

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NOs. 16972, 16981 & 16982/HYD/IT/2026

Dated: 21/09/2026*R.O. Hyderabad*

DR. RIZWAN ALI & Others

CNIC # 43203-9421849-9

Address: Village, Ali Ashabo,
Qamber Warah, Kamber Shadadkot.

...Complainant

Versus

The Secretary,
Revenue Division.
Islamabad.

...Respondent

Dealing Officer

: Mr. Sahibzada Abdul Mateen, Advisor

Appraising Officer

: Mr. Muhammad Tanvir Akhtar, Advisor

Authorized Representative

: Mr. Ghulam Shabir Shaikh, Advocate

Departmental Representative

: Mr. Sajjad Ali DCIR RTO Sukkur

Dates of hearing

: 06.10.2026 & 13.10.2026

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed against the RTO Sukkur in terms of section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance), complaint against imposition of penalty of Rs. 1,000,000 under section 182(1)(33) read with section 182(2) of the income tax ordinance, 2001, in respect of alleged non-integration of medical services under section 237A.

2. Briefly stated, the facts are that the complainant is an individual medical practitioner providing medical services through an Outpatient Department (OPD) at Larkana. The Assistant Commissioner Inland Revenue, Larkana Zone-Unit-I, passed the impugned penalty order dated 18-09-2026, imposing a penalty of Rs. 1,000,000, for the alleged default of non-integration of medical services u/s 237A read with Chapter VII-A of the Income Tax Rules

* Date of registration in FTO Secretariat

2002. The complainant alleged that their reply dated 09-09-2026 was not considered seeking certain clarifications, expressing willingness to comply with lawful requirements after proper facilitation and determining the applicability of the integration requirement to the complainant's medical practice, or considering the requests for free-of-cost integration under Rule 33N(2) and extension under Rule 33F. Hence, the subject complaint.



3. Since the issues involved in all cases are identical i.e. for the alleged default of non-integration of medical services u/s 237A read with Chapter VII-A of the Income Tax Rules 2002, the officer passed the penalty orders, all dated 18-09-2026, imposing a penalty of Rs. 1,000,000 in each case, therefore all the complaints are disposed of through this single consolidated order.

4. The complaint was referred to the Secretary, Revenue Division, through RTO Sukkur, for comments under section 10(4) of the Federal Tax Ombudsman Ordinance, 2000, read with section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013.

5. In response, RTO Sukkur, vide letter dated 12-10-2026, submitted that the complainant is registered with Income Tax with effect from 10.04.2023 and is operating a clinic/hospital under the name of M/s Rizwan Chest Clinic, Larkana. That, in terms of section 237A of the Income Tax Ordinance, 2001, read with Rule 33A of the Income Tax Rules, 2002, the complainant was required to integrate his business with the Board with effect from 01.07.2024. Nevertheless, he allegedly failed to install and integrate the prescribed fiscal electronic devices. Consequently, a show-cause notice under section 182(2) of the Income Tax Ordinance, 2001, was issued to him. Upon consideration of his reply, which was found

unsatisfactory by the department, a penalty of Rs. 1,000,000/- was imposed under section 182(1)(33) of the Ordinance ibid, vide order dated 16.09.2026.

The department further contended that the impugned penalty order is appealable before the Commissioner Inland Revenue (Appeals) under section 127(1) of the Income Tax Ordinance, 2001, within thirty days of service of the order. It was, therefore, argued that, in view of the statutory bar contained in section 9(2)(b) of the Federal Tax Ombudsman Ordinance, 2000, the complaint is not maintainable before this forum and that the complainant may avail the appropriate statutory remedy before the competent appellate authority.

Preliminary objections: As regards the preliminary objection raised by the department on the jurisdiction of this forum u/s 9(2)(b) of FTO Ordinance, this office is fully cognizant of its statutory jurisdiction and neither any subjudice matter is being adjudicated, nor parallel jurisdiction is being assumed. However, administrative excesses & highhandedness, extra-legal coercive measures and unexplainable delays beyond statutory timelines shall be highlighted as these acts of maladministration are normally not touched by appellate for a.

FINDINGS:

6. Both the AR of the complainant and DR from the department attended the hearing via Zoom link, their submissions were heard and the record along with the relevant provisions were perused. Issue involved is that for the alleged default of non-integration of medical services u/s 237A read with Chapter VII-A of the Income Tax Rules 2002, the officer passed the impugned penalty order



dated 18-09-2026, imposing a penalty of Rs. 1,000,000. Section 237A of the Income Tax Ordinance 2001 requires certain specific sectors/businesses to integrate their businesses online with the FBR. The detailed procedure of integration and relevant issues have been explained through SRO428(1)/2024 dated 22-03-2024 and subsequent SRO 288(1)/2026 dated 18-02-2026 read with Chapter VII-A of the Income Tax Rules 2002



7. The complainant alleged that the officer levied the said penalty without considering his request for proper facilitation and determining the applicability of the integration requirement to the complainant's medical practice or considering the requests for free-of-cost integration under Rule 33N(2) and extension under Rule 33F of the SRO 288(1)/2026.

8. It has been noted that S.R.O. 288(I)/2026 Rule 33N(2) expressly provides for PRAL to offer integration services free of cost on demand, while Rule 33F provides for an extension of up to 60 days in aggregate. But in the instant case neither PRAL provided any assistance in the integration nor extension was granted despite specific request by the complainant in their reply. For the sake of facility Rule 33F providing for extension in time is reproduced here as under:

33F. Extension in due date of Integration: - The Commissioner inland Revenue having jurisdiction may allow extension in time, for up to sixty days in aggregate with fifteen days intervals for integration or compliance under this chapter.

It is noted that the Department has not provided the integration facility or necessary arrangements required under the applicable law, and the taxpayer demonstrates that this prevented compliance.



9. It is further observed that the complainant did not decline or deliberately resist integration; rather, it approached the Department for an extension of time and sought technical assistance from PRAL to complete the integration process in his reply dated 09-09-2026. Such conduct prima facie reflects a willingness to comply and warrants due consideration of the circumstances that impeded compliance, including the Department's response to the requests made. The penalty proceedings, therefore, require reconsideration in the light of the complainant's bona fide efforts, the availability of the requisite integration facility and compliance with the applicable statutory procedure. Penalty may be imposed, subject to due process and proof of continued and willful default, if any.



10. That the impugned penalty order has been passed on the basis of a single notice without considering the extension request of the complainant taxpayer, which is against the principles of natural justice, Article 4 & 10A of the 1973 Constitution, Rule 33F of SRO 288(1)/2026 and the FBR relevant standing instructions vide Circular C. No.7 (36) DT-14/92 dated 01/02/1994.

This omission amounts to "maladministration," as it constitutes neglect, inattention, delay, incompetence, inefficiency and ineptitude, in discharge of duties and responsibilities; as defined under Section 2(3)(i)(a)&(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

11. FBR to direct:-

- i) the Commissioner-IR Zone Larkana RTO Sukkur to revisit the impugned penalty order passed u/s 182(1)(33) dated 18-09-2026, in accordance with law and after affording opportunity of hearing to the complainant taxpayer,
- (ii) the Department/PRAL to provide the integration

services free of cost and assistance in the integration process to the complainant taxpayer,

- (iii) the Commissioner-IR Zone Larkana RTO Sukkur to ensure the online integration procedure strictly in accordance with the provisions of section 237A read with Chapter VII-A of the Income Tax Rules 2002, SRO428(1)/2024 and SRO 288(1)/2026; and
- (iv) report compliance within 60 days.



Dated: 27 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

12. The above order shall *mutatis mutandis* apply to the following complaint being identical in nature.

- i) Complaint No.16982/HYD/IT/2026, Dr. Saeed Nazir, CNIC No.43207-1498769-3 filed complaint against imposition of penalty of Rs. 1,000,000 under section 182(1)(33) read with section 182(2) of the income tax ordinance, 2001, in respect of alleged non-integration of medical services under section 237A.
- ii) Complaint No.16972/HYD/IT/2026, Dr. Hakim Ali Abro, CNIC No.43203-9693414-1 filed complaint against imposition of penalty of Rs. 1,000,000 under section 182(1)(33) read with section 182(2) of the income tax ordinance, 2001, in respect of alleged non-integration of medical services under section 237A.