

FAX MESSAGE

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From : Foreign Islamabad
To : All Missions
(Except honorary Consulates and Parepun New York and Parepun Geneva)
No : OP- 1 /M/2020
Dated : 3rd November 2020

Head of Chancery from Deputy Director (OP)

Subject: Newsletter of Federal Tax Ombudsman Secretariat

Enclosed please find a letter dated 22nd October, 2020, received from Federal Tax Ombudsman Secretariat, enclosing third volume of its quarterly newsletter (Oct-Dec, 2020).

2. Since Overseas Pakistanis approach the Federal Tax Ombudsman Secretariat for redressal of their grievances, so it is requested to place soft copy of FTO's newsletter on their websites. The link is as follows:

[http://fto.gov.pk/assets/newsletters/FTO Newsletter vol 3 Issue 4 2020.pdf](http://fto.gov.pk/assets/newsletters/FTO_Newsletter_vol_3_Issue_4_2020.pdf)

Encl: As Above

Best regards

Masooma Bushra Ali
(Masooma Bushra Ali)
Deputy Director (OP)

Radio Office
PI issue.



FEDERAL TAX OMBUDSMAN SECRETARIAT

SARWAT TAHIRA HABIB

Federal Secretary
Ph: 051-9205563

No. 786/DDWP/PC-I/Actts/FTO-2017
Islamabad, October 22, 2020

Diary No 7574 AS (Admin/AEC/OP)
Date 28-10-2020
5196
25/10/20

Dear Sir,

As part of its Awareness and Advocacy campaign, Office of the Federal Tax Ombudsman is attaching herewith Fourth Issue of Third Volume of Quarterly Newsletter (October - December 2020).

2. Overseas Pakistanis have often contacted this office for redressal of their grievances against the Tax Administrative Authorities. As this newsletter may be of use to overseas Pakistanis, therefore, it is requested to direct the concerned officials of Pakistani Embassies abroad to place the softcopy of FTO's newsletters on the their websites. The link of the FTO's Newsletter is mentioned below.

http://fto.gov.pk/assets/newsletters/FTO_Newsletter_Vol_3_Issue_4_2020.pdf

3. This office will welcome any feedback from valuable readers to gain more insight that can be used to improve the performance of the FTO Institution.

Yours Sincerely,

(Sarwat Tahira Habib)

Mr. Sohail Mehmood,
Secretary,
Ministry of Foreign Affairs,
Government of Pakistan,
Islamabad.

Pl. take further up.

Wysb

DG (P)

29/10

AS (A)

Chief 29/10

2. for your necessary action pl.

29/10

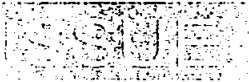
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President appreciates FTO's role in resolving taxpayers' grievances against maladministration of Tax Authorities

IN THIS



President appreciates FTO's role in resolving Taxpayers' grievances against maladministration of Tax Authorities

Tax Amnesty Scheme
FTO's ruling gives relief to 12,000 taxpayers who deposited Rs 2.6 bn

FTO directs FBR for disciplinary proceedings against Officers

FTO Office ensures the implementation of its recommendations and redresses systemic issues:FTO

Safety measures taken at FTO office during Covid pandemic

No taxes, duties on transshipment of goods through Pakistan

Simplified salary return form: FBR released video tutorial

Systemic issues in Tax grievances lead to corruption: FTO

President Dr. Arif Alvi has appreciated the role of Hon'ble Federal Tax Ombudsman (FTO) in resolving complaints of the taxpayers against the maladministration of tax authorities, as well as using Own Motion powers' to unearth irregularities in the taxation system and establishment of IT based complaint registration system to facilitate the

regarding free of cost services for redressal of complaints. He appreciated efforts to digitalize FTO office services using IT based Complaint Management Information System (CMIS) and development of an Android App to facilitate the taxpayers in complaint registration process as well as establishment of paperless office environment in FTO Secretariat. The President emphasized that there was a need to take



aggrieved taxpayers. The President expressed these words while speaking to Hon'ble Federal Tax Ombudsman Mr. Mushtaq Ahmad Sukhera, who called on him here at the Aiwan-e-Sadr to present the Annual Report (2019). Dr. Alvi expressed his satisfaction over the proper utilization of traditional and digital media by Federal Tax Ombudsman Office to promote awareness among the taxpayers

further steps to create awareness about the efficacy of the forum by utilizing the traditional as well as digital media. Dr. Alvi also observed that there was room for improvement in the Act/Law of Federal Tax Ombudsman to make this institution more effective in order to provide speedy justice to the taxpayers. He assured his support to the institution in the discharge of **Continued on Page 3**

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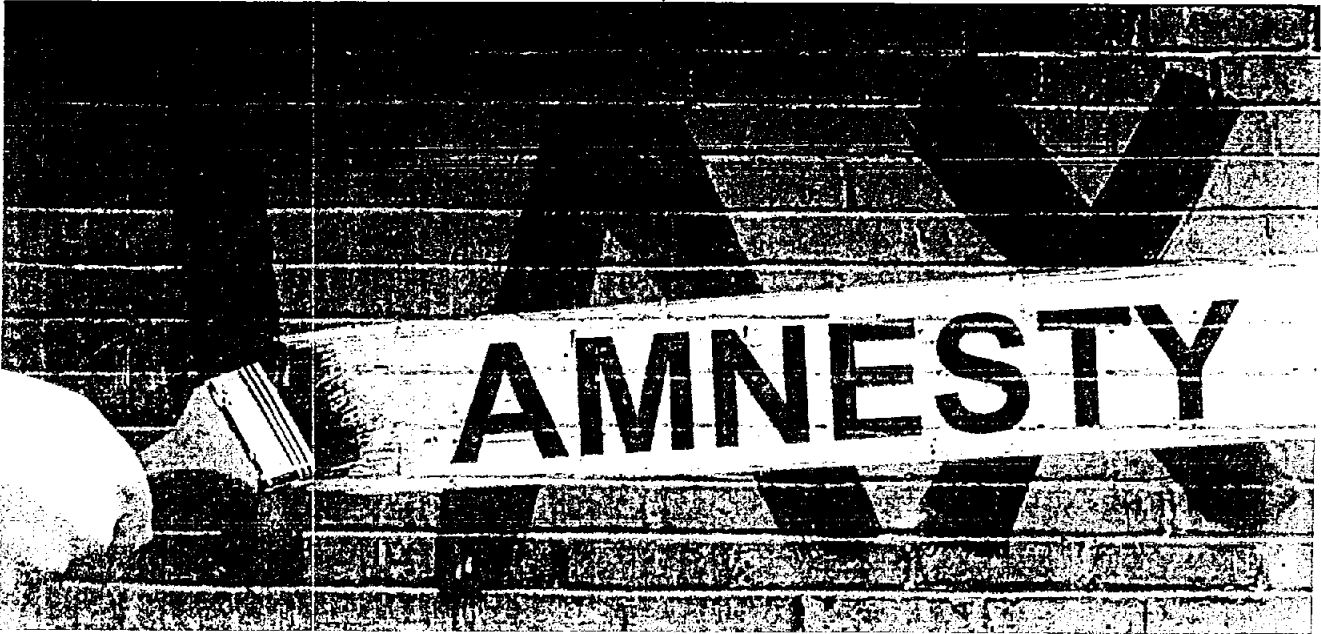
Tax Amnesty Scheme (Assets Declaration Ordinance, 2019): FTO's ruling gives relief to 12,000 taxpayers who deposited Rs. 2.6 bn

Federal Tax Ombudsman (FTO) has recommended to the FBR to give relief to 12,000 prospective declarants who had deposited Rs.2.6 billion tax under the Tax Amnesty Scheme (Assets Declaration Ordinance, 2019) but were unable to upload their declarations on the last date due to failure of the FBR's online system.

The Hon'ble FTO's recommendation stated that even after almost a year FBR had taken no measure to address grievances of the aggrieved taxpayers despite the fact that FBR had been well aware of the failure of the system. Thus

step to reach on the FBR's website, was denied due to load on the system. PTBA provided the screenshots of the unavailability of access to the online system to FTO, which they had also provided to FBR a day after the last date.

Hon'ble FTO observed that the FBR had failed to ensure smooth functioning of its online system to facilitate the prospective declarants who asserted that depositing of tax on their part was proof of their bona-fide intention that they actually intended to avail the amnesty scheme. Therefore, inaction on this count amounts to incompetence and



12,000 prospective taxpayers suffered because of the inadequate arrangements made by the FBR to address the expected load on its online system.

In its reply to the Hon'ble FTO, the FBR had contended that filing of declaration of assets was a prerequisite for availing the scheme and not the payment of tax, and asserted that online system was fully functional, but the complainants never accessed the FBR website. However, FBR also conceded that there was pressure on the system.

During the hearing, the president of Pakistan Tax Bar Association (PTBA) contended that FBR's online system was non-responsive and choked; and this fact had been confirmed by then FBR Chairman Mr. Shabber Zaidi's statement on electronic media. PTBA contended that FBR's contention and data regarding no fault in the system is not reliable, as the access to declaration portal, being the first

inefficiency, on part of the FBR officials. The purpose of Tax Amnesty Scheme was to create the culture of documented economy, economic revival and tax compliance but non-responsiveness of the FBR's e-portal deprived the declarants to avail the scheme. Federal Tax Ombudsman added. Hon'ble FTO's report stated that FBR had realised its fault in handling the situation and surreptitiously allowed the extension in time for submitting declaration that was against the provisions of the ordinance. The contention of the FBR that uploading of the declaration was a pre-requisite for availing of the scheme, does not carry weight particularly when Section 10 of the Ordinance, provided that deposit of such tax shall neither be refundable nor adjustable. The FBR officials failed to appreciate the provisions of the ordinance.

The FTO has recommended the FBR to make arrangements

Continued on Page 3



FTO directs FBR for disciplinary proceedings against officers

In compliance of Hon'ble Federal Tax Ombudsman (FTO) recommendations, FBR has moved summary for Prime Minister to accord approval for initiation of disciplinary proceedings against two Commissioners Inland Revenue. Similarly, FBR, while implementing the directives of Federal Tax Ombudsman (FTO), has initiated inquiry proceedings, against two inspectors of Inland Revenue, Zone-IV, CRTO, Lahore. The Hon'ble Federal Tax Ombudsman, in its recommendations of complaint numbers 1823 - 1828/LHR/IT/2019, had directed the FBR to take appropriate disciplinary actions against these Commissioners IR for neglect, inattention, inefficiency and defying lawful orders of CIR (Appeals-IV) Lahore. However, the concerned officers were adamant not to perform their lawful duties, which is tantamount of maladministration and the contention of the officers is ill founded. In its recommendations of complaint number 597/LHR/IT/2020, FTO had directed FBR to initiate disciplinary proceedings against the enquiry officers, who prepared spurious report. FBR has now issued charge sheets to Inspectors Inland Revenue.

President appreciates FTO's role Continued from Page 1

its duties and functions.

Hon'ble Federal Tax Ombudsman Mr. Mushtaq Ahmad Sukhera presented report on performance of FTO office during 2019 along with comparative figures of last 5 years, which showed significant growth in almost all measurable indicators of performance from 2015 to 2019.

President Dr. Arfi Alvi was apprised that sanction and payment of stuck up tax refunds of Rs. 5864.94 million, were facilitated to the taxpayers and 82.59% recommendations made by the FTO Office were implemented by FBR and its subordinate officers during 2019.

Hon'ble Federal Tax Ombudsman apprised the President Dr. Arif Alvi that the majority of the taxpayers' complaints were regarding grievances in the assessment processes. However, dealing with assessment issues is not the mandate of FTO. Improvement in the Act/law of FTO office in this regard will enable FTO office to look into such matters where glaring maladministration is visible, he added.

Hon'ble Federal Tax Ombudsman reported that during 2019, FTO office received 2510 fresh complaints and 202 Own Motion cases involving huge revenue and glaring maladministration. After adding 458 complaints carried

over from previous year and some inspection report based cognizance, all registered cases totaled to 3171. Out of these, 2633 complaints were disposed of during the year 2019, compared to 1880 complaints redressed during the calendar year 2018.

Hon'ble Federal Tax Ombudsman said that using his Own Motion powers he tried to unearth irregularities and to improve such areas of taxation system where glaring maladministration was visible. FTO Office conveyed its recommendations to FBR regarding misuse of zero-rating facility and audit of manufacturers, misuse of jewelry export and illegal gold trade, unlawful compulsion of non-residents to file returns, irregularities in seizures and smuggling of non-custom paid vehicles, irregularities and under-realization of FED and ST from cigarette manufacturers, evasion of tax on agriculture income, ghost manufacturers and bogus sales tax refunds, fake invoices to evade taxes, smuggling of Iranian Petroleum and dubious auctions.

The Hon'ble FTO further said that Inspection of two FBR offices (CIR - Appeals - Faisalabad and Collector MCC, Quetta) was also conducted to investigate complaints of inefficiency, malpractices and corruption. As a whole, 25 proposals and two research studies were sent to FBR during 2019 for systemic improvement, he added. These were in addition to Budget proposals.

FTO also presented a few proposals to the President regarding harmonization of period mentioned in Section 14(2) and 14(5) of Federal Ombudsmen Institutional Reforms Act, 2013, filing of unnecessary representations by FBR and contesting the decisions of the Hon'ble President in Courts, contrary to letter No.1/12/2003-Imp.II dated 20th August, 2015 of the Cabinet Division.

Assets declaration scheme Continued from Page 2

and facilitate the filing of declarations in respect of all the aggrieved persons by invoking the provisions of Section 17 of the Income Tax Ordinance; update the IT system of the FBR which requires thorough review and efficient improvement and report compliance within 45 days. According to the findings of the Hon'ble FTO, inefficiency, negligence and incompetence of the Department officials in designing the system, making adequate arrangements and failure to give full effect to the provisions of the Ordinance does amount to maladministration. This own motion investigation was initiated by Hon'ble FTO on the complaint of delegation of office bearers of Pakistan Tax Bar Association (PTBA), alleging that thousands of taxpayers/persons who intended to avail the benefit of Amnesty Scheme, promulgated by the Govt of Pakistan, as Assets Declaration Ordinance, 2019 (the Ordinance) deposited billions of rupees of tax but were unable to upload the declaration of assets, on the last date i.e. 03.07.2019, due to failure of IT system of the FBR.



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FTO office ensures the implementation of its recommendations and redresses the Systemic Issues: FTO

The focus of Federal Tax Ombudsman (FTO) office has been expanded by initiating Own Motion cases and research work to redress the systemic issues in tax

community from withholding of input tax in these tough times when business community is facing the liquidity issues. For redressal of financial issues of business community, he also proposed hundred percent adjustment of input tax in output



administration, said Hon'ble Federal Tax Ombudsman while addressing the Advisory Committee of FTO Office.

In the past, focus of work in FTO Office was limited to individual complaints and grievance redressal. However, the scope was expanded in accordance with his mandate under the FTO Ordinance, 2000, and justice was delivered in a visible way, followed by ensuring the implementation of the recommendations made, he added.

The Advisory Committee, which consists of prominent commerce & trade bodies and tax related professionals, was apprised of the performance of FTO Office and then the house was opened for suggestions and discussion. The Advisory Committee presented different issues before the Federal Tax Ombudsman.

The President of Islamabad Chamber of Commerce and Industry (ICCI), Muhammad Ahmad, stressed upon the importance of harmonization of indirect taxes and introduction of one window operation at one point for facilitation of taxpayers. He proposed exemption of business



tax. President ICCI said that business community desires that the tax base should be broadened with a sequential approach. First the commercial electricity meter holders should be registered in tax net followed by wholesalers and distributors instead of directly making retailers to mention the CNICs of un-registered buyers on the invoice of transactions exceeding Rs. 100,000/- as it is creating lot of problems for them and discouraging business activities.

President ICCI further said that billions of rupees of the business community are stuck up in refunds with FBR due to which businessmen have to face liquidity issues. Business community desires that FBR should completely automate all refunds including income tax, sales tax and customs duty so that all refunds should automatically be transferred to the bank accounts of relevant Taxpayers within set timelines as it is a trust money of business community with FBR and should not be kept pending for years. The automation will also eliminate human interaction and facilitate the growth of business activities by addressing liquidity issues of business community.

The anchorperson of Express News, Shahbaz Rana proposed that FBR should consider upgrading the existing Regional Tax Offices instead of shifting cases to LTU. Or it should open new LTUs in these cities for facilitation of taxpayers. The FBR's



existing system does not promote online filing. FBR should regularly update its tax refunds pendency data on its portal. The document Annex-H, for refund, through FASTER needs to be made transparent and FBR should publish figures of both the Annex H and refunds cleared to know the exact quantum of pendency, he added.

Mr. Rana appreciated the role of FBR pertaining to the conduct of inquiries in respect of senior officers. However, he stressed on the need of better vigilance, agility, accountability and further improvement to expedite the processes as serious enquiries proceedings are pending. He appreciated the Hon'ble FTO's intervention in eliminating corruption and consequently increasing the revenue.

Haji Mushtaq Ahmad President PTBA said that large number of tax payers want to revise and have applied for revision of Income Tax / Sale Tax Returns online which are lying pending in IRS accounts of concerned officers of RTO Peshawar awaiting approvals. These are not being processed expeditiously. The process of approval requires to be expedited, he added.

Haji Mushtaq Ahmad also said that date of filing of returns of income for Tax Year 2020 is approaching fast but the FBR has not finalized draft of proposed new Income Tax Return forms. This delay would result in demands by the taxpayers for extension in the date of filing of returns which in return would deprive the government exchequer of timely receipt of its due revenue, he added.



Systemic issues in Tax grievances

Continued from Page 8

of various organizations that would help in resolving their key issues and promoting business activities.

Speaking at the occasion, Muhammad Ahmed, President ICCI also said that ICCI was striving to provide maximum facilitation to its members in business promotion and the establishment of FTO Facilitation Desk at Chamber was another right step in that direction. He stressed on government to pay due attention to facilitate SME's. Mian Akram Farid urged for need of speedy reimbursement of refund. Concern on extending due respect to tax payers was raised by Mr. Aslam Khokar and Ch Waheed.

Mr. Shaukat praised the importance of role of Hon'ble FTO in resolving problem of Tax payers and suggested the rationalization of audit regime. Issues of arbitrary decisions and assessments was discussed by Mian Ramzan. Mr. Mahmood Waraich and some members discussed the problems relating to returns.

At the end Hon'ble Federal Tax Ombudsman addressed the audience and appreciated the efforts of ICCI for providing better facilities to its members by setting up facilitation desks of various organizations that would help in resolving their key issues and promoting activities.



وفاقی ٹیکس محتسب

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

وفاقی ٹیکس محتسب کا کردار

• ٹیکس سے متعلق شکایات کا ازالہ

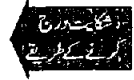
• ٹیکس حکام اور ٹیکس گزاروں کے مابین اعتماد میں اضافہ

• ٹیکس ٹیٹ میں اضافے سے قومی معیشت کا استحکام

اب ٹیکس معاملات میں ہائمنائی، براہ نظامی اور پرمٹوانی سے پریشان ہونے یا ان معاملات سے بچنے کے لئے وکلاء کو بھاری ٹیکس ادا کرنے کی ضرورت نہیں۔ وفاقی ٹیکس اتھارٹی بشمول آئی ٹیکس، سلز ٹیکس، کسٹم اور ریڈرل ایکسائز سے متعلق شکایات کے فوری اور منصفانہ حل کے لئے وفاقی ٹیکس محتسب کی خدمات بلا معاوضہ دستیاب ہیں۔



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



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Safety measures taken at FTO office during Covid pandemic

In line with the policy of the Federal Government, FTO office has taken all requisite precautionary measures against the spread of pandemic COVID-19. FTO Secretariat has issued several instructions/directions to their employees to guide in drive for protection from Corona virus. Essential staff was identified for important tasks and their presence in the office was ensured on rotation basis so that office work is not suffered. Employees exceeding the age 50 years were permitted to work from home, however ensuring their

immediately inform their respective officer incharge for seeking approval for isolation.

iii. All officers and staff members shall strictly use the disposable gloves, hand sanitizers and ensure sanitization of files/documents during discharge of their duties.

iv. Inter-office meetings or discussions shall preferably be done through video conference/Skype or phone. If the meetings considered to be necessary, the distance of at least



attendance in the office once a week. Pre-empting the possible threat, Bioimetric attendance was suspended. COVID-19 tests of the suspected employees were conducted in coordination with District Health Officer (DHO) and National Institute of Health (NIH), Islamabad. The exercise of disinfection was carried-out in the office premises with appropriate planned intervals. The availability of face masks, hand sanitizers along-with disinfection liquid and spray bottles were ensured to all wings/sections of office to minimize the chances of infection from COVID-19. Following instructions were issued to the employees for taking precautionary measures due to continued COVID-19 pandemic:

- i. All officers/officials must wear face mask during the office hours as a mandatory requirement.
- ii. Any officer/official having sickness or virus symptoms shall

one meter between the seats will be ensured.

v. No visitor(s) to be allowed to visit the office without prior permission of the concerned officer, communicated to the Reception Desk by the respective officer.

vi. The staff to ensure sanitization of officer's and staff room, table and chairs.

vii. The corridors, entrance, reception etc to be sanitized by sweepers with appropriate intervals.

viii. Hand shake and close body contact to be avoided in letter and spirit.

ix. All officers incharge of wings and sections to ensure punctuality of officers/officials working under them.

x. Violation of any of the above instructions to be construed as misconduct and the person responsible be treated, accordingly.

No Taxes, Duties on transshipment of goods through Pakistan

The Federal Board of Revenue (FBR) will not charge import/export duties and taxes on international transshipment of goods through Pakistan.

of import or export duties or taxes provided the activities are in conformity of these rules.

The FBR has also decided to make it mandatory for the



FBR has proposed amendments in the Customs Rules through a notification. However, shipping lines are allowed to use the facility of international transshipment without submitting an indemnity bond to the customs under the usual guarantee arrangement. The international transshipment goods shall not be subjected to the payment

of shipping lines, engaged in the business of international transshipment of containers and bulk cargo, to submit an indemnity bond for ensuring to follow customs rules and procedures.

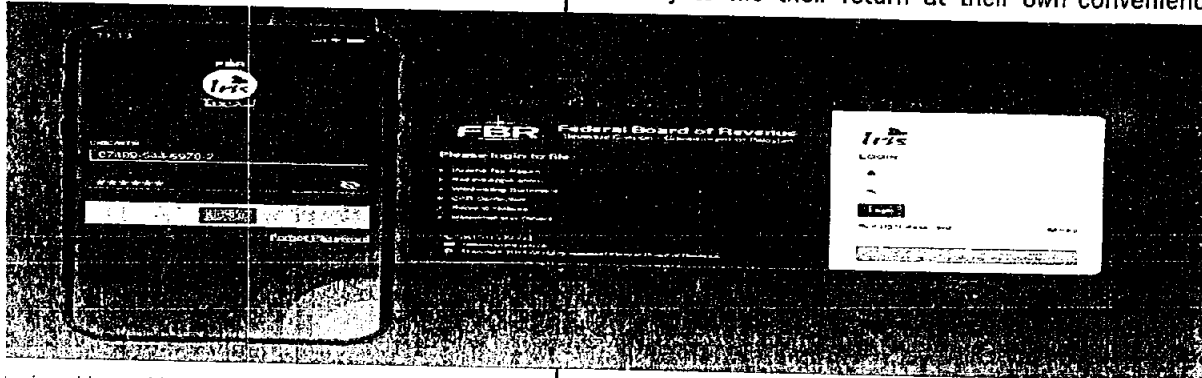
The FBR has also issued a new procedure for the transshipment of imported cargo from gateway port to a foreign port.

Simplified Salary Return Form: FBR Released Video Tutorial

Federal Board of Revenue (FBR) has released a video tutorial for filing of simplified salary return form for Tax Year 2020. The video titled "Tax Asaan Mobile on" can be found on Youtube.

For salaried taxpayers, FBR has already introduced a

The wizard based solution takes care of Salaried and Business Individual Income Tax Return for Resident/non-Resident taxpayers. The mobile application enables the taxpayer to draft the return offline giving them freedom and flexibility to file their return at their own convenience



The wizard based Income Tax Return filing mechanism is a key feature of Tax Asaan mobile application. This feature enables the taxpayer to proceed step by step utilizing interactive guidance for return filing, even familiarizing the taxpayer with various issues related to tax and giving the best possible advice to file IT Return.

anywhere and at any time. However to perform calculations and in order to submit the IT Return, internet connectivity is required by the application.

Video link

<https://www.youtube.com/watch?v=OS43DbwWn10>



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Systemic issues in Tax grievances lead to corruption: FTO

Federal Tax Ombudsman (FTO), while inaugurating the Facilitation Desk of Federal Tax Ombudsman at Islamabad Chamber of Commerce and Industry (ICCI)

the state and state should honor this responsibility. The Hon'ble Federal Tax Ombudsman stated that refund is the main issue of the business community, about which the tax ombudsman seeks to get his recommendations



implemented by the FBR as soon as possible. He informed that FTO Office reviews its performance every month.

He informed the audience that instead of waiting for individual complaints, the Hon'ble Federal Tax Ombudsman has also started taking Own Motion notices, conducts research studies, identifies structural and systemic issues in tax matters and issues recommendations to the FBR to enforce them as these

said that a fair, just, efficient and simplified tax system could promote tax culture in the country. He emphasized that protecting the interests of taxpayers is the key priority of FTO

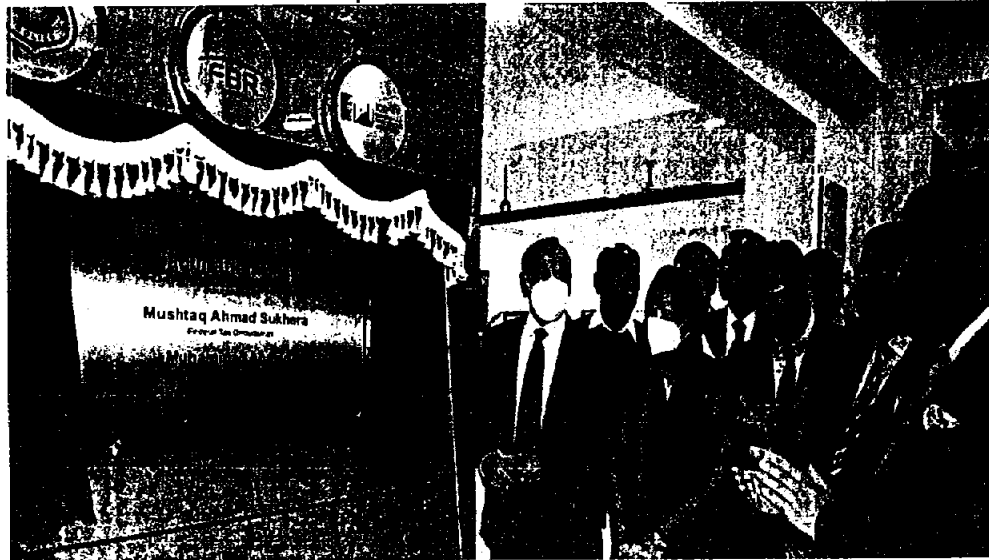
organization and Hon'ble FTO is providing relief to taxpayers by carrying out independent investigations and taking Own Motion initiatives about the maladministration by functionaries administering the Federal Taxes.

He said this at the occasion of inauguration of facilitation desk set up by ICC&I in its premises, which was aiming to address the issues related to resolution of grievances of taxpayer against functionaries of Revenue Division/FBR and making the tax compliance more easy and effective.

Hon'ble FTO favored the proposition that criminal cases should be filed against those tax functionaries who were involved in malpractices and corruption. According to him ensuring the self-respect of taxpayers was the responsibility of

issues lead to corruption.

He agreed with observation of some members that SMEs were the backbone of economy and they needed more focus



of the government for ease of doing business. Hon'ble FTO appreciated the efforts of ICCI for providing better facilities to its members by setting up facilitation desks

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