

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NOS. 15271, 15274 & 15534/PWR/IT/2026

Dated: 20.08.2026, 21.08.2026 & 25.08.2026 *R.O. Peshawar

Mr. Shahroon Khan,
M/s Pak Medical Centre,
Opposite Girls College, Kohat.

...Complainants

Mr. Aziz Noor,
M/s Kohat Medical Centre,
Jail Road, Kohat.

Mr. Moazam Khan,
M/s Moazzam Traders,
Garden Colony, Kohat.

V e r s u s

The Secretary
Revenue Division
Islamabad.

...Respondent

Dealing Officer	:	Mr. Sardar Ali Khawaja, Advisor
Appraising Officer	:	Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	:	Mr. Imran Javid, Advocate
Departmental Representative	:	Mr. Usman Asif, DCIR, RTO, Peshawar
Date of Hearing	:	15.09.2026

FINDINGS/RECOMMENDATIONS

The subject complaints have been filed under Section 10(1) of the Federal Tax Ombudsman, Ordinance, 2000 (FTO Ordinance) against the Assistant Commissioner/Staff Officer to CIR D.I.Khan Zone of the RTO Peshawar, alleging issuance of manual show case notices for installation of the POS system without the mandatory barcodes in violation of the Presidential Order passed on the representation preferred by the FBR against the suo moto proceedings initiated by this forum, vide order dated 01.09.2021 in Complaint No.0119/OM/2021, thereby misusing the same for improper motives falling within the ambit of "Maladministration".

2. The complaints were referred to the Secretary Revenue Division for departmental reply/comments in terms of Section 10 (4)



of the FTO Ordinance read with Section 9 (1) of the Federal Ombudsmen Institutional Reforms Act, 2013. In response thereto, the CCIR, RTO, Peshawar, submitted parawise comments as under:-

S.No	Submission by complainant	Departmental Submission
1.	The Impugned Notice was issued manually without any system-generated Bar Code, in direct violation of FBR Board-in-Council Instruction C.No.1(177) S (IDT FATE)/2015 dated 30.06.2015, which mandated that effective from 1st July 2015, no notice under the Income Tax Ordinance, 2001 shall be issued to taxpayers without a system printed Bar Code. The FBR has subsequently reinforced this instruction, mandating that all statutory notices available in IRIS shall be issued electronically without any exception and that manual issuance of notices is not allowed. This conduct constitutes maladministration under Section 2(3)(1) of the FTO Ordinance, 2000 as it is: • Contrary to law, rules, and regulations; • A departure from established practice and procedure without any valid reason; • Arbitrary and unreasonable. RELEVANT FTO PRECEDENT: In Complaint No. 7076/1SB/ ST/2023, the Federal Tax Ombudsman held that the issuance of unbarcoded and back-dated sales constitutes maladministration under Section 2(3) of the FTO Ordinance, 2000. The FTO held that: • "All statutory notices are required to be issued through the IRIS system with proper barcoding, in line with FBR SOPs. • "Issuing manual or unbarcoded notices, and later regenerating them with retrospective	The complainant has relied upon FBR C.NO.1 (177) S(IDT-FATE) /2015 dated 30/06/2015. The department does not dispute that FBR issued instruction regarding system generated bar-coded notices. However, the complainant has incorrectly attempted to elevate an administrative/procedural instruction regarding departmental issuance of notices into a substantive statutory exemption from the taxpayer's obligation. The instructions issued dated 30/06/2015 don't state that a taxpayer who is otherwise legally required to integrate shall be come exempt from integration merely because an officer has issued notice manually. In the system there is no tab or issuance of bar-coded notice for integration of business premises.



	compliance dates, violates due process"; • "Even where the department has definite third-party information, procedural lapses can render actions questionable". • "Harassment and deviation from prescribed procedures cannot be justified on the basis of investigation alone."	
2.	DEFIANCE OF PRESIDENTIAL DIRECTIVE UPHOLDING FTO RECOMMENDATIONS ON BAR-CODED NOTICES The FBR filed a representation before the President of Pakistan against the FTO recommendations in Own Motion Investigation No. 0119/OM/2019. The FTO had directed the FBR to: • Address all inconsistencies, procedural loopholes and systemic flaws through an integrated FBR portal i.e. IRIS; • Implement E-solution on priority basis; and • Direct field formations to ensure issuance of bar-coded notices to avoid misuse of powers by tax functionaries. The President of Pakistan rejected the FBR representation and upheld the FTO directives, holding that the FTO directions were strictly within the powers conferred under the FTO Ordinance, 2000. The President observed that "the FTO direction to remove inconsistencies loopholes, and flaws and implement E-solutions were strictly within the powers conferred under FTO ordinance 2000". By issuing a manual, non-bar-coded Show Cause Notice, the Respondent is in direct defiance of: • The FBR own binding instruction of 2015; • The FTO recommendations; and • The Presidential directive upholding those recommendations.	Admitted. As stated above manual notice were issued for integration purposes. As per representation referred by FBR through own motion by the learned FTO dated 1/09/2021 in complaint no. 0119/OM/2021, the said definition/instruction were issued for provision of excess of facility to enforcement officers for issuance of E Notices and Assessment orders under section 11 of the sales tax act, electronically with bar coding in TAMS. In the instant case manual notice were issued for integration purpose which does not involves penalty proceedings/assessment orders. No male administration has been made by the department as claimed by complainant.





	This conduct constitutes maladministration under Section 2(3)(1) of the FTO Ordinance, 2000 as it involves: • Willful disregard of superior directives; • Administrative excesses; • Departure from established procedure.									
3.	GLARING CONTRADICTION AND SELECTIVE APPLICATION OF LAW-DISCRIMINATORY TREATMENT The Respondent, on one hand, threatens the taxpayer with a penalty of up to Rs.1,000,000/- for allegedly failing to integrate and generate barcoded receipts through POS system, while on the other hand, issues manual, non-bar-coded Show Cause Notices in violation of its own binding instructions and Presidential directives. <table><tr><th>Demand on Taxpayer</th><th>Department own practice</th></tr><tr><td>Taxpayer must integrate business with FBR computerized system and generate barcoded receipts through POS system.</td><td>Department issues manual, non-bar-coded Show Cause Notices.</td></tr><tr><td>Penalty of up to Rs. 1,000,000 for failure to integrate.</td><td>Department itself violates FBR binding instruction on barcoded notices</td></tr><tr><td>Taxpayer must adopt digital invoicing under Section 237A.</td><td>Department refuses to adopt mandatory digital notice system mandated by FBR and the President.</td></tr></table>	Demand on Taxpayer	Department own practice	Taxpayer must integrate business with FBR computerized system and generate barcoded receipts through POS system.	Department issues manual, non-bar-coded Show Cause Notices.	Penalty of up to Rs. 1,000,000 for failure to integrate.	Department itself violates FBR binding instruction on barcoded notices	Taxpayer must adopt digital invoicing under Section 237A.	Department refuses to adopt mandatory digital notice system mandated by FBR and the President.	This is the most important misconception in the complaint. A bar code appearing on a departmental notice is an identification/authentication mechanism for the departmental document. Digital invoicing /integration concerns with the taxpayer's business transaction and electronic transmission / generation of invoices through the system prescribed by the FBR. The complainant has not identified any provision of the income tax ordinance, or any applicable statutory instrument which provides that failure an officer to place a bar code on a notice which absolves a taxpayer from the independent statutory obligation to integrate.
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	This asymmetry is legally untenable and smacks of selective application of law. The taxpayer cannot be penalized for failing to adopt a digital invoicing system when the very authority demanding such compliance refuses to adopt the mandatory digital notice system mandated by its own headquarters and the President of Pakistan. This constitutes maladministration under Section 2(3)(i) of the FTO Ordinance, 2000 as it is: • Discriminatory and oppressive; • Arbitrary and unreasonable; • Based on irrelevant grounds.	
4.	DOCTRINE OF LEGITIMATE EXPECTATION AND ESTOPPEL The taxpayer has a legitimate expectation that the tax authorities will comply with their own binding instructions and directives. The FBR instruction of 2015, reinforced by the FTO and upheld by the President, created a legitimate expectation that all statutory notices would be bar-coded and system-generated. The issuance of a manual notice defeats this legitimate expectation and is arbitrary and discriminatory. The department is estopped from penalizing the taxpayer for failure to integrate with a computerized system when the department itself has failed to integrate its own notice-issuance mechanism with the IRIS system as mandated by FBR instructions and the Presidential directive. This conduct constitutes maladministration under Section 2(3)(1) of the FTO Ordinance, 2000 as it involves: • Unjust and unreasonable action; • Departure from established practice; • Oppressive treatment.	A show cause notice issued to the complainant is an initiating document which does not mean for imposition of penalties or creation of tax liability. The complainant has availed the opportunity of filing a reply therefore the complaint is premature to the extent that it seeks to pre-empt the statutory proceeding and have the show cause notice quashed before the competent authority. Courts have also recognize that penalties proceeding are distinct and that issuance of a show cause notice affords the taxpayer an opportunity to explain why penalty should not be impose.
5.	VIOLATION OF DUE PROCESS INITIO NOTICE IS VOID AB The imposition of penalty under Section 182 of the Income Tax Ordinance, 2001 must be preceded by a valid and lawful show cause	Not Admitted No penalty proceeding under section 182 of the income tax



notice. A notice that is itself issued in violation of mandatory procedural requirements cannot form the basis for imposition of penalty. The Supreme Court of Pakistan has consistently held that procedural due process must be followed before imposing penalties. The issuance of a notice that does not comply with the FBR mandatory instructions on barcoding goes to the root of the matter and renders the entire proceedings void ab initio. This constitutes maladministration under Section 2(3)(i) of the FTO Ordinance, 2000 as it involves: • Neglect and inattention in discharge of duties; • Incompetence and inefficiency; • Unlawful actions.	ordinance were initiated against the complainant. Only show cause notices were issued to the complainant for POS integration, hence no male administration has been constituted.
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3. The A/R & the D/R was heard.

4. **FINDINGS:**

- i. Plea of the A/R carries weight that issuance of manual notices without bearing any barcode is sheer violation of the standing instructions issued by the Board and directions of the Hon'ble President of Pakistan issued vide his office order no.89/FTO/2021 dated 06.04.2022.
- ii. Departmental argument) "The instructions issued dated 30/06/2015 don't state that a taxpayer who is otherwise legally required to integrate shall be come exempt from integration merely because an officer has issued notice manually. In the system there is no tab or issuance of bar-coded notice for integration of business premises." is not valid. Notwithstanding the fact that mere issuance of manual notice doesn't confer any exemption upon the Complainant and non-observance of any administrative instruction however doesn't absolve the Complainants from their statutory obligations. At the same time how the issuance of notice for integration is disabled in IRIS, the glitch, if any has not been explained by the department..

Departmental neglect in discharge of its duties and the same tantamount to "Maladministration" in terms of Section 2(3)(i)(a)& (ii) of the FTO Ordinance, 2000 is visible.

RECOMMENDATION:

5. FBR to:-

- (i) direct the CCIR RTO Peshawar, to look into the issuance of notices without barcodes and issue instructions to all the officers of the RTO to refrain from issuance of non-bar-coded manual notices to the taxpayers; and
- (ii) report compliance within 30 days.

6. The Complainants are advised to join the proceedings.

Dated: 13 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman





11 OCT 1959