

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO. 15431/SKT/FE/2026

Dated: 24.08.2026** R.O, Sialkot

Mr. Sadiq Ullah Khan,

Post Office Nar Shukarulla Nar Najeeb Tehsil
& District Bannu.

... Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer	:	Mr. Hassan Akhtar Khan, Advisor
Appraised by	:	Mr. Muhamma Tanvir Akhtar, Advisor
Authorized Representative	:	Mr. Ali Abbas Khan, Advocate
Departmental Representative	:	Mr. Shahbzada Umar Riaz, CIR(A), RTO, Sialkot.
Date(s) of hearing	:	07.09.2026, 21.09.2026 & 06.10.2026

FINDINGS/RECOMMENDATIONS

The complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance 2000 (FTO Ordinance) and the case was fixed for comment on 01.09.2026. The Commissioner-IR (Appeals), RTO Sialkot filed parawise comments, which were examined and placed on file. Both the DR and AR of the complainant attended and record perused. The complaint is disposed of on the basis of available record as under.

2. Brief facts of the case as stated in the complaint are that the complainant is an individual, registered with Regional Tax Office Peshawar under NTN-H945747-0 and **statedly is engaged in machinery works, trading of cigarette making machines and cigarette making raw material etc. The Complainant claims to have setup a workshop and godown at Post Office Nar Shukarulla Nar Najeeb Tehsil & District Bannu for the repairing of machinery & storage of cigarette making raw**

* Date of Registration in FTO Sectt.



material etc. for onward sale. According to the complainant, the Assistant Collector Customs (ASO) Collectorate of Customs (Enforcement) Gujranwala on the basis of assumption that huge quantity of smuggled cigarettes, cigarette making raw material and related products have been stored at the business premises/ godown/warehouse situated at M/s Ayesha Rice Mills & Processing Unit Adjacent to Small Industrial Estate, Daska, authorized the Inspector(s) Customs (ASO), Collectorate of Customs (Enforcement) Lahore to conduct search of the business premises of the appellant to recover the alleged smuggled cigarettes, cigarette making raw material and related products under section 163 of the Customs Act, 1969.

Consequent upon the aforesaid raid the Additional Commissioner-IR, Enforcement Network (IREN), Sialkot issued seizure/contravention report No.217 dated 16.10.2025. The Assistant Commissioner Inland Revenue, Unit-04, Sialkot Zone, RTO, Sialkot passed an order against the Complainant dated 31.12.2025. The Complainant being aggrieved filed an appeal before the Commissioner Inland Revenue (Appeals), Sialkot against the assessment order # 14/2025-26 dated 31.12.2025 passed by the Assistant Commissioner Inland Revenue, Unit-04, Sialkot. The said appeal was duly filed on 18.06.2026; however, despite the lapse of considerable time, the learned Commissioner (Appeals) has not yet adjudicated upon the grievance raised by the Complainant. Despite repeated requests of the complainant, the Commissioner-IR (Appeals), RTO Sialkot has neglected and showing inattention and delay in hearing the appeal hence, the respondent has committed "maladministration" in terms of section 2(3)(i)(a)(d) & Section 2(3)(ii) of the Federal Tax Ombudsman



Ordinance, 2000, hence this complaint.

3. In response to the notice issued under Section 10(4) of the FTO Ordinance, read with Section 9(1) of Federal Ombudsmen Institutional Reforms Act, 2013, the Commissioner-IR (Appeals) RTO, Sialkot filed detailed parawise comments dated 01.09.2026, wherein it is contended that the complainant has himself stated that he is registered with Regional Tax Office, Peshawar under NTN-H945747-0. This fact is material because the complainant is not a taxpayer falling within the jurisdiction of Regional Tax Office, Sialkot.



The assertion that Commissioner Inland Revenue (Appeals), Sialkot was legally required to adjudicate the appeal overlooks the fundamental question of jurisdiction. The complainant admittedly falls within RTO Peshawar and not RTO Sialkot. Under FBR Notification C.No.3(22) Appeals/2020 Vol-III dated 21.08.2026, issued in exercise of powers conferred, inter alia, under section 209(1) of the Income Tax Ordinance, 2001, section 30 of the Sales Tax Act, 1990 and section 29 of the Federal Excise Act, 2005, the jurisdiction of Commissioner Inland Revenue (Appeals), Sialkot, appearing at Sr. No. 29 of the Table, is expressly confined to "All cases of taxpayers falling under the jurisdiction of Regional Tax Office, Sialkot." Mere submission of appeal papers of an appeal before this office does not confer jurisdiction upon a statutory appellate authority.

The complainant's own pleadings establish that he is registered with RTO Peshawar. At Sr. No. 24 of the aforesaid Notification dated 21.08.2026, cases of taxpayers falling

under RTO Peshawar have separately been assigned to Commissioner Inland Revenue (Appeals), Peshawar. No special order of the Board assigning the complainant's case to Commissioner Inland Revenue (Appeals), Sialkot has been communicated or brought on record. Therefore, this office cannot lawfully assume jurisdiction merely because an appeal was filed/marked before it.



The department has further contended that paragraph 2 of FBR Notification C.No.3(22)Appeals/2020 Vol-III dated 21.08.2026 provides that, besides the jurisdiction specifically assigned in the Table, a Commissioner Inland Revenue (Appeals) may exercise jurisdiction over cases specially assigned by the Board from time to time. No such special assignment in respect of the complainant has been communicated to this office. The jurisdiction of a statutory appellate authority flows from law and the jurisdiction assigned by the Federal Board of Revenue and cannot be created by filing of an appeal, administrative inadvertence, electronic allocation, consent or acquiescence. In view of the foregoing, no neglect, inattention, delay or failure in discharge of a statutory duty constituting maladministration is attributable to Commissioner Inland Revenue (Appeals), Sialkot.

4. Both parties were heard and record perused. During the investigation proceedings, the Commissioner-IR(Appeals) returned the appeal papers to the complainant on the ground that the jurisdiction assigned to the Commissioner-IR(Appeals), Sialkot extends to cases of taxpayers falling under the jurisdiction of RTO,

Sialkot. No special assignment of the subject matter to this office by the Federal Board of Revenue is available on record.

5. FINDINGS:

- i. Notwithstanding the timely/late filing of impugned appeal, filed on 18th June, 2026, the instant Complaint has been filed on 24th August, 2026. While the Complainant himself has taken almost 7 months' time in filing of appeal, he is agitating delay in adjudication within 2 months' time. Allegation is found baseless.
- ii. The Complainant has not come to this forum with clean hands. A Banuu based small taxpayer claims to own a huge quantity of smuggled cigarettes, cigarette making raw material and related products stored at the business premises/ godown/warehouse situated far away from Bannu, at M/s Ayesha Rice Mills & Processing Unit Adjacent to Small Industrial Estate, Daska, Punjab.
- iii. As reported by national press the Collectorate of Customs (Enforcement), Lahore, conducted a major intelligence-led operation exposing an organized network of illegal cigarette manufacturers operating under the guise of rice **M/s Ayesha Rice Mills, Daska** and recovered a massive consignment of acetate tow, cigarette paper, filter rods, aluminum foil, and adhesive materials — all essential inputs for the production of counterfeit and non-duty-paid cigarettes. During follow-up investigation, another premises, **M/s Nazeer Rice Mills, Daska**, located nearby, was identified as a potential storage site. A detailed search revealed that the facility had been hurriedly vacated following the earlier raid. Reportedly as the result of said raids the collectorate recovered approximately 12.5 metric tons of acetate tow and over 120 metric tons of cigarette-making materials, including packaging rolls, filters, and foils; valued collectively at over **Rs. 1.1 billion**.



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- iv. The Complainant's contention that he is engaged in machinery works, trading of cigarette making machines and cigarette making raw material etc. ***appears to be a smoke screen raised in order to conceal the real actors behind this organized crime.*** Under law of the land Cigarette making machines are not made & traded in open market, the way Complainant has tried to portray.
- v. On the issue of jurisdiction Custom referred the case to IR and accordingly Additional Commissioner-IR, Enforcement Network (IREN), Sialkot issued seizure/contravention report No.217 dated **16.10.2025**. The Assistant Commissioner Inland Revenue, Unit-04, Sialkot Zone, RTO, Sialkot passed an order against the Complainant dated **31.12.2025**. The Complainant being aggrieved filed an appeal before the Commissioner Inland Revenue (Appeals), Sialkot against the assessment order # 14/2025-26 dated 31.12.2025 passed by the Assistant Commissioner Inland Revenue, Unit-04, Sialkot. The said appeal was filed on **18.06.2026**. ***From this trail it is evident that the real actors took over 6 months' time to give a new twist to the actual case.***

In view of above facts, no maladministration on the part of department is established. However, keeping in view the nature of crime involved following recommendations are made:

6. RECOMMENDATIONS:

- i. Chief Coordinator IREN, FBR to analyze the complete record and identify the real perpetrators behind this whole scheme and illicit business activities.
- ii. RTO Peshawar to provide complete tax details of the Complainant to the Chief Coordinator IREN so that his creditworthiness vis-à-vis seized goods is ascertained.
- iii. RTO Sialkot to investigate the role of **M/s Ayesha Rice Mills, Daska** and **M/s Nazeer Rice Mills, Daska**,

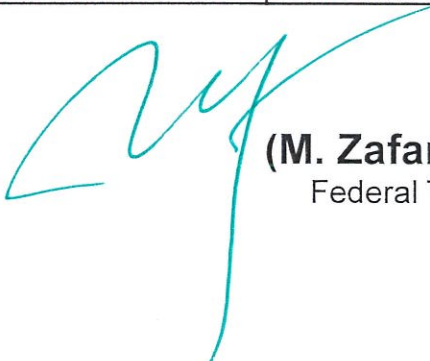
whose premises have been used for an illicit business activity.

- iv. DG Anti-Benami, FBR to examine the case as it has all the ingredients of a Benami business scheme; cognizable under Benami Transactions (Prohibition) Act, 2017.
- v. As CIR (A) Sialkot has regretted the appeal on the point of jurisdiction therefore no further action by CIR(A) is required at the moment.

7. Mr. Aqeel Siddiqui Chief Coordinator IREN, FBR HQs is directed to furnish a self-contained report within 60 days.



Dated: 13 OCT 2025
Azeem


(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

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