

**Government of Pakistan  
Revenue Division  
Federal Board of Revenue  
Inland Revenue**

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Islamabad: November 16, 2020

**Chief Commissioners Inland Revenue**  
Regional Tax Offices

**Subject: Role of Chief Commissioners as Inland Revenue Ombudspersons**

My dear

*Chief Commissioners,*

Let me start off by accentuating the point that grievance, perceived or real, is an inevitable by-product of the taxation process. Taxpayers' grievances can potentially arise across the full spectrum of taxation – starting with a citizen's enrolment as a taxpayer or his bearing incidence of a withholding tax to filing of tax return, conducting of audit, going through appellate process, paying taxes, and/or claiming of refunds. Therefore, logically speaking, grievance redressal ought to have been an integral and normal function of IRS field formations. The reality, however, is quite to the contrary. When the Service did not espouse taxpayers' grievance redressal by incorporating the same into its business processes, the society chose to externalize it by raising specialized institutions. The arrangement was sub-optimal and understandably did not produce any halcyon outcomes in cumulative terms in that while the state incurred significant additional costs on redressing taxpayers' grievances, the Service had to allocate even greater amounts of resources to defend against the complaints as a party and then to actually give effect to redressal orders issued by external institutions.

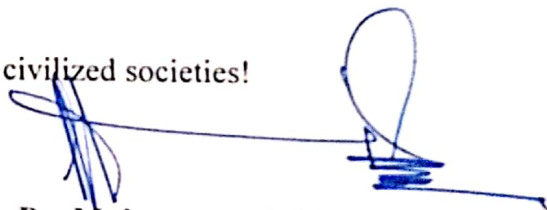
2. This is about time that the Service revisits its approach toward taxpayers' grievance redressal system, and modifies it, too. The course correction is warranted, at least, on three counts. Firstly, the single largest, perennial, and festering source of taxpayer grievances – refunds – is effectively being neutralized through prompt release of both past and present refunds, and the policy is set to continue. This should take a bulk of complaints out of the equation. Secondly, considerable amount of heat has already been taken out of the system by absolving Regional Tax Offices of any revenue targets, which must now allow their top management to focus wholesome taxation without being excessively coercive. Thirdly, the composition of IRS field formations is ideally tailor-cut to internalize taxpayers' grievances in that while the fiscal laws vest all powers to impose and collect taxes in the Commissioner, the obligation to manage, administer and supervise taxation in a given jurisdiction rests with the Chief Commissioner. Thus, while the Commissioner, in his role as **Tax Collector**, is the ultimate custodian and protector of public exchequer, the Chief Commissioner in his role as **Tax Administrator**, can and must ensure performance of state's extractive function harmoniously, justly, and legitimately thereby honoring the underlying Social Contract and strengthening bonding between the citizen and the state.

3. It is, therefore, that the office of the Chief Commissioner is being redefined and re-modeled to fit this larger context and the new imperative. The Chief Commissioner – a senior BS-21 officer – being an extension of the head-office as well as part of the local administrative set up is, in fact, most ideally placed to resolve taxpayers' complaints in a most effective manner and in the shortest possible time. Accordingly, it has been decided: -

- I. That, Chief Commissioners, with immediate effect, would assume the quasi-official role of Inland Revenue Ombudspersons in their respective jurisdictionally assigned territories vis-à-vis their own taxpayers – both existing and potential, and start resolving their grievances on a war footing.
- II. That, Chief Commissioners would ensure that they are the **first point of contact** for all existing and potential taxpayers for the resolution of their problems and complaints, and ensure that even if a taxpayer has ever to go seeking redressal elsewhere, it is only after he has failed in getting the due relief from the Inland Revenue Ombudsperson at his doorsteps.
- III. That, in future, the Chief Commissioner's role as Inland Revenue Ombudsperson would be a key indicator of his performance, and it would reflect adversely on his efficacy as a tax administrator if the number of complaints emanating from his jurisdiction and lodged elsewhere does not drastically come down over the next few months.

4. It is critically important that not only that Chief Commissioners assume their new role of Inland Revenue Ombudsperson wholeheartedly, but also that they widely publicize it in their respective jurisdictions so as to attract and internalize maximum complaints lodged by their taxpayers. This significant administrative shift needs to be optimally leveraged to salvage image of the Service, restore citizen's trust in the system, and maximize revenue collection in a wholesome manner.

5. Let there usher in taxation which is the hallmark of all civilized societies!



**Dr. Muhammad Ashfaq Ahmed**  
Member (Inland Revenue)

**Cc:**

- (i) Special Assistant to Adviser to Prime Minister on Finance & Revenue, Q Block, Pak Secretariat, Islamabad
- (ii) Chairman, Federal Board of Revenue, Islamabad
- (iii) Chief Commissioners, LTOs, MTO, & CTOs
- (iv) Pakistan Tax Bar Association – with the request to circulate it amongst their regional bodies
- (v) Institute of Chartered Accountants of Pakistan
- (vi) Institute of Cost & Management Accountants of Pakistan