RTO, Peshawar in compliance to above recommendations requested Accountant General, KPK to ensure that grievances of the complainants are addressed. FTO's Regional office, Peshawar has so far disposed of one twenty (120) identical complaints filed by Principals/ Headmasters etc of Elementary & Secondary Education, KPK., The FTO has been pleased to recommend to FBR to treat complainants at par with Principals of FG institutions.

FTO Advisory Committee Meeting Lahore



An Advisory Committee meeting was held at FTO Regional Office Lahore on 06.04.2023. While addressing the members of Advisory Committee, the FTO highlighted major decisions taken by him which have been upheld by Hon'ble President of Pakistan. In this regard, he mentioned a case where a car company counted 17% sales tax at the time of booking, but at the time of delivery, rate of sales tax was 12% of the value. FTO ordered refund of the different amount of tax to buyers. As a result of this decision, thousands of buyers have got relief. Besides, FTO has also declared the deduction of 17% withholding tax on salary of contract/wage employees treating it as services rendered by them, as invalid. In a case of bogus refund, disciplinary proceedings, against senior IRS officers have been recommended. He further added that the aggrieved persons can lodge their complaints through FTO portal as well as SMS.

All the members participated actively in the discussion and put forth proposals/suggestions for removal of anomalies, distortions and hardships in procedures, rules and laws. The main issues of the taxpayers /members, discussed in the meeting, were as under:

- Rationalization of sales tax collection system and issuance of refunds within 72 hours, as this negatively impacts exports business.
- Deliberate delay in implementation of FTO's recommendations should be dealt with strictly in accordance with prevalent laws.

- The members of Advisory Committee appreciated that Facilitation Desks have been setup for one window operations in respect of all taxes at all international Airports, Lahore Chamber of Commerce & Industry, and Sialkot Chamber of Commerce & Industry.
- An easy, transparent and hassle-free Tax Collection System which ensures public welfare should be introduced. Single page return needs to be introduced in letter and spirit.
- FBR should release refunds of the business community immediately where recommendations are made by the FTO.
- Own Motion powers of the FTO should be exercised for strengthening the taxation system.



Cheques Distribution Ceremony Arranged by FTO Secretariat, Regional Office, Lahore at FPCCI&I, Lahore Office



“Public Awareness about Dispute Resolution Mechanism of the office of Federal Tax Ombudsman (FTO)” and ceremony for Cheques Distribution on account of Sales Tax Refund to Taxpayers was arranged by FTO Secretariat, Regional Office, Lahore on 20.04.2023 at FPCCI building, Lahore.

The audience was briefed in detail about the role of the FTO in ensuring speedy and inexpensive justice by diagnosing, investigating, redressing and rectifying any injustice done to a taxpayer through maladministration by functionaries administering tax laws. In this regard a brief documentary was also run, where in a comprehensive report about performance of F.T.O office during the year 2022 was shown. The Respectable Governor Punjab Mr. Muhammad Baligh ur Rehman also graced the event as Chief Guest. The members of Executive Committee of FPCCI, Lahore participated actively in the following suggestions /discussions who were then explained the steps taken by FTO to provide speedy justice to the tax payers at their door steps:

- (i) An easy, friendly and creditable Tax Collection System, which ensures Public Welfare should be introduced, as majority of business community is involved in smart moves to evade complex and unbearable Tax burden.
- (ii) FBR functionaries should stop injudicious exercise of discretionary powers
- (iii) Follow up of FTOs Recommendations/orders should be done on top priority

At the end, refund cheques were distributed amongst the taxpayers by the Hon’ble FTO and the Chief Guest, Governor Punjab, Mr. Muhammad Baligh Ur Rehman. The chief guest also addressed the audience and appreciated the efforts undertaken by F.T.O Office. A large number of representatives of different bodies/committees of FPCCI along with Mr. Tausif Ahmed Qureshi, Adviosr (Incharge), F.T.O Secretariat R.O Quetta, Mr. Almas Ali Jovindha, Advisor (Legal), and Mr. Abeer Farrukh, Assistant Advisor (Media), FTO Secretariat R.O Lahore were also present during the session.

FBR Withdraws Representation Filed Before The Hon'ble President and Implements FTO's Recommendations

The complaint was filed under Section 10(1) of the FTO Ordinance against the Model Customs Collectorate, Gwadar at Customs House, Gaddani (the Deptt) for illegal seizure of his duly registered Toyota Hilux and tampering with its Chassis number. The complainant alleged that his Toyota Hilux (the vehicle) was seized in the month of September, 2019 on RCD Road near Hub City. After seizure, whereabouts of his vehicle was not traceable till May, 2021 when information was received that the vehicle was seen at Sariab Road, Quetta being driven by the Custom official. On query, it was informed that the vehicle had been confiscated and it was in official use and he was supplied copy of O-in-O and report of the Forensic Science Laboratory (FSL). He filed appeal in the Customs Appellate Tribunal (CAT) which was decided in his favour vide judgment dated 10.01.2022. Moreover, at the time of seizure, complete chassis number and engine number of the vehicle were recorded. However, FSL Report did not reflect the complete chassis number and alleged that the chassis number had been manipulated by the Seizing Agency while concealing the running Registration Leaf of the vehicle. He therefore took up the matter with the learned Federal Tax Ombudsman by filing complaint under Section 10(1) of the FTC) Ordinance 2000 for production of his vehicle, grant of compensation for making frivolous case by tampering with chassis number of lawfully imported vehicle.

The learned Federal Tax Ombudsman thrashed the matter vide Paras 5 to 10 of the order as follows: The letter of Handing/Taking over showed that the subject vehicle along with 3 other vehicle was handed over by FC to Inspector Customs, Khanwand Dino on 10th September, 2020. The subject vehicle was seized on 4th October, 2019 and handed over to the department on 10th September, 2020 i.e. after almost one year. The letter did not reflect that the seizure was in result of joint operation of the department and FC as incorporated in Advance Information Report and Seizure Report stating that during the joint operation along with F.C suspected non custom paid vehicles

were seized. This stance on the face of it was found to be false and dishonesty on the part of Inspector/Seizing Officer. The adjudicating officer ignoring the record adopted the plea of the seizing office reflecting that the order was passed in a mechanical manner without proper appreciation of documents available on record and application of mind. There is no explanation on the part of the department that the chassis number being visible at the time of seizure and Handing/Taking over become invisible at the time of forensic examination.

The Hon'ble President observed that the objection of the Dept regarding locus standi of the Complainant to file complaint as the registered owner of the vehicle is Mr. Rafiq Ahmed has been laid to rest, as mentioned in the Customs Appellate Tribunal in judgment dated 10.01.2022 which though need no further deliberation. However, the Complainant is in possession of original file of the vehicle and transfer letter showing that he has purchased the vehicle. The objection of the Deptt is therefore not sustainable.

According to the Dept filing appeal against the judgment of Customs Appellate Tribunal is under process. This complaint has been filed on 31.01.2022. Section 18 of FOIR Act imposes bar of jurisdiction in respect of any matter pending with or decided by an Ombudsman. The DR on being confronted with above provision could not explain that how appeal can be filed during complaint being under investigation. Now, the Collectorate has returned the subject vehicle to its rightful owner to his complete satisfaction this way, compliance of orders of the Customs Appellate Tribunal and recommendations of the FTC) has been made. Consequent to the resolution of grievance of the complainant the Collectorate intends to withdraw the Review Petition filed before the Honorable President of Pakistan.

In view of above circumstances of the case, suffice it to state that the department has already implemented the FTO's order and the complainant has also affirmed the position in writing, in view thereof, the representation has become infructuous and is liable to


Acknowledgment / Appreciation of FTO By the Hon'ble Auditor General of Pakistan



Office of the
Auditor General of Pakistan
Constitution Avenue
Islamabad

D.O. No. 01-08(C)/AGP Chamber/4622

May 2, 2023

Dear Dr. Asif Jah sahib, 

Let me thank you for sending me a copy of the Annual Report for the Calendar Year 2022 of the office of the Federal Tax Ombudsman.

The Report has been found quite informative and useful. It is heartening to note the improvement in performance of FTO, under your command. Of particular mention is 113% increase in complaint disposal from calendar year 2021, sanctioning of refunds of more than Rs 7081.04 million and accrual of revenue amounting to more than Rs 8.310 million from timely Own Motion notices.

I am of the opinion that through digitalization of complaint registration system, establishment of Complaint Cell for Overseas Pakistanis, making Advisory Committee of the FTO functional and appointment of famous and leading personalities of the business community as the Honorary Advisors, FTO will attain new heights in performing its crucial role in ensuring protection of Taxpayers rights and bridging the gap between the public and the judicial system.

With best regards,

(MUHAMMAD AJMAL GONDAL)

Dr. Asif Mahmood Jah
Federal Tax Ombudsman,
Islamabad.



Acknowledgment / Appreciation Of FTO By Tax Payers

ombudsman@fto.gov.pk

From: dr usman sani dr.usman.sani@ombudsman.gov.pk
Sent: Tuesday, May 2, 2023 8:53 AM
To: ombudsman@fto.gov.pk
Subject: letter of gratitude

Dear FTO Pakistan Team,

I am writing this letter to express my sincere gratitude and heartfelt thanks to you for resolving the disbursement of the prize money I won in the FBR POS prize scheme.

I would like to acknowledge the efforts and dedication of your team who worked tirelessly to ensure that I received my prize money in a timely and efficient manner. The professionalism and commitment displayed by your team throughout the process were truly commendable.

I was impressed with the prompt response and the continuous updates provided by your team. Your team was extremely courteous and helpful in addressing my queries and concerns, which made the entire process hassle-free and stress-free.

I appreciate the efforts made by your team to resolve the disbursement issue promptly and efficiently.

Once again, thank you for your support and assistance in resolving this issue. I look forward to continuing my relationship with FTO Pakistan in the future.

Best regards

Dr. Usman Sani

Iftar Party organized at FTO House, Islamabad. The Turkish Ambassador to Pakistan His Excellency Dr. Mehmet Paçacı was kind to grace the occasion alongwith his family





Iftar-Cum-Dinner at Governor House, Lahore



Meeting with FBR officers to discuss Implementation of Recommendations by the FTO



Awareness Session at Lahore Chamber of Commerce & Industry



Iftar party organised at FTO Secretariat in third Ashra of Ramadan in the honour of Forum of Pakistan Ombudsmen (FPO) and the officers/staff of FTO Secretariate, Islamabad

A book launching ceremony on شہر آشوب تلہ گنگ authored by Mr. Muhammad Tanveer Akhtar, Advisor Income Tax, organized at FTO Secretariat, Islamabad



Media Coverage

Upholding FTO decision, President Alvi directs FBR to dispose of food company's refund plea

ISLAMABAD
STAFF REPORT

PAKISTAN TODAY

President Dr Arif Alvi while upholding the decision of the Federal Tax Ombudsman (FTO), directed the Federal Board of Revenue to dispose of the refund application of a private food company after providing it with a hearing opportunity as per law on a matter where the company had filed refund claims after a delay of 5 to 8 years.

The President gave this decision while rejecting FBR's representation against the decision of FTO in a case where a private food company had requested the Large Taxpayers Office (LTO), Karachi in 2020 for condonation in delay under the Sales Tax Act, 1990 for filing refund claims relating to the period of 2012 to 2016 as the Sales Tax amount of Rs.88.5 million was not claimed/adjusted in their previous Sales Tax Returns due to some technical issues at the company.

FTO had directed FBR to provide a hearing opportunity to the company on the matter. The

President in his decision pointed out that as per a Supreme Court's judgment (PLD 1998 SC 64), a genuine refund could not be refused, even if refund applications were filed late. He added that the fundamental rights as enshrined in Article 24(1) of the Constitution postulate that no person shall be compulsorily deprived of his property save in accordance with Law. He stated that the principle evolved and approved by Judicial pronouncements was that it was the duty of the State to return what had been taken erroneously or wrongly; and that a democratic Government could not take a plea of limitation to deny what was due to a citizen.

The President referred to the Supreme Court's decision (PLD 1998 SC 64) in M/s Pfizer Laboratories Ltd. Vs Federation of Pakistan case that held that if one party under a mistake, whether of fact or law, paid some money to another party (which included a Government department) which was not due by law or contract or otherwise, that must be repaid in view of Section 72 of the Contract Act, 1872.

It added that where some money was received by the Government not lawfully due, the plea of limitation by its departments was one which the Court always looked upon with disfavour as it was violative of the principles of morality and justice. It further stated that there may not be a legal liability on the part of a Government functionary to refund any amount received by it as a tax or other levy by virtue of certain special provisions under the special law but keeping in view that we lived in a democratic society governed by the rule of law and every Government, which claimed to have ethical and moral values, must do what was fair and just to the citizens regardless of legal technicalities.

The President reiterated that as per Indo-Pak laws the fact that the amount of tax of which the refund was claimed was voluntarily paid, did not preclude the right to claim the refund if it was not lawfully payable. He also pointed out that the Commissioners of two different Zones in the company's matters of identical nature [M/s Zakariya Traders (M/s Unilever Distributors) and M/s Unilever Pakistan Foods Ltd (UPFL)] had passed orders contrary to each other i.e., in the former case, the delay was condoned whereas in the latter it was rejected. "Such contrary approach in identical matters raises suspicions which as far as possible must be avoided", he stated and rejected FBR's representation.

FBR کو سٹیل ملینرز سے ساڑھے 5 ارب روپے کی ریکوری کا حکم
12 سٹیل ملینرز اربوں کے ٹیکس فراڈ میں ملوث، معاملے کی جامع تحقیقات کی جائیں، وفاقی ٹیکس تھب اسلام آباد (تحریر ہائی) وفاقی ٹیکس تھب نے ایف ٹی آر کو لاہور کے 12 سٹیل ملینرز سے ٹیکس ٹیکس کی مدد ساڑھے 5 ارب روپے کی وصولیاں



Daily Times

President Arif Alvi upholds FTO's decision against FBR officers' delay in multi million dollar tax revenue case

■ It was found that negligence, inefficiency on part of FBR officials in enforcing various provisions of law in major revenue potential cases tantamount to maladministration in terms of Section 2(3)(ii) of the FTO Ordinance

The President of Pakistan Arif Alvi has upheld the decision of Hon'ble Federal tax ombudsman regarding Federal Board of Revenue (FBR's) officers and management for their unwarranted delay in a multimillion dollar tax evasion by companies case.

The Own Motion investigation was initiated in terms of Section 9(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance), because FTO Secretariat has evidence-based information that some of the most meaningful and innovative initiatives of FBR's own individual officers and field

formations stands diluted and washed away due to follow up failure, frequent posting transfers of officers and massive changes of jurisdictions. Moreover through In-House Analysis FTO Secretariat has also identified that though FBR and its dozens of field formations maintain an organized web portal, rich data center, exhaustive Data Bases, elaborate and comprehensive operational soft wares and houses a full-fledged & home grown IT support system i.e. Pakistan Automation (PVT) LTD (PRAL), yet neither FBR HQs nor its any single field formation maintains; any IT based tracking system, archiving various valuable initiatives & ventures made by different FBR's organizations, officers, teams or specially created cells from time to time, any exhaustive, fool proof and IT enabled handing over module (from predecessors to successors) for such initiatives, any institutionalized internal follow up system, or any internal evaluation mechanism to gauge whether the goals envisaged under FBR's flagship ventures have been logically pursued & achieved.

Therefore it was reasonably assumed that in most of the cases the good job done is wasted, diluted or compromised with the transfer of individuals dissolution of units/ cells and take over by new managers. While conducting the aforesaid In-House

Analysis FTO Secretariat has information on record that a list of potential cases of tax evasion, including M/S Acid Survivors' Foundation, along with detailed investigation Report & Case Study was prepared & shared by Directorate General (DC), BTB FBR. This valuable information was duly shared in December, 2018, with the concerned field formations for taking action against said entities for not declaring true particulars of their receipts/income and not discharging their responsibilities as withholding agents. However, in 2019, FBR management suddenly shelved this whole BTB regime overnight: disbanding BTB Zones Islamabad, Lahore and Karachi. Office of DG BTB was relegated to a ceremonial entity assigned as additional charge. Thus in addition to losing an effective organization, the repository of the whole above data/information was suddenly rendered extinct. In view of above internal Notice under section 10(4) of the FTO Ordinance, 2000, read with Section 9(1) of The Federal Ombudsman Institutional Reforms Act, 2013 was issued calling upon FBR and its field formations to furnish Para-wise comments in the aforementioned case. In response to the said notice the Chief Commissioner-IR, CTO, Islamabad furnished an update regarding action taken vide his letter No. 174 dated 23.12.2021. It has been

informed that consequent upon receipt of Notice from FTO office; audit proceedings have been initiated for determining discharge of obligation as withholding agents. Notice under Rule 44(4) of Income Tax Rule, 2002 for Tax Year 2014 and 2015 has been issued. Notice u/s 161/205 of Income Tax Ordinance, 2001 for Tax Years 2016, 2017 and 2018 was issued for compliance by 31.12.2021.

The aforementioned action report clearly establish that information passed by DG BTB in December, 2018 remained dormant unutilized and wasted. None of the field officers of FBR holding jurisdiction over the instant case during December, 2018 and November, 2021 was vigilant enough to initiate the action which has been initiated after 03 years and that too after the intervention of FTO Secretariat. It was found that negligence and inefficiency on the part of FBR officials in enforcing various provisions of law in major revenue potential cases is tantamount to maladministration in terms of Section 2(3)(ii) of the FTO Ordinance. FTO recommended FBR to do direct the Chief Commissioner-IR, CTO, Islamabad to ensure that action initiated in the instant case, after 03 years delay is expedited and finalized on priority basis; identify the officers who are responsible for unwarranted delay and FBR management may be informed accordingly. NEWS DESK