

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



# ***Operations and Complaint Management Process: Federal Tax Ombudsman Pakistan***

# Sequence Of Presentation

1. Introduction
2. Organization
3. Jurisdiction
4. Empowerment
5. Procedure
6. Impact
7. Case Studies
8. Performance

# **Establishment of the Offices of Ombudsmen in Pakistan**

- Federal Ombudsman -1983
- Federal Tax Ombudsman – 2000
- Federal Insurance Ombudsman 2000
- Banking Companies Ombudsman 2010
- Ombudsman for protection against Harassment of women at work place 2010



# **Establishment of the Offices of Ombudsmen in Pakistan (contd)**

- All Ombudsmen are independent in their working.
- ▶ Purpose to create Ombudsmen offices is to provide cost free and speedy redressal of grievances of aggrieved citizens
- ▶ Appeal against the decision of Ombudsmen lies with President of Pakistan

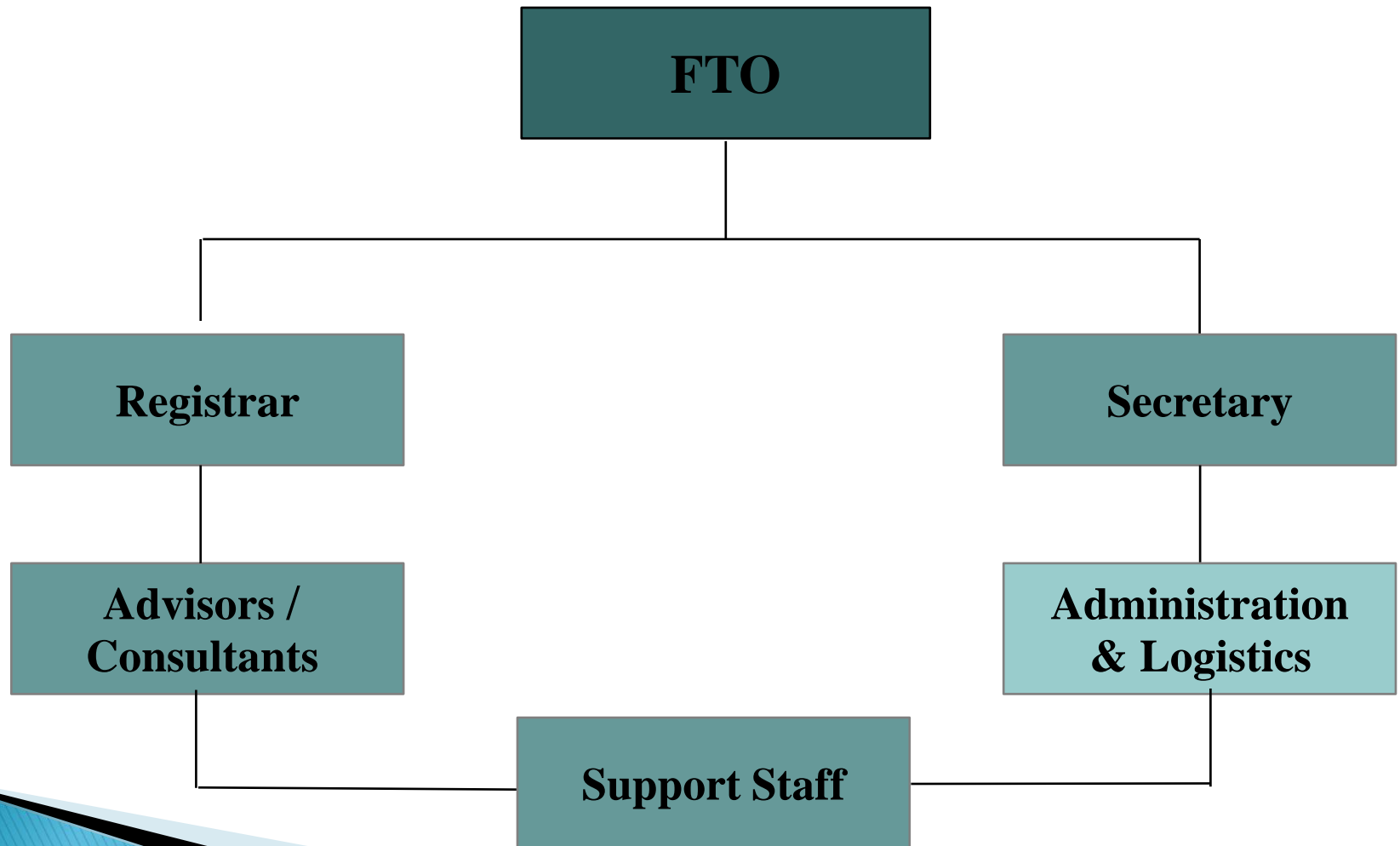
# **Establishment of Federal Tax Ombudsman Secretariat**

Institution of Federal Tax Ombudsman (FTO) was created in the year 2000, through “Establishment of the Office of Federal Tax Ombudsman Ordinance, 2000” with its headquarters at Islamabad.

# **Establishment of the Federal Tax Ombudsman Secretariat (contd)**

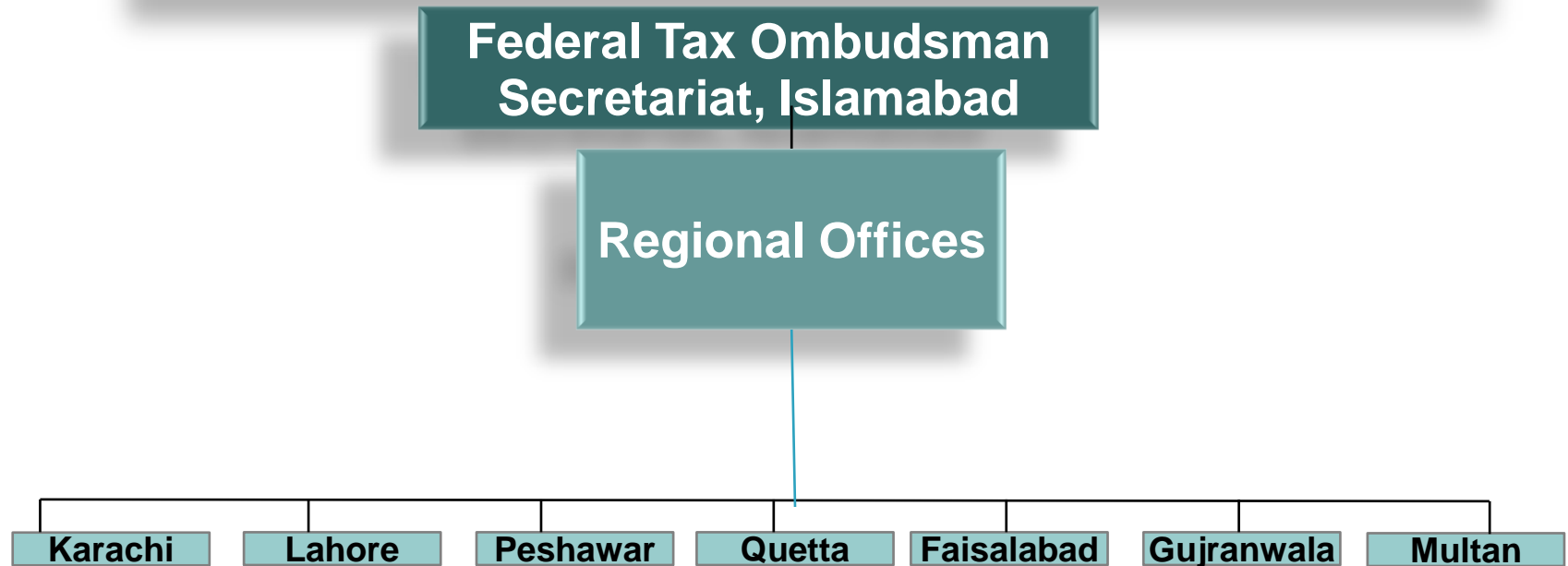
- Presidential ordinance -2000
- Further empowered by the Federal Ombudsmen Institutional reforms Act 2013

# Administrative Set-up





# Organizational Set-up



# Mandate

To investigate ,diagnose ,redress and rectify maladministration of tax functionaries.

# **Jurisdiction, Functions and Powers of Federal Tax Ombudsman**

FTO may invoke his power as following:-

- Complaint by aggrieved persons.
- Reference by President ,Parliament, Supreme court and High court.
- Own motion
- Inspections
- Research Studies

# Jurisdiction (contd)

- FTO entertains complaints against functionaries of Federal Tax Administration
- Following major Federal Taxes are collected by the Federal Board of Revenue (FBR) :-
  1. Income tax
  2. Sales tax
  3. Customs duties
  4. Federal excise duties

# Federal Board Revenue

- The FBR is the sole Federal Revenue collecting agency;  
“**works under the ministry of finance**”
- Headed by a chairman with a team of members
- Operates country wide
- Management of import, export and execution of the trade policies



# Jurisdiction (Contd...)

The important areas of maladministration which the FTO can investigate include:

- Decision or process contrary to law or regulation, or is a departure from established practice or procedure;
- Is perverse, arbitrary or unreasonable, unjust, biased, oppressive, or discriminatory;
- Is based on irrelevant grounds; or
- Involves the exercise of powers, or the failure or refusal to do so, for corrupt or improper motives.

# Jurisdiction (Contd...)

- ▶ Neglect in attention ,delay, incompetence and inefficiency in discharge of duties and administration
- ▶ Issuance of repeated notices
- ▶ Harassment of tax payers through deliberate unnecessary attendance and prolonged hearings.

# Exclusions

- Time bared
- Sub judice matters
- Where legal remedies of appeal, review or revision are available to tax payers under the relevant provisions of law
- Anonymous or pseudonymous complaints

# Empowerment

- Investigate
- Diagnose/Identify mal-administration
- Redress and rectify
- Findings/Recommendations
- Contempt proceedings (equal to that of the supreme court)

# Empowerment (contd)

- Powers of a civil court for:
  - Examining any person on oath
  - Enforcing attendance of any person
  - Production of documents
  - Receiving evidence on affidavits
  - Grant of temporary injunction/stay order
  - Power to enter and search any premises

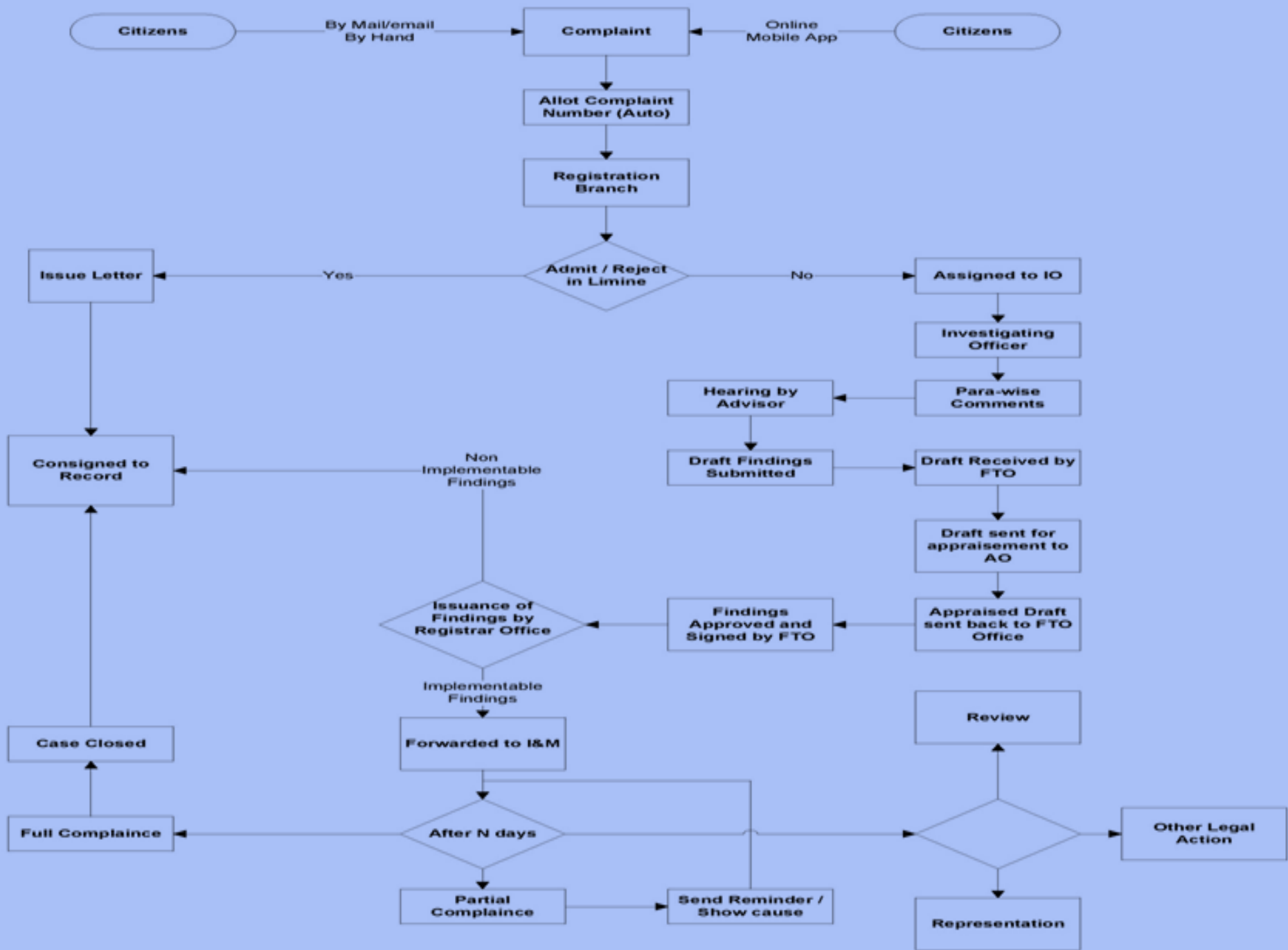


# Empowerment (contd)

- Administrative Autonomy;
  - ❖ **Creation or abolishment of posts**
- Financial Autonomy;
  - ❖ **Budget**
- No court authority entertains any matter pending with or decided by the FTO
- Framing of rules for FTO office

# Complaint Filing and Processes

- Filing of complaints through;
  - In person
  - Post
  - Online
  - Mobile application
- Registration of complaint
- CMIS (Country wide network)
- Notice for reply from concerned department
- Investigations/Hearings
- Findings /Recommendations



# Implementation

- FBR to implement the recommendations within specified time
- If not implemented ,FBR to give reasons
- If injustice not remedied, FTO may lay a special report before the President.
- If FBR does not comply or give reasons to the satisfaction of FTO, it shall be treated as “Defiance”

# Defiance of Recommendations

- Matter may be referred to the President
- Report of FTO shall become part of personal file/record of the defying officer and such officer would be liable “ to contempt punishment”
- FTO may proceed against any defiant officer, under the provision of contempt law for prosecution
- Appeal of such contempt lies before the supreme court



# **Defiance of Recommendations (contd)**

- President has the power to pardon ,remit ,suspend or commute any sentence passed by any court, tribunal or other authority under these provisions

# Appeal Mechanism

## Review by FTO

- On petition made by an aggrieved party within 30 days of recommendations
- To be decided by FTO in 45 days
- May alter, modify ,amend or recall order or decision

# Appeal Mechanism (Contd)

## Representation before the president

- With in 30 days
- FBR or any person aggrieved
- To be decided with in 90 days

# Importance of Own motion cases

FTO can take cognizance on his own motion against;

- ❖ Mal - administration
- ❖ Non application and departure from established legal provisions
- ❖ Continuation of practice contrary to law
- ❖ Provision of illegal benefit
- ❖ Corruption /corrupt practices

# Impact of FTO

- Provision of cost free and just system to the aggrieved tax payers
- Saving the Federal Revenue
- Deterrence to the corrupt tax officials
- Swift and hassle free redressal system



# Case Studies

## Customs case;

It is an own motion investigation by the FTO based upon a news item dated 11<sup>th</sup> June ,2018 regarding misuse of import-cum export facility in respect of Gold, jewelry and other precious metals at various Customs stations, where some exporters of jewelry failed to remit foreign exchange and customs Deptt did not take cognizance in the matter due to jurisdictional issue.

# Case Studies (Contd)

## Amnesty Scheme;

- 12,400 Tax payers paid Rs 2.6B under the Asset Declaration amnesty scheme 2019 on the last date but due to non-responsiveness of FBR's web portal ,their asset declaration were not uploaded
- FTO took cognizance as own motion passed orders ,providing relief to the effective declarants.

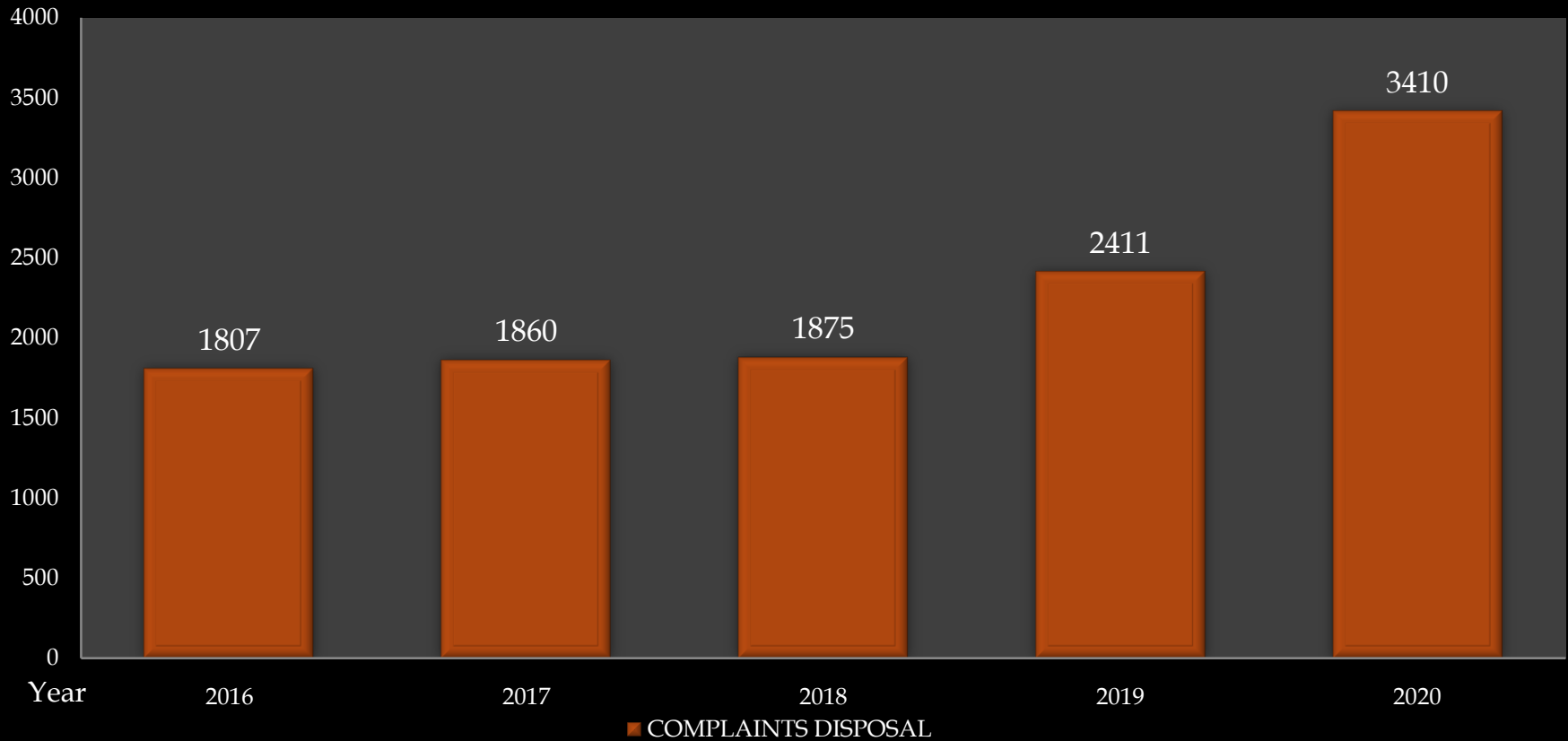
# Case Studies(Contd)

## Agricultural Income;

- Own Motion Case
- Misuse of exemption on Agricultural income by 5000 tax payers
- On FTO's recommendations, the due taxes were recovered by FBR.

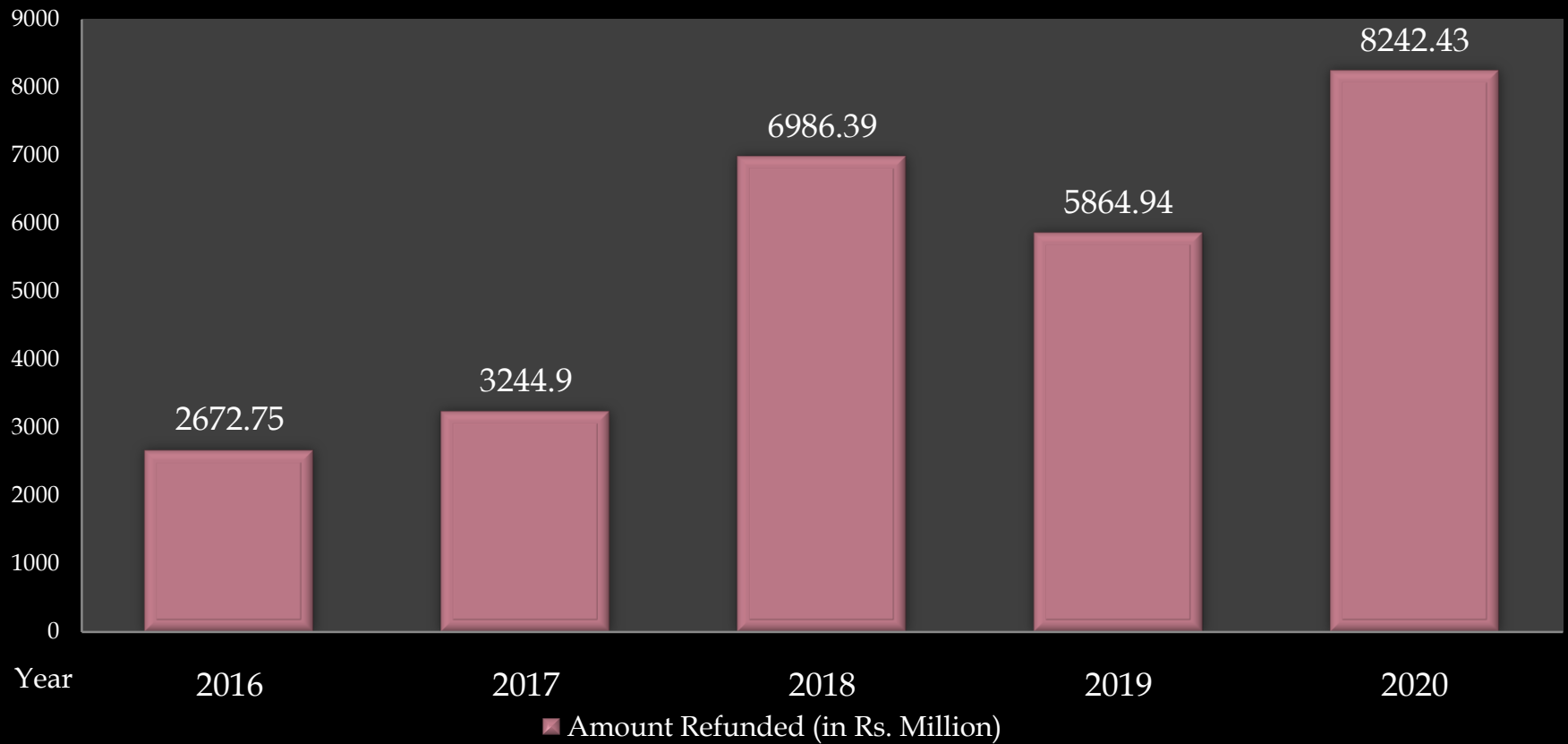
# Complaints Disposal

No. Of Complaints



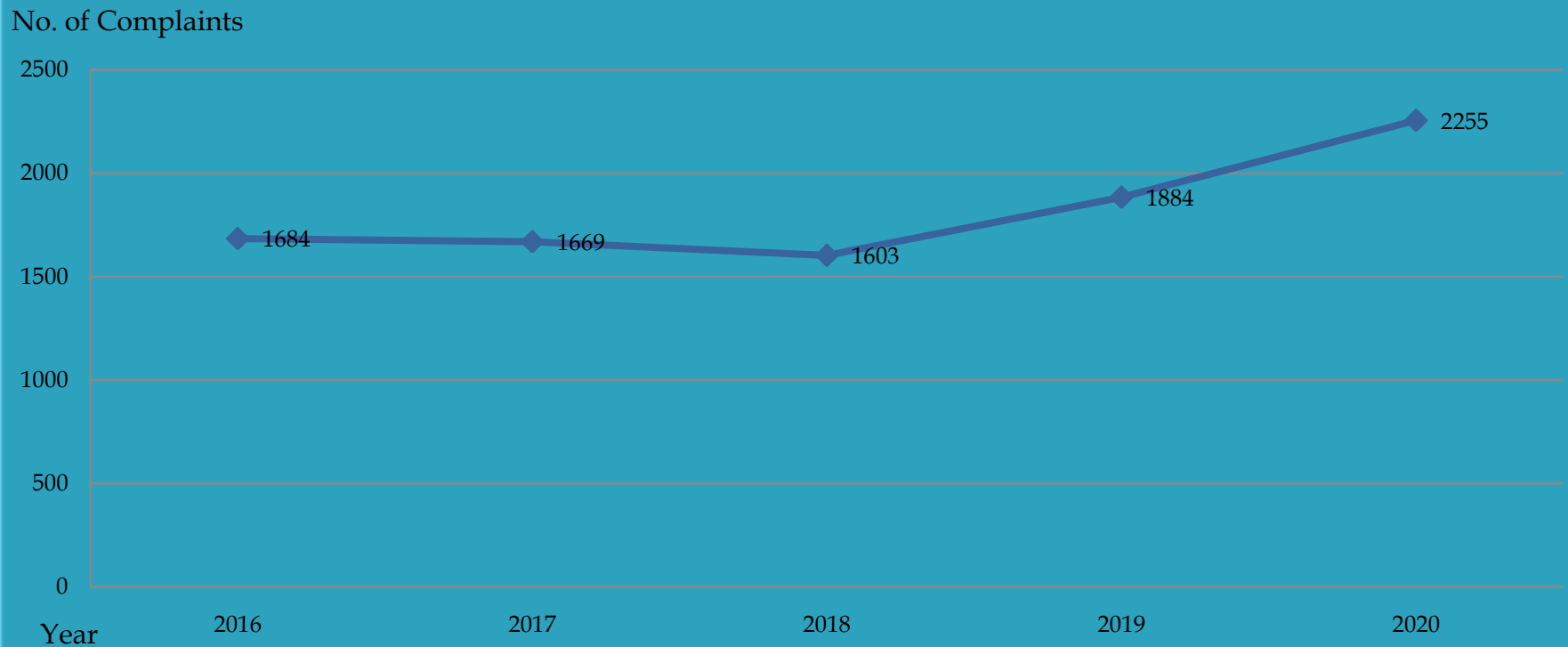
# Redressal of stuck up refunds in last 05 years

Amount Refunded



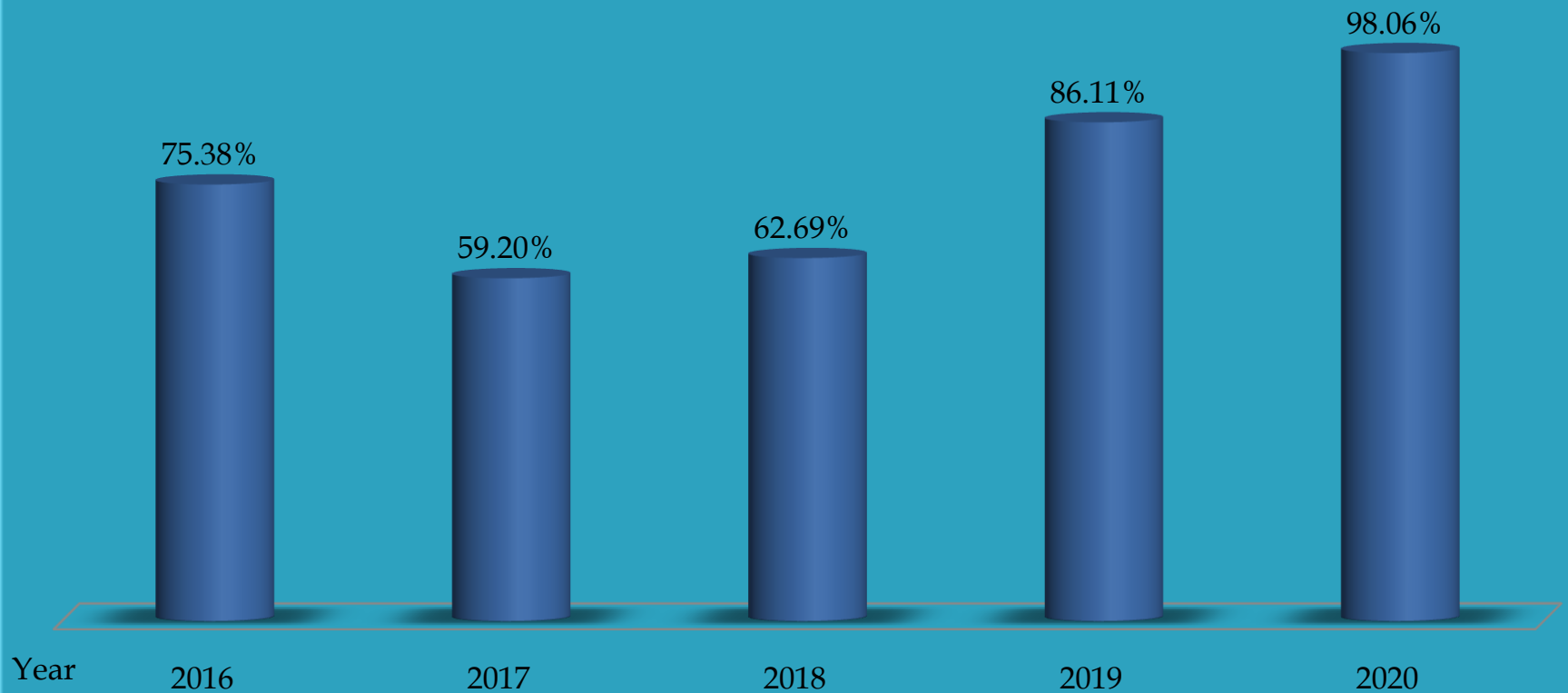
# Implementation of FTO Recommendations in last 05 years

## IMPLEMENTATION OF FTO'S RECOMMENDATIONS IN LAST 5 YEARS



# Decisions of FTO upheld by the Hon'ble President in the last 05 years

■ Percentage of Decisions upheld by Hon'ble President of Pakistan



# Outreach to Society

- Federation of Pakistan Chamber of Commerce and Industry,
- Chambers of commerce and Industry
- ▶ Tax Law Bars Associations
- ▶ Traders Associations
- ▶ General public through print, electronic and social media



# Vision

- To achieve a tax payer's friendly, corruption free, efficient and merit based tax administration.



# Thank You