

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NO.17375/SGD/IT/2026

Dated: 01.10.2026* R.O, Sargodha

Mr. Mansab Khan,
House No.95-1, Block-A,
Satellite Town, Sargodha.

...Complainant

V e r s u s

The Secretary
Revenue Division
Islamabad.

... Respondent

Dealing Officer	: Mr. Shaukat Mahmood, Advisor
Appraised by	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	: Mr. Muhammad Nasir Nawaz Mufti, Advocate (online)
Departmental Representative	: Mr. Talat Mehmood Bossal, DCIR, RTO, Sargodha (online)
Date of Hearing	: 13.10.2026

FINDINGS/RECOMMENDATIONS

The instant complaint has been filed by the Complainant under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (hereinafter referred to as the "FTO Ordinance") against the Regional Tax Office (RTO), Sargodha, alleging blatant maladministration, defiance of higher judicial mandates, and assumption of illegal jurisdiction by repeating a tax assessment on the exact same matter already adjudicated and nullified. The grievance stems from assessment and recovery proceedings for **Tax Year 2019**, wherein the Department initiated coercive recovery notices under Section 138 of the Income Tax Ordinance, 2001, following an amended assessment order passed under Section 122(4) read with Section 122(5) and Section 111 of the Income Tax Ordinance, 2001, creating an arbitrary tax demand of Rs. 1,064,000/-.

* Date of registration in FTO Sectt.



BRIEF FACTS

2. Precisely, the facts of the case are that for Tax Year 2019, the Complainant originally filed his return of income declaring total/exempt income of Rs. 1,000,000/-, which was deemed assessed under Section 120 of the Income Tax Ordinance, 2001. Subsequently, the Department initiated proceedings alleging that the Complainant had purchased immovable property from Mst. Rukhsana Asghar through Tabassum Shahzad (E-Stamp No. A2B281483F09ABCF dated 24.04.2019) for Rs. 6,346,660/- (total investment including stamp duty evaluated at Rs. 6,600,000/-), which was allegedly omitted from the wealth statement. The assessing officer finalized an adverse assessment under Section 122(1) on 17.08.2022. Feeling aggrieved, the Complainant challenged the action before this forum in Complaint No. 5341/SGD/IT/2022. The Recommendations dated 20.02.2023, categorically established that the Complainant had made full and proper disclosure of the subject property in his wealth statement at Rs. 4 million (backed by registered conveyance/purchase deed and civil court decree of specific performance in Suit No. 466/15 of 2015). The FTO held that the Department's blind reliance on Directorate General (Intelligence & Investigation) lists without examining record documents amounted to serious maladministration under Section 2(3)(ii) of the FTO Ordinance, and recommended that the FBR to direct

"RECOMMENDATIONS:

7. FBR to

- (i) direct the concerned CIR to invoke the provision of Section 122A of the Income Tax Ordinance, 2001 and provide opportunity of hearing to the Complainant; and***
- ii) report compliance within 45 days."***

3. It was also stated in para 5 of the said FTO order that"



“However, in the instant case the Complainant placed sufficient evidence on record during assessment proceedings that he declared the property under dispute divulging full particulars and copy of the registered purchase deed. Deptt insisted that property under question valued at Rs.6.34 million against that declared at Rs.4 million was different, hence, added as concealed. However, during investigation Complainant made full disclosure of the same property, expressively declared in the wealth statement while Deptt only provided a list of the properties obtained from Directorate of intelligence & Investigation not supported by any document of the said transaction.”

4. The Federal Board of Revenue (FBR) challenged the FTO's order by filing a Presidential Representation (Representation No. 61/FTO/2023). The Hon'ble President of the Islamic Republic of Pakistan, vide detailed Order dated **06.12.2023**, dismissed the FBR's representation, explicitly upholding the FTO's findings and declaring them unassailable. Despite attaining finality up to the level of the Hon'ble President, the Department misconstrued the remand directions. Instead of rectifying the assessment at the Commissioner level or respecting the exoneration, the department initiated fresh proceedings under Section 122(A)/122(4) and once again treated the legitimate property investment as unexplained cash under Section 111(1)(b) & (c), culminating in an illegal assessment order dated **26.06.2025** and subsequent recovery notices under Section 138 dated **27.08.2026**.

COMMENTS OF THE DEPARTMENT

5. The Respondent Department was called upon to submit parawise comments pursuant to Section 10(4) of the FTO Ordinance. The RTO Sargodha defended its action by asserting that the assessment order dated 26.06.2025 was passed in compliance with internal remand guidelines and that the taxpayer failed to substantiate the source of investment during the reopened proceedings, thus justifying the addition of Rs. 6,600,000/- as unexplained income under Section 111 of the Ordinance.



6. The Department's contended that the matter pertains to assessment discretion and is barred under Section 9(2)(b) of the FTO Ordinance is entirely misconceived. This very preliminary objection was explicitly rejected by the Hon'ble FTO in the earlier round of litigation (Complaint No. 5341/SGD/IT/2022) and affirmed by the Hon'ble President of Pakistan.

7. The above stance of the department is rebutted since this forum does not interfere with pure assessment values where discretion is exercised lawfully; however, where tax functionaries act arbitrarily, ignore binding judicial/Presidential orders, and repeat illegal additions that have already been annulled on merits, it constitutes blatant, high-handed maladministration.

8. The case was fixed for hearing on 13.10.2026. A.R of the complainant, Mr. Muhammad Nasir Nawaz Mufti, Advocate and Departmental Representative (D.R), Mr. Talat Mehmood Bossal, DCIR, RTO were heard online. Both the A.R & D.R reiterated their respective positions.

9. FINDINGS:

i. Perusal of the record, including the final decision of the Hon'ble President of Pakistan in Representation No. 61/FTO/2023 dated 06.12.2023, confirms that the issue regarding the disclosure of the subject property (acquired via court decree in Suit No. 466/15 and registered via E-Stamp No. A2B281483F09ABCF) had already attained finality. The higher fora conclusively established that the Complainant declared the property in his wealth statement and that the Department's addition without counter-evidence was oppressive. It is a settled principle of jurisprudence that once an issue has been adjudicated and finalized by the apex executive/quasi-judicial appellate forum (the President of Pakistan),



subordinate tax authorities possess no legal or moral license to bypass those findings, reopen the closed chapter on the same defunct grounds, and harass the taxpayer with arbitrary tax demands and coercive recovery measures.

ii. The instant case doesn't involve any question of law. On facts completely divergent position is not possible. Therefore, it needs to be determined first whether it is one & same property which is the bone of contention or two different properties are involved: one being explained by the Complainant and the other being taken up by the department.

iii. Without clarifying the aforesaid core issue repeating the revised/amended assessment order dated 26.06.2025 is **manifestation of Departmental neglect, inattention and ineptitude in discharge of its duties and the same is tantamount to Maladministration in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.**

RECOMMENDATIONS

10. FBR to direct-

i) Concerned Commissioner-IR, RTO Sargodha, to review the case and share a **self-Contained Note** explaining the background of whole case, points of divergence and basis for repeat order in spite of our earlier recommendation and endorsement of presidency; and

ii) report Compliance in 30 days.

11. On receipt of said Note from the co this office shall determine whether based on cogent reasons, an appealable order has been passed or whole proceedings aim at defiance or FTO's earlier order in the instant case.



Dated: **27 OCT 2026**

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman