

PRESIDENT'S SECRETARIAT (PUBLIC)
AIWAN-E-SADR

Federal Tax Ombudsman Suo Moto Action

TWENTY NINE (29) REPRESENTATIONS OF IDENTICAL NATURE FILED BY FEDERAL BOARD OF REVENUE ON SUO MOTO NOTICE THROUGH OWN MOTION BY THE HONOURABLE FEDERAL TAX OMBUDSMAN AGAINST FINDINGS/RECOMMENDATIONS IN COMPLAINT NOS. 0060, 0062, 0064, 0087, 0126, 0007, 0055, 0178, 0004, 0145, 0139, 0119, 0199, 0195, 0118, 0150, 0177, 0057, 0114, 0056, 0092, 0148, 0050, 0141, 0113, 0071, 0167, 0186 & 0124/OM/2019

Kindly refer to your representations on the above subject addressed to the President in the background mentioned below:-

Twenty Nine (29) representations have been filed by the Federal Board of Revenue assailing the orders of the learned Federal Tax Ombudsman passed in Own Motion cases in which bogus Sales Tax Refunds were reimbursed fully/partially by the delinquent officers/officials of the FBR to the fake claimants. All the representations, being identical in nature, are being disposed of accordingly.

2. The background of the case is that these were Own Motion Investigations initiated by the learned Federal Tax Ombudsman while exercising powers conferred under Section 9(1) of the Federal Tax Ombudsman Ordinance, 2000 to investigate irregularities committed by the FBR field formations in processing and sanctioning of bogus Sales Tax Refunds (STR). This huge scam was unearthed by the Directorate General Intelligence & Investigation-Inland Revenue (DG-I&I-IR) of the Federal Board of Revenue (FBR) and "Red Alerts" were issued to the concerned field formations but no action was initiated against delinquent officers/officials of the FBR and the fake claimants.

3. The learned Federal Tax Ombudsman on taking notice and cognizance of the matters issued directions and recommendations to the FBR, inter alia, as follows:-

"FBR to _

- (1) Direct the Chief Commissioners-IR; to investigate and identify the officials involved in registration and verification of the RPs and initiate disciplinary/criminal actions against those found involved;
- (2) Identify the officers/officials who were involved in processing on the basis of fake and flying invoices and issuing refunds of Sales Tax and take appropriate criminal/disciplinary actions against them;
- (3) Initiate appropriate actions for recovery of refunded amounts and any other liability; and
- (4) Report compliance within 45 days."

Hence these representations of identical nature by the FBR.

4. The hearing of the cases was fixed for 22.06.2021. Ms. Iqra Shaukat, Assistant Commissioner, RTO, Zone-II, Lahore, Mr. Amir Yasin, Deputy Commissioner, Inland Revenue, LTO, Lahore, Mr. Noor Hasan, Senior Auditor, RTO Faisalabad, Mr. Muhammad Siddique DCIR, Lahore, Mr. Abdul Hameed Anjum, Commissioner-IR Zone-V, RTO-I, Karachi, Malik Waqas Nawaz, Additional Commissioner-IR, CTO Karachi and Mr. Tariq Nadeem Durrani, Senior Auditor have represented the FBR.

5. At the outset, the Departmental Representatives (DRs) have intimated that in pursuance of the learned Federal Tax Ombudsman's recommendations and the Hon'ble President's Orders already made on some Suo Moto cases, the FBR has constituted six (6) Fact Finding Inquiry Committees to deal with 130 Suo Moto cases all over the country vide letter dated 10th January, 2021 (Flag-A). These Committees will have to submit their reports to the FBR and reportedly the Fact Finding Inquires Committees have already started proceedings against the accused officers/officials involved in these cases. The Terms of Reference (ToR) of the Committees are as follows:-

- i. "To clearly identify what wrong doing, omissions or commissions are done in each case.
- ii. To identify officers/officials by name and designation who have done any wrong or have been involved in any omission or commission.
- iii. To fix responsibility of wrong doings, omissions and commissions and to apportion the responsibility of each officer/official.
- iv. Any irregularities/procedural lapse or revenue losses caused due to wrong doings, omissions or commissions.
- v. Prepare draft Charge Sheet & Statement of allegations in respect of each officer/official.
- vi. Submit fact finding inquiry report to the Board alongwith draft charge sheets and statements of allegations in respect of each officer/official within 30 days of issuance of this notification positively."

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6. As indicated above, the FBR has already started implementation of the learned Federal Tax Ombudsman's recommendations made in the Suo Moto cases. The Fact Finding Inquiry Committees are to identify the delinquent officers/officials, fix responsibilities, determine irregularities/procedural lapses or revenue losses caused, prepare draft charge sheets, statement of allegations and submit their fact finding inquiry reports to the Board. The Inquiry Reports shall have to address all above ToRs in letter and spirit. The FBR having already initiated necessary measures in order to implement recommendations of the learned Federal Tax Ombudsman made on Suo Moto cases, thus, these 29 representations pertaining to the cases in which full/partial refunds were paid fraudulently deserve to be disposed of with the directions to the FBR that a monthly implementation report shall be submitted to the Federal Tax Ombudsman's Secretariat till the completion of the action on each case. Needless to mention that in case any departmental action is proposed against any official, he will be afforded due opportunity of showing cause and defence which will satisfy the requirement of due process and principles of natural justice. In such circumstances, the representations are liable to be disposed of accordingly.

7. Accordingly, the Hon'ble President has been pleased to dispose of these representations in terms of para 6 above.

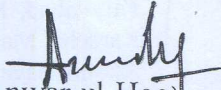
(Anwar-ul-Haq)
Director General (Legal)

The Chairman,
Federal Board of Revenue,
Islamabad.

Nos.52,55,56,60,65,68,69,70,72,75,83,84,95,101,108,115,
116,120,122,123,128,137,148,149,151,153,158,159 & 185
/ FTO / 2020 dated 06.07.2021

Copy for information to:

1. The Registrar, Federal Tax Ombudsman, Islamabad.
2. The Chief (Legal-I), Federal Board of Revenue, Islamabad.
3. Master file.


(Anwar-ul-Haq)
Director General (Legal)