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What Is Maladministration?

In simple words, maladministration can be described as the mental torture caused by a government official when they fail to perform a citizen's lawful work. It includes many forms of poor or unjust administration, such as:

- Neglect or inattention
- Delay
- Corrupt motives
- Discrimination
- Abuse of authority
- Violation of laws, rules, or policies
- Failure to take action

According to Section 2(3) of the Federal Tax Ombudsman Ordinance, 2000, maladministration includes:

- A decision, recommendation, act, or omission that:
 - is contrary to the law, rules, or regulations;
 - is a departure from standard practices without valid reasons;
 - is arbitrary, biased, oppressive, or discriminatory;
 - is based on irrelevant considerations;
 - involves misuse of powers for corrupt or improper motives (bribery, favoritism, nepotism, etc.).
- Neglect, inattention, delay, incompetence, inefficiency, or ineptitude
- Repeated unnecessary notices or prolonged hearings
- Wilful errors in determining refunds or rebates
- Deliberate non-payment of refunds

- Unfair or coercive recovery methods
- Avoiding disciplinary action against officials whose orders are found illegal or biased

The Role of the Federal Tax Ombudsman (FTO)

Now, let's understand the role of the Federal Tax Ombudsman (FTO). If you face any issue of maladministration by an FBR official or tax officer, the FTO is there to help you.

The main purpose of creating the FTO was to provide taxpayers with a simple, easy, and quick way to get justice. Since its establishment in 2000, the FTO has been actively resolving taxpayer complaints.

If you experience maladministration by a tax officer, or any problem mentioned in the FTO Ordinance, you can file a complaint with the FTO. To make things easier, regional offices have also been set up so complainants do not have to travel far.

Complaint Timeline

The FTO ensures complaints are resolved as quickly as possible through Informal Dispute Resolution under Section 33 of the FTO Ordinance. However, the formal complaint process must be completed within 60 days as per the law.

How to File a Complaint

Taxpayers (officially called "OPs" – aggrieved persons) can submit complaints through:

- Email
- FTO Mobile App
- WhatsApp
- Online Complaint Portal

- Postal mail
- Personal visits to FTO offices in Islamabad or any regional office

It is best to provide complete details and supporting documents, ideally using the prescribed form. Once filed, you will receive a complaint number for reference.

FTO Performance Statistics

According to the FTO Annual Report for 2024:

- Resolved complaints increased by 63.69% to 12,914 in 2024 compared to 7,889 in 2023.
- Registered complaints rose by 70.52% to 13,772 in 2024 compared to 8,076 in 2023.
- The FTO disbursed refunds worth Rs. 22.793 billion in FY2024, with an average complaint disposal time of just 34.11 days.
- 7,872 complaints related to income tax, 2,080 to sales tax, 3,375 to customs duty, 32 to federal excise duty, and 147 to federal insurance were received.
- The FTO organized 251 seminars and awareness sessions in 2024 compared to 113 in 2023.

The rising number of complaints is actually seen as positive, showing that more taxpayers are becoming aware of their rights and the FTO's role in protecting them. The FTO's outreach efforts have included partnerships with Chambers of Commerce, Tax Bar Associations, business community groups, and tax professionals.

Beyond resolving complaints, the FTO has also worked to improve taxpayer registration, strengthen tax collection (especially in the real estate sector), and reform the withholding tax regime. Measures such as automated systems for jurisdiction changes and restoration of blocked SIMs were also introduced to help taxpayers.

Overall, these efforts have brought significant relief to thousands of taxpayers and built greater trust in the tax system.

Case Resolved by FTO

Case Background

- Complainant: Ms. Ammara Ali, Medical Superintendent, DHQ Hospital Khanewal
- Respondent: Secretary, Revenue Division (FBR)

DHQ Hospital, a provincial government hospital, provides services under the Sehat Sahulat Program through the State Life Insurance Corporation (SLIC). SLIC was deducting 18% advance tax on payments to the hospital under Section 153(1)(b) of the Income Tax Ordinance. However, provincial government hospitals are exempt from such deductions under Section 49 of the same law.

The hospital had applied to FBR in January 2023 for an exemption certificate under Section 159 so SLIC would stop deducting tax. But the RTO Multan failed to issue this certificate despite several reminders, which led to an audit objection of Rs. 13.37 million from the Auditor General, claiming these deductions were illegal. Meanwhile, SLIC had already deducted about Rs. 30.7 million in advance tax — wrongly.

Complaint Before FTO

The hospital complained to the FTO, requesting:

- Correction of its tax profile (wrongly registered as a “Company” instead of a provincial hospital)
- Issuance of the exemption certificate
- Directions to SLIC to refund the wrongfully deducted taxes

FTO Investigation

The FTO sought comments from FBR. Eventually, on March 13, 2025, RTO Multan issued the exemption certificate for January–June 2023. However, the FTO observed that this was too late, as the hospital had already suffered losses due to the illegal deductions.

FTO Findings

The FTO found that the delay by RTO Multan amounted to maladministration under Section 2(3)(ii) of the FTO Ordinance (incompetent and unfair administration).

FTO Recommendations

The FTO directed FBR to:

- Issue clear instructions to all field offices not to deduct tax on payments made to government hospitals under the Sehat Sahulat Program
- Ensure compliance within 60 days