

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.16138/SKT/ST/2026

Dated: 06.09.2026* R.O, Sialkot

Mr. Muhammad Abu Bakar Rauf,
Near Masjid Gulzar Madina Mohallah
Bakhshupura Gujrat.

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer	:	Rana Hasan Akhtar, Advisor
Appraised by	:	Mr. Khalid Javed, Advisor
Authorized Representative	:	Complainant in Person
Departmental Representative	:	Mr. Anadil Khan, DCIR, RTO, Sialkot. Mr. Talib Hussain, DCIR, RTO, Sialkot
Date(s) of hearing	:	22.09.2026, 16.10.2026 & 20.10.2026

FINDINGS

The complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance 2000 (FTO Ordinance) against allegedly illegal imposition of penalty at Rs.500,000/- for non-integration of sales tax digital system despite the facts that intimation of discontinuation of business and sales tax de-registration application was filed on 16.05.2022. The case was fixed for comment on 08.09.2026. The department filed parawise comments, which were examined and placed on file. Both the complainant and DR attended. Arguments were heard and record perused. The complaint is disposed of on the basis of available record as under.

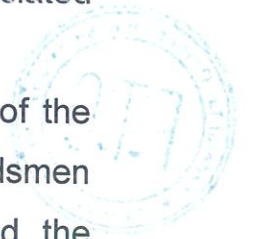
2. Brief facts of the case as stated in the complaint are that the Complainant named Muhammad Abu Bakar Rauf CNIC: 34201-6980878-7, NTN/STRN: 3651256, permanently closed his business operations and formally submitted an application for business discontinuation and Sales Tax (STRN) deregistration via the IRIS



*Date of Registration in FTO Sectt.

portal on 16 May 2022. The Complainant transitioned into full-time salaried employment with Meezan Bank Limited on 29 October 2021, leaving no active business premises or taxable supply operations. Despite having ceased operations, the Complainant in good faith continued to file null sales tax returns through IRIS until February 2024. Subsequently, the IRIS portal locked the Complainant out from submitting further returns, displaying the system message "Suspended Sales Tax return person is not allowed to file return." Although this technical barrier and the closure of the business were formally reported in writing to the FBR Office in Gujrat, no corrective action was taken to update his tax profile or process the pending deregistration. Instead of resolving the long-pending deregistration request, the department arbitrarily issued compliance notices and an ex-parte penalty order of Rs. 500,000/- for alleged non-integration of a digital POS system was issued. The Complaint is against unnecessary delay to finalize the pending deregistration with effect from 16 May 2022 for failure to update the IRIS profile to reflect salaried status, and withdrawal of illegal penalty order of Rs. 500,000/- along with all associated notices, hence this complaint.

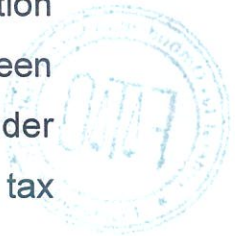
3. In response to the notice issued under Section 10(4) of the FTO Ordinance, read with Section 9(1) of Federal Ombudsmen Institutional Reforms Act, 2013, the Department submitted the parawise comments dated 14.09.2026, wherein it is contended that Show cause notice u/s 33(25A) of the Act was issued on 20.01.2026 vide C.No.380 and served upon the registered person through registered post on 21.01.2026. The registered person does not respond on said notice. Resultantly, penalty order under Section 33(25A) of the Act was issued. Later, a show cause notice



under Section 33(25A) of the Act was issued for imposition of penalty for 2nd default but still the registered person has not filed reply/explanation on the said show cause notice.

4. The department has contended that the registered person has filed notice for discontinuation business u/s 117(1) of the Income Tax Ordinance, 2001 but failed to file return of income u/s 117(2) of the Ordinance for the period commencing on the first day of the tax year in which the discontinuance occurred and ending on the date of discontinuance. The Complainant has filed application for de-registration but failed to file requisite sales tax record for de-registration audit nor filed final return under Section 28 of the Act. The registered person was a consecutive non filer of sales tax returns due to this reason the CIR Gujrat Zone suspended sales tax registration vide order No. CIR/GRT/Suspend/1337 dated. 04.01.2023. The Registered Person is legally bound to file requisite sales tax record for de- registration audit, but he failed to file the requisite record till date.

5. Both the DRs and complainant attended. The complainant vehemently contended that he timely intimated for discontinuation of his business on 16.05.2022 and business premises has been rented out. The complainant filed copies of application under Section 21(1) of the Act on Iris portal for de-registration of sales tax and under Section 117(1) of the Act for discontinuation of business as well as copies of rent deeds of different tenants from date of discontinuation of his business till date. The complainant has stated that since his discontinuation of his business, the tenants are doing business at their own. No notice requiring any details or documents was ever issued or received by the complainant since filing of

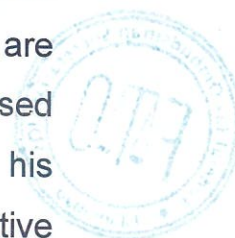


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request for deregistration of sales tax and intimation of discontinuation of business.

6. The DR pleaded the case as in parawise comments and contended that the registered person has filed notice for discontinuation business u/s 117(1) of the Income Tax Ordinance, 2001 but failed to file return of income u/s 117(2) of the Ordinance for the period commencing on the first day of the tax year in which the discontinuance occurred and ending on the date of discontinuance. The Complainant has filed application for de-registration but failed to file requisite sales tax record for de-registration audit nor filed final return under Section 28 of the Act. The DR pleaded that the delay in the disposal of the applications for de-registration under Section 21(1) of the Sales Tax Act, 1990 and for discontinuation of business under Section 117(1) of the Income Tax Ordinance, 2001 is attributable to the complainant, who failed to furnish the mandatory details and documents discussed above. The DR assured that prompt action will be taken on the said applications once the required details and documents are submitted by the complainant and subsequently, issue of imposed penalty will be taken care of. The complainant has showed his satisfaction on the assurance of the Departmental Representative and decided to resolve it amicably.

7. In view of supra, the grievance of the complainant has been redressed through amicable settlement, with the intervention of this office. The investigation is closed. File is consigned to record.



23 OCT 2026

Dated:

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman