



A Manual of Taxpayers' Rights

Taxpayers have a central role in the development of nation as the tax paid by them is utilized for the advancement of infrastructure as well as for public welfare. This manual will enable the taxpayers in understanding their rights under federal tax laws of Pakistan.

CHAPTER-1

Constitution of Islamic Republic of Pakistan

Rights of Taxpayers: Constitution of Islamic Republic of Pakistan.

Constitution *grants and guarantees* certain rights of the taxpayers, vested in their capacity as citizens of Pakistan. Though all tax statutes, prior to promulgation, are vetted by Ministry of Law, yet treatment of any taxpayer under any provision of law which transgresses any fundamental right would be an act of *maladministration*, being *arbitrary, unjust and oppressive*, in terms of section 2(3)(i)(b) of FTO Ordinance, 2000. Federal Board of Revenue and its Employees are obligated by the Constitution to avoid *arbitrary, discriminatory and prejudicial* proceedings so as to ensure the protection of Tax payers' constitutional rights, while enforcing relevant tax laws.

Chapter I of Constitution of Islamic Republic of Pakistan		
Section	Description	Rights of the Taxpayer
Article 8	<i>Laws Inconsistent with or derogation of fundamental Rights</i>	<i>Any Tax law inconsistent with the rights given below, conferred by the Constitution shall, to the extent of inconsistency be void.</i>
Article 9	<i>Right of Fair Trial</i>	<i>Taxpayer has the right to be provided with fair opportunity of hearing and trial must be fair.</i>
Article 12	<i>Protection against retrospective Punishment</i>	<i>Taxpayers have the right to be protected against giving retrospective punishment. The article prohibits cognizance of any act of omission or commission that was not punishable at the time of the act or omission.</i>
Article 13	<i>Protection against double jeopardy and self-incrimination</i>	<ul style="list-style-type: none"> • No person can be prosecuted or punished for the same offence more than once. • No person shall, when accused of an offence, be compelled to be a witness against himself.
Article 18	<i>Freedom of Trade, Business or Profession</i>	<i>Raiding, sealing and attachment of any premises, business operations without proper legal & procedural course would be infringement of taxpayers' rights.</i>

<p>Articles 23 and 24</p>	<p><i>Property and Protection of Property Rights</i></p>	<p><i>Hindering, blocking and seizure of any property to deprive the taxpayer/citizen from his right to acquire, hold or and dispose of any property in any part of Pakistan, subject to the Constitution and any reasonable restrictions imposed by law.</i></p>
<p>Article 24 (1)</p>	<p>Refunds due to the taxpayers</p>	<p>The fundamental rights as enshrined in Article 24 (1) of the Constitution of Islamic Republic of Pakistan, 1973 postulate that: <u>“No person shall be compulsorily deprived of his property save in accordance with Law”</u>. It is the duty of the State to return what had been taken erroneously, wrongly or excessively and government cannot take a plea of limitation to deny what is due to a citizen.</p>

CHAPTER-2

Taxpayers' Rights under Direct Taxes

Part I Rights of Taxpayers under the Income Tax Ordinance, 2001.

Rights of the Taxpayer	Reference (Section)
<p>Salary means any amount received by an employee from any employment, including — <i>any pay, wages or other remuneration provided to an employee, including leave pay, payment in lieu of leave, overtime payment, bonus, commission, fees, gratuity or work condition supplements.</i></p> <p>Thus, all employees whether regular, temporary, contractual, employed on daily wages etc. are entitled to be taxed u/s 149 as salaried cases.</p>	<p>Section 12(2) of Income Tax Ordinance (hereafter ITO)</p>
<p>Onus of Concealment of income Concealment includes –</p> <ul style="list-style-type: none"> (a) the suppression of any item of receipt liable to tax in whole or in part, or failure to disclose income chargeable to tax; (b) claiming any deduction or any expenditure not actually incurred; (c) any act referred to in-sub section (1) of section 111; and (d) claiming of any income or receipt as exempt which is otherwise taxable. <p><u>Explanation. - none of the aforementioned acts would constitute concealment of income unless it is proved that taxpayer has knowingly and willfully committed these acts;</u></p>	<p>Section 2 (13AA), ITO</p>
<p>Foreign-source income of returning expatriates. <u>Any foreign source income derived by a citizen of Pakistan in a tax year who was not a resident individual in any of the four tax years preceding the tax year in which the individual became a resident shall be exempt from tax under this Ordinance in the tax year in which the individual became a resident individual and in the following tax year.</u></p>	<p>Section 51, ITO</p>
<p>Deductible allowance for education expenses. — <u>Subject to certain parameters the Taxpayers are entitled to a deductible allowance in respect of tuition fee paid in a tax year</u></p>	<p>Section 60D, ITO</p>

<u>provided that the taxable income of the individual is less than one and a half million rupees.</u>	
Deceased individuals. — <u>The legal representative of a deceased individual shall be liable for the Tax payable by the deceased, but this liability shall be limited to the extent to which the deceased's estate is capable of meeting the liability.</u>	Section 87, ITO
Foreign source salary of resident individuals. <u>Any foreign-source salary received by a resident individual shall be exempt from tax if the individual has paid foreign income tax in respect of the salary.</u>	Section 102, ITO
Foreign Remittance through; <u>money service bureaus, exchange companies or money transfer operators shall be deemed to constitute foreign exchange remitted from outside Pakistan through normal banking channels.</u>	Explanation to Section 111, ITO
Time for Compliance In normal circumstances while enforcing return of income through a notice the taxpayer has to be given a minimum of 30 days' time for filing a return	Section 114(4) ITO
Restriction of Tax proceedings <u>Where any person entitled to declare undisclosed assets, expenditure and undisclosed sales under the Assets Declaration Act, 2019 (Amnesty Scheme), declares such assets, expenditures or sales and pay tax, no proceedings shall be undertaken under ITO in respect of such declaration.</u>	Section 120B. Restriction of Proceedings. -
<u>reasonable opportunity of being heard:</u> <u>No assessment shall be amended, or further amended, under this section unless the taxpayer has been provided with reasonable opportunity of being heard:</u>	122(9), ITO, <u>The scope & parameters of reasonable opportunity have been explained by FBR through different circulars.</u>
Revision Order by Commissioner under sub-section (2) of section 122A shall not be prejudicial to the person to whom the order relates.	122A (3), ITO
Appeal effect timelines in Refund related cases: Wherever appellate order relates to Refund Orders u/s 170(4) appeal effect has to be allowed under section 124(4) within two months because this is the timeline which legislature has set u/s 170 itself.	124(4) read with 170(4), ITO

<p>Time for payment of tax <u>Where any tax is payable by the taxpayer as the result of any order issued by the Commissioner, the sum so specified shall be paid within thirty days from the date of service of demand notice.</u></p>	<p>137(2), ITO</p>
<p>Recovery of Tax through coercive measures Prior Notice <u>No recovery shall be affected through attachment/sale of property or arrest/detention without issuance of statutory notice u/s 138(1) of ITO, 2001.</u></p>	<p>138(2), ITO</p>
<p>Recovery in the cases of Companies & AOPs: Where any tax payable by a private company (including a private company that has been wound up or gone into liquidation) cannot be recovered from the company, — <u>Company and the Directors (every person who was director or shareholder, at any time in that tax year) shall be jointly and severally liable for payment of the tax due by the company but said taxes cannot be recovered from the employed directors; or a shareholder in the company owning not less than ten per cent of the paid-up capital of the company.</u></p>	<p>Section 139, ITO</p>
<p>Recovery through coercive measures: Recovery of tax from persons holding money on behalf of a taxpayer. <u>Recovery u/s 140 cannot be made if the taxpayer has filed an appeal under section 127 and the appeal has not been decided by the Commissioner (Appeals), subject to the condition that ten per cent of the said amount of tax due has been paid by the taxpayer.”</u></p>	<p>Section 140, ITO</p>
<p>Deposits for fixed terms: Recovery of tax from persons holding money on behalf of a taxpayer. <u>Recovery u/s 140 from any amount/money lying with any institution for some fixed period, or held on the taxpayer’s behalf, cannot be made before the money becomes payable to the taxpayer.</u></p>	<p>Section 140(4)</p>
<p>Adjustment of Taxes withheld tax rebate and tax credit: <u>Withholding agent’s u/s 149 are obligated to withhold tax from salary after making adjustment of other adjustable taxes withheld, tax rebate allowable and tax credits due to the salaried taxpayer during a financial year.</u></p>	<p>Section 149(1) ITO</p>

<p>Restriction on requisition of individual CPRs: <u>Wherever with the approval of concerned field formations of IR the taxes withheld by Banks, DFIs, Governments, Telecom Coys, DISCOs and Gas Coys are remitted by the said withholding agents to FBR's formations in the shape of bulk payments and without individual CPRs; in all such case withholdees/Taxpayers cannot be required to submit CPR.</u></p>	<p>Sections 151, 231AB, 235, 236 read with section 165A and 165B, ITO</p>
<p>SPRs replacing CPRs <u>In pursuance of digitization of FBR' s receipts in cases of persons or classes of persons notified as SWAPS agent, SWAPS Payment Receipt (SPR) shall be replaced with Computerized Payment Receipt (CPR).</u></p>	<p>Section 164A read with SRO 419(1) of 2024 dated 21st March, 2024</p>
<p>Exemption Certificate: Profit on Debt <u>The Commissioner shall issue exemption certificate u/s 1591A read with section 151(1)(c) to the recipient of profit on specific Government securities if he has no other taxable source of income</u></p>	<p>151(1)(c) read with 1591A, ITO</p>
<p>Payments for goods, services and contracts: <u>Cases where the payment for rendering or providing of services is less than thirty thousand Rupees in aggregate, during a financial year no tax u/s 153(1)(b) shall be withheld</u></p>	<p>Section 153, ITO</p>
<p>Restriction on subsequent tax withholding on sale/supply of imported goods <u>Where the sale is made by the importer of the goods and tax under section 148 in respect of such goods has been paid and the goods are sold in the same condition as they were when imported no tax shall be withheld u/s 153(1)a)</u></p>	<p>Section 153(5), ITO</p>
<p>Prizes won by students in debates, school/collegiate competitions and other extracurricular educational activities don't attract deduction u/s 156 which is restricted only to the specific categories, as provided in section 156.</p>	<p>Section 156(1), ITO</p>
<p>Final Tax Regime <u>Cases falling under Final Tax Regime shall not be subject to any audit 'or other probe to the extent of business activities covered under FTR.</u></p>	<p>Section 169(2)(a), ITO</p>
<p>Scope of refund proceedings:</p>	<p>Section 170, ITO</p>

<p><u>A taxpayer who has paid tax in excess of the amount which the taxpayer is properly chargeable under this Ordinance is entitled to refund u/s 170(1).</u> <u>U/s 170(3) the Commissioner has only to satisfy himself that on excess tax (overpaid) is being claimed as refund. Thus, during the proceedings u/s 170(4) department cannot raise any audit related issue, attracting section 122 or 177 of ITO.</u></p>	
<p>Statutory Timelines for disposal of refund application <u>The department is under legal obligation to dispose of the refund application within 60 days of the filing of refund application after examining the record and affording reasonable opportunity of hearing to the taxpayer.</u></p>	170(4), ITO
<p>Compensation for delayed refunds <u>Subject to certain conditions the taxpayers have the right to receive additional payment for delayed refund @KIBOR plus 0.5% per annum of the amount of refund delayed till the payment of refund.</u></p>	171(1)
<p>Taxpayers' rights when the record is impounded by the department:</p> <p><u>A person whose accounts, documents or computer have been impounded and retained may examine them and make extracts or copies from them during regular office hours.</u></p> <p><u>Where any accounts, documents or computer impounded and Retained are lost or destroyed while in the possession of the Commissioner, the Commissioner shall make reasonable compensation to the owner of the accounts, documents or computer for the loss or destruction.</u></p>	175(5) & (6) ITO
<p>Penalty for non-filing of tax return <u>Penalty u/s 182(1) is linked with tax payable which means tax chargeable on the taxable income on the basis of assessment made or treated to have been made under section 120, 121, 122 or 122D;</u></p>	182(1), ITO
<p>Income tax authorities to follow orders of the Board. <u>All income tax authorities and other persons employed in the execution of this Ordinance (except Commissioner (Appeals) in</u></p>	214, ITO

<p><u>the exercise of his appellate function) shall observe and follow the orders, instructions and directions issued by the Board.</u></p>	
<p>Disclosure of information by a public servant. - <u>All particulars contained in any statement made, return furnished, or accounts or documents produced under the provisions of this Ordinance.</u> <u>any evidence given, or affidavit or deposition made, in the course of any proceedings under this Ordinance, or any record of any assessment proceedings or any proceeding relating to the recovery of a demand.</u> <u>shall be confidential and no public servant save as provided in this Ordinance may disclose any such particulars subject to specific exclusions provided u/s 216.</u></p>	<p>Section 216, ITO</p>
<p>Service of notices/order through IRIS, <u>Service of notice through web portal of FBR is a substitute service given in the law. Proper service of notices and orders under ITO has to be made as per provisions of law (section 218) read with FBR's explanatory circulars and instructions. It is a trite law that a legislative enactment or a statutory provision should be read as whole and not in isolation.</u></p>	<p>Section 218. ITO. <u>What constitutes Proper Service, FBR's circulars/instructions are also binding on tax authorities.</u></p>
<p>Advance tax under CHAPTER XII, (Sections 231AB to 236K) <u>shall not be collected or deducted from a person who produces a certificate from the Commissioner that his income during the tax year is exempt.</u></p>	<p>Section 236O, ITO</p>
<p>Non ATL persons getting ATL status <u>Once the Persons subjected to higher deduction/collection of taxes on account of being non filer/non active taxpayer get the status at ATL, shall be charged taxes as per 1st Schedule, and the excess amount is refundable.</u></p>	<p>Section 100BA read with Rule 1 of 10th Schedule. ITO,</p>
<p>Persons not required to file return or statement. <u>Where the withholding agent or the person from whom tax is required to be collected or deducted is satisfied that a person not appearing in the active taxpayers' list was not required to file a return of income under section 114, he shall before collecting or deducting tax under this Ordinance, furnish to Commissioner a notice in writing electronically setting out -</u></p>	<p>Rule 2, 10th Schedule, ITO</p>

<p><u>(a) the name, CNIC or NTN and address of the person not appearing in the active taxpayers' list'</u> <u>(b) the nature and amount of the transaction on which tax is required to be collected or deducted; and</u> <u>(c) reason on the basis of which it is considered that the person was not required to file return or statement, as the case may be.</u> <u>(2) The Commissioner, on receipt of a notice under sub rule (1), shall within thirty days pass an order accepting the contention or making the order under sub rule (3). Provided that in case the Commissioner does not pass any order within thirty days or receipt of notice under sub-rule (1), the Commissioner shall be deemed to have accepted the contention under sub-rule (2) and approval shall be treated to have been granted.</u></p>	
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Part II -Taxpayers Rights under Income Tax Rules, 2002

Rights of the Taxpayers	Section or Rule
<p>Where a taxpayer seeks to obtain certificate of residence for presentation before another country having signed agreement for avoidance of double taxation with Pakistan. <u>Upon application the competent Authority of FBR is under legal obligation to process the certificate of residence (rejection or acceptance) within 45 days of the filing of application.</u></p>	Rule 19A
<p>A non-resident person has the right to receive certificate of payment of tax in Pakistan within 45 days of written request. <u>The competent authority shall issue the certificate within 45 days of the filing of application after verifying all the facts and documents.</u></p>	Rule 19B
<p>Where a non-resident person seeks to obtain certificate for tax sparing credit in respect of income earned through permanent establishment in Pakistan. <u>The taxpayer has the right to a certificate of tax sparing credit, and it is obligatory for the competent authority to issue the referred certificate within 90 days of the filing of application after verifying all the record and facts of the case.</u></p>	Rule 19C
<p>Exemption or reduced rate certificate <u>In case of Company, the Commissioner is under legal obligation to issue exemption or reduced rate certificate within 15 days of the receipt of application. After completion of 15 days the certificate shall be issued automatically by IRIS system.</u></p>	Rule 40
<p>Proper Authorization. -Power to enter and search premises <u>The authorization of a “officer of Inland Revenue” for the purposes of section 175 shall be in the manner specified in Part XIII of the First Schedule to these rules.</u></p>	Rule 72 read with Section 175, ITO
<p>Service of documents electronically. - Where a person has provided an electronic address, the document required to be served on the person shall be considered sufficiently served if sent to that address. <u>A document is considered sent to an electronic address if the sender receives-</u></p>	Rule 74 read with section 218, ITO

<p>(a) <u>in the case of a message sent to a facsimile number, confirmation from the sending facsimile machine that the transmission is sent;</u></p> <p>(b) <u>in the case of a message sent to an electronic mail address, confirmation from the server of the recipient that the message has been received</u></p>	
<p>Active Taxpayers List A person's name shall be included in ATL, if the person has filed a return under section 114 or a statement under section 115 for the tax year for which the last date as specified in section 118 falls during immediately preceding twelve months.</p>	Rule 81B (5)
<p>Items precluded from recovery proceedings:</p> <ol style="list-style-type: none"> i. The necessary wearing apparel, cooking vessels, beds, and bedding of the defaulter his wife and children, and such personal ornaments, as, in accordance with religious usage, cannot be parted with by any women. ii. tools of artisans, and, where the defaulter is an agriculturist, his implements of husbandry and such cattle and seed grain as may, in the opinion of the Commissioner, be necessary to enable him to earn his livelihood as such. iii. Houses and other buildings belonging to an agriculturist and occupied by him. iv. stipends and gratuities allowed to a pensioner of the Government, or payable out of any service family pension fund notified in official Gazette by the Federal Government or the Provincial Government in this behalf, and political pensions. v. the wages of labourers and domestic servants, whether payable in money or in kind. vi. the pay and allowances of persons to whom the Pakistan Army Act, 1952 (XXXIX of 1952), applies, vii. the person other than Commissioned Officers to whom the Pakistan Navy Ordinance, 1961 (XXXV of 1961), applies. viii. All compulsory deposits and other sums in or derived from fund to which the Provident Funds Act, 1925 (XIX of 1925), the time being applies in so far as they are declared by the Act not to be liable to attachment. 	Rule 128

<p>ix. any allowance forming part of the emoluments of any servant of Government or of any servant of a railway or local authority which the appropriate Government may, by notification in the official Gazette, declare to be exempt from attachment, and any subsistence grant or allowance made to any such servant while under suspension.</p> <p>x. Any expectancy of succession by survivorship or other merely contingent or possible right or interest; and</p> <p>xi. a right to future maintenance.</p>	
<p>Perishable goods & items Except where the property is subject to speedy and natural decay or when the expense of keeping it in custody is likely to exceed its value, <u>no sale of movable property under these rules shall, without the consent in writing of the defaulter, take place until after the expiry of at least fifteen days from the date on which a copy of the proclamation of sale was affixed in the office of the Commissioner.</u></p>	<p>Rule 152</p>
<p>Country Leaving Certificate <u>Taxpayers leaving Pakistan have the right be issued tax clearance certificate after applying to the Commissioner having jurisdiction.</u></p>	<p>Rule 221</p>

Part III SROs/Circulars and Instructions issued by FBR

In terms of section 214 of ITO, 2001 all income tax authorities and other persons employed in the execution of this Ordinance (except Commissioner (Appeals) in the exercise of his appellate function) shall observe and follow the orders, instructions and directions issued by the Federal Board of Revenue.

Issue / FBR's instructions	Reference
<p><u>Scope of reopening of assessment:</u> The Board had instructed all field formation not to issue notice u/s 122(5) read with 122(9) where threshold of <i>'Definite Information'</i> as defined u/s 122(8) is not met <u>and the amendment proceedings u/s 122(5) merely on the basis of audit suspicion picked from within the declaration</u></p>	<p>FBR instructions 2(22) Rev. Bud/2020 dated 25.05.2021</p>

<p><u>lodged by the taxpayer themselves, is an enforcement travesty and need to abate.</u></p>	
<p>Reckless issuance of notices u/s 122(5) read with 122(9) of the Income Tax Ordinance, 2001 where purportedly not meeting the threshold of "definite information" as defined u/s 122(8).</p> <p>- Amendment proceedings us 122(5) of the Ordinance, merely on the basis of audit suspicion picked from within the declarations lodged by the taxpayers themselves, is an enforcement travesty andneeds to abate. The scheme of law warrants that a taxpayer must be dealt with precisely as per principles of justice and fair play.</p> <p>- No case be opened merely on surmises and assumptions.</p> <p>-All taxpayers must be provided adequate opportunity of being heard, too.</p>	<p>No. 2(22)Rev.Bud./2020 Islamabad, the 25th of May, 2021</p>
<p>Sufficient opportunity of being heard Before making final decision in cases of non-compliance or partial compliance tax authorities have been advised to serve 03 notices, the first notice giving clear period of 15 days</p>	<p>C. NO. (7)(2) DT-14/04 dated 1st February, 1994</p>
<p><u>MAJOR IRRITANTS IN ASSESSMENTS, FACED BY THE TAXPAYERS</u></p> <p>FBR duly acknowledged the following irritants and issued instructions to avoid all the said bottlenecks.</p> <ul style="list-style-type: none"> • Tax claimed to have been deducted and paid; credit is denied at the time of assessment. • Exemption Certificates are not issued within 72 hours as promised, rather they are delayed on one pretext or another. • rectification/appeal effects are not allowed in time. • While penalizing any default it is not the Revenue maximization which is desired, rather it is deterrence, education and assistance to the taxpayers. 	<p>No. SO-I/1(6)/P.2001-2002/6078 Dated April 29, 2002</p>

<ul style="list-style-type: none"> • As regards interpretation of various legal issues, -- - to ensure uniformity of interpretation rather than to continue with the multiplicity of interpretation • undue resistance is shown in entertaining the application for change of year and allowing special year. • Indiscriminate notices requisitioning documents and seeking explanations should not be issued. 	
<p>Assessments related discrepancies:</p> <ul style="list-style-type: none"> • Inordinate delays occur in finalization of assessment proceedings which create harassment amongst the taxpayers <p>Department duly acknowledged that inordinate delays occur in finalization of assessment proceedings and issued a series of necessary instructions, streamlining Assessment/Audit proceedings.</p>	<p>C. No. 7(2)DT.14/94 GOVERNMENT OF PAKISTAN CENTRAL BOARD OF REVENUE</p> <p>i. Dated 24th January 1994. ii. Dated 1st February, 1994 iii. 3rd July, 1994; and iv. 19th October, 1994</p>
<p>Assessments made in a slipshod manner</p> <p>Assessments made in a slipshod manner, causing grave harassment and inconvenience to the taxpayers, wastage of efforts, loss of revenue and negative departmental imaging.</p> <p>The department decided that if during one year 50% of the assessment orders passed by any officer do not stand the test of appeal an adverse inference will be drawn regarding performance of such officer and proceedings may have to be initiated.</p>	<p>C.NO. 7(2)Dt.14/94 GOVERNMENT OF PAKISTAN CENTRAL BOARD OF REVENUE Dated 24th January, 1994</p>
<p><u>ACCOUNTABILITY OF ASSESSING OFFICERS – SCRUTINY OF APPELLATE ORDERS</u></p> <p>Most persistent complaints: assessing officers often make very harsh and arbitrary assessments. Such assessments and the consequent recovery proceedings create much suffering for the taxpayers.</p>	<p><u>Remedial measures</u> C.No.Con/90-Circular (DT. 14/91 GOVERNMENT OF PAKISTAN CENTRAL BOARD OF REVENUE</p>

	Islamabad, the 10th of March, 1991 CIRCULAR NO. 4 OF 1991
<p><u>Defective service of statutory notices to the residents/non-residents/authorized representatives</u> Provision of opportunity of being heard to taxpayers through proper service of notices as envisaged in sections 122(9),172(3), 173 and 218 of the Income Tax Ordinance, 2001 must be ensured before finalization of proceedings</p>	No. 4(11)RevBud/2020 Islamabad, the 29th of June, 2021
<p>SERVICE OF ASSESSMENT/APPELLATE ORDERS Officers are not vigilant about service of such orders as provide relief to the taxpayers or do not require payment of demand. Legally proper service of all orders is essential.</p>	C.No. 4(6) IT-3/88 GOVERNMENT OF PAKISTAN CENTRAL BOARD OF REVENUE Islamabad, the 17th of February, 1991
<p><u>Undue Recovery Proceedings during 1st Appeal:</u> <u>IR field formations were instructed to avoid coercive measure until case has passed the test of appeal at the level of Commissioner (Appeals).</u></p>	C.NO7/(20)S(IR-Operations) 2020 dated 12 th October, 2020 and letter of even number dated 5 th October, 2022

Part IV Taxpayers' right in light of the decisions by Apex Court

<p>Ex-Parte Assessment Delay in making ex-parte decisions It is a trite law that a Best Judgment order/Exparte order should be passed on the date of alleged default.</p>	<p>(PLD 2022 Islamabad 68,)</p>
<p>Jurisdiction of Tax authorities: The matter of jurisdiction is mandatory for a forum to decide at first instance Tax authorities to ascertain their jurisdiction before assuming it for tax proceedings</p>	<p>Held by Supreme Court of Pakistan in the case reported as 2008 SCMR 240 <i>Izhar Alam Farooqi Vs Sheikh Abdul Sattar Lasi</i> and others in C.P.L.As nos. 488-K & 489-K of 2006 decided on 17.11.2006</p>
<p>Denial of refunds on technical grounds and time limitations Withholding of a citizens Money by public functionary on the plea of limitation or any other technical reason is unjustified</p>	<p>SCP in the case Pfizer Laboratories Limited VS Federation of Pakistan</p>
<p>Denial of refunds on technical grounds and time limitations Denial of refund on technical ground would be violative of Article 24(1) of the Constitution</p>	<p>SCP PTCL 1998 CL, 354</p>
<p>Timelines for claims of refund Though section 170(2)(c) provides timelines for filing of refund claims but the apex court has held that refund due to a taxpayer cannot be denied on technical hitches and that said money tantamounts to trust which needs to be paid on demand.</p>	<p>PLD 1998 SC 64 In a case reported as 2012 PTD 309, it has been held that the genuine refund could not be refused, even if, refund applications were filed late.</p>
<p>Condonation in cases where orders have been passed without rightful jurisdiction Neither bar of limitation would be attracted nor period of limitation would run against such order passed by an officer not competent to do so.</p>	<p>2014 SCPR 1189</p>
<p>Condonation of Time limitations Condonation should be considered sympathetically in revenue cases as refusing to</p>	<p>Sindh High Court Karachi 2003 PTD 1329</p>

condone is an extreme step and the technicalities should not defeat the cause of justice	
Late filing of appeal in Void cases Where appeal was filed after lapse of time against void order, the appeal would be decided on merits by the appellate authority as the limitation did not run against the void order.	2002 PLC(SC) 606 LHC
"Audi alteram partem" (<i>no one should be condemned unheard</i>) Reasonable opportunity of being heard	Hon'ble Supreme Court of Pakistan in the case of Hazara (Hill Tract) Improvement Trust v/s Mst. Qaisra Elahi & Others Reported in 2005 SCMR 678

CHAPTER-3

Sales Tax Act 1990

Part I: Rights of Taxpayers under the Sales Tax Act, 1990

Rights of the Taxpayer	Reference (Section)
<p>Entitlement of Input Tax Credit Every registered person is entitled to claim Input tax credit used in the furtherance of taxable activity. Where any admissible input tax is not claimed by the registered person in the relevant tax period, he can claim the same within six (06) months of the tax period to which the input tax relates.</p>	Sections 7 and 8
<p>Burden of Proof In case of joint and several liability in case of registered person in a supply chain, the burden of proof that whether sales tax has been paid lies on the department.</p>	Section 8A
<p>Section 7 of the STA entitles every registered person to input tax adjustment against the output tax used in furtherance of taxable activity. <u>However, section 8B puts bar on specific class of persons to claim input tax to the extent of 90% of output tax. The registered person is entitled to claim refund of the unadjusted input tax under section 66 of the STA and the same is to be processed within 45 days of the refund claim.</u></p>	Section 7, 8B, 66
<p>Statutory Timelines for disposal of Refund Application: Every registered person making zero rated supplies including exports is entitled to refund of Input tax consumed against the zero rate supplies. <u>The department is under legal obligation to dispose of refund claim within 45 days of the receipt of refund application.</u></p>	Section 10
<p>Compensation for Delayed Refund <u>The registered persons are entitled to receive additional payment for delayed refund @ KIBOR per annum of the amount of refund due till the payment of refund.</u></p>	Sections 10 and 67
<p>Reasonable opportunity of Hearing The assessment proceedings are required to finalized within 120 days of the issuance of Show Cause Notice under section 11 of the STA. <u>The taxpayers are entitled to be provided with sufficient opportunity of hearing and time to answer the queries raised by the assessing officer. The assessing officer is bound to provide at least fifteen days' time to the taxpayers for submission of documents and reply vide Board's Circular No. 6(4)Rev-Bud/2018 dated 23rd July 2018</u></p>	Section 11 Board's Circular No. 6(4)Rev-Bud/2018 dated 23 rd July 2018
Appeal effect timelines in Refund Related cases	Section 11B

<p><u>Whenever Appellate Order relates to Refund Orders under section 10, appeal effect order has to be given under section 11B within 45 days of issuance of appellate order because this is the timeline which the legislature has set under section 10.</u></p>	
<p>Recovery of Penalty for Non-Filing of Sales Tax Returns within due date <u>Where any sum of sales tax is payable on account of penalty shall only be covered after the issuance of Show Casue Notice under section 11(1) of the Sales Tax Act, 1990. The recovery of penalty on account of non filling of sales tax returns within due date without issuance of show casue notice and subsequent order is unlawful.</u></p>	<p>Sections 11D, 11E and 33</p>
<p>Right of Registration Every person making taxable supplies in Pakistan including zero rated supplies is required to be registered under the Sales Tax Act, 1990. <u>This means that if a person (individual, AOP or Company) is not carrying on taxable activity and is dealing in exempt supplies would not be required to get registered under the Act and no coercive action can be taken against such person.</u> However, there is no prohibition for any person to get voluntary registration under this Act. The voluntary registration by any person under the STA cannot be denied.</p>	<p>Section 14 of the Sales Tax Act, 1990 hereinafter referred as STA.</p>
<p>Right of Deregistration <u>If a registered person ceases to carry on taxable activity or his taxable activities become exempt subsequently, he has the right to apply for deregistration. On the other side the Board or Commissioner IR can also deregister a registered person on their own initiative that such person who was not required to be registered under this Act</u> <u>The Commissioner IR is bound under the law to process the case of deregistration within 90 days of the application for deregistration, if no liability arises during deregistration proceedings.</u> If there is any liability against the registered person, the Commissioner can halt the deregistration order until sales tax is deposited by the registered person. <u>This means that if no sales tax is assessed during deregistration proceedings, the registered person has the right to be deregistered within 90 days from the date of submission of his application.</u></p>	<p>Section 21 read with rule 11(3) of the Sales Tax Rules, 2006</p>
<p>Deregistration A registered person who ceases to carry on business or whose supplies become exempt is entitled to apply for deregistration electronically on STR-3 form. <u>The Commissioner IR is under legal obligation to complete the</u></p>	<p>Section 21 Rule 11 of Chapter 1 of</p>

<p><u>deregistration process within a period of 90 days from the filing of application.</u></p>	<p>the Sales Tax Rules, 2006</p>
<p>Right to Get Extension in due date of filing of Sales Tax Return The registered persons are entitled to apply for extension in due date for filing of sales tax returns on genuine grounds.</p>	<p>Section 26AB</p>
<p>Taxpayers' Rights when the record is impounded by the Department Where any record, documents, accounts or computers/laptops or any digital devices used for the storage of record impounded and retained by the department are lost or destroyed, the Commissioner shall make reasonable compensation to taxpayer for the loss or destruction.</p>	<p>Section 38</p>
<p>Right to Appeal before the Commissioner (Appeal) and its benefit for the taxpayer The taxpayer has the right to file appeal before the Commissioner IR (Appeals) against the Order of an Assessing Officer within 30 days of receipt of the Order and no recovery shall be affected by the department.</p>	<p>Section 45B</p>
<p>Right to apply before Alternate Dispute Resolution Committee <u>The taxpayers are entitled to withdraw their cases at any appellate forum and then apply for redressal of the case before the Alternate Dispute Resolution Committee notified by the board against the application of the taxpayer pertaining to:</u></p> <ol style="list-style-type: none"> i. The amount of duty under dispute equals or exceeds 100 million rupees or admissibility of refund. ii. Waiver of default surcharge or penalty or both. iii. Any other specific relief required to resolve the dispute. iv. The application of Alternate Dispute Resolution committee shall also include an offer (irrevocable) of payment of duty. <p><u>Before notification of the Committee, the taxpayer or commissioner or both shall withdraw all their pending appeals/references pending in any courts of law or appellate authority. The Committee shall not start its proceedings till the receipt of order of withdrawal by the court of law or appellate authority.</u></p>	<p>Section 47A</p>
<p>Recovery of Tax: Where any tax is payable as a result of any assessment order, the sum so specified shall be paid by the taxpayer within 30 days of the receipt of recovery notice under section 48. The department should refrain from issuing recovery notice before the expiry of 30 days after the issuance of Order in</p>	<p>Section 48</p>

<p>Original as the taxpayers have the remedy to file appeal before the Commissioner Appeals. No recovery can be made if the taxpayer has filed appeal before the Commissioner Appeals.</p>	
<p>Recovery of Tax through Coercive Measures No recovery shall be affected through attachment of property unless the taxpayer has been issued recovery notice under section 48 of the Sales Tax Act, 1990</p>	Section 48
<p>Service of Orders; Decisions Service of notices/orders through IRIS portal is a substitute service provided under the law. Proper service of notices/orders have to be made under the law and it is a settled principle that ;legislative enactment or statutory provision should be read as whole and not in isolation. The other modes of service notices are also to be applied for proper service as such through registered post etc.</p>	Section 56
<p>Rectification of Mistake An officer of Inland Revenue, the Commissioner, the Commissioner (Appeals) or the appellate tribunal may rectify the order on its own motion in writing on its own motion or on notice. <u>However, no rectification enhancing tax liability shall be made unless registered person has been issued with notice in writing to the effect with reasonable opportunity of hearing.</u></p>	Section 57
<p>Recovery in case of Company <u>Where any tax liability payable by a company or business enterprise that has been wound up or gone into liquidation cannot be recovered from them.</u> Company and the Directors (every person who was director or shareholder at any time during that tax year) shall be jointly and severally liable for payment of tax. <u>However, said tax cannot be recovered from the employed directors or a shareholder in the company owing less than 10% of the paid-up capital of the company.</u></p>	Section 58
<p>Officer of Sales Tax to follow Board's Orders, Circulars and Instructions Every officer of Inland Revenue and person employed is bound to follow Board's Orders, Circulars and Clarifications</p>	Section 72

Part II: Rights of Taxpayers under the Sales Tax Rules, 2006

Rights of the Taxpayer	Reference (Rule)
<p>Deregistration If a registered person fails to file his sales tax returns for six consecutive tax periods, the Commissioner inland Revenue having jurisdiction shall proceed to deregister the person after affording opportunity of hearing and order deregistration of the registered person under Section 21 of the Sales Tax Act, 1990 read with Sales Tax, 1990 read with rule 11(3) of the Sales Tax Rules, 2006. The deregistration proceedings on account of consecutive non filing can either be initiated on own motion of the Commissioner or on receipt of application of deregistration from the registered person. The proceedings shall be completed within 90 days.</p>	<p>Section 21 of STA read with sub rule 3 of rule 11 of Sales Tax Rules, 2006.</p>
<p>Automatic Suspension of Registration on account of consecutive non filing <u>The registration of any registered person shall be suspended through the system without any notice. If the registration is suspended automatically through the system, the notice to show cause shall be issued within 07 days of suspension date. In case no show cause notice is issued within the stipulated time, the order of suspension shall become void ab-initio.</u></p>	<p>Section 21 read with Rule 12(a) (iii) and Rule 12 (a)(vii)</p>
<p>Suspension of Registration due to reason other than consecutive non filing Where suspension order is made under any reasons under rule 12(a)(i)(A to G), the notice to show casue shall be issued within 07 days of the order of suspension by giving 15 days' time to registered person and shall cause the registered person to be blacklisted. <u>However, In case no show cause notice is issued within the stipulated time, the order of suspension shall become void-ab-initio.</u></p>	<p>Section 21 and Rule 12 (a)(1) (A-G) and Rule 12 (a)(vi)(vii)</p>
<p>Rights of Taxpayers relating to recovery of Sales Tax No recovery of tax shall be affected before the expiry of 30 days of the Order In Original. The 30 days' time period is allowed as the taxpayer has the right to file appeal against the Order In Original before the Commissioner IR (Appeals). In case appeal has been filed before the Commissioner (Appeals) no recovery shall be affected. Recovery of tax through coercive measures through attachment of property</p>	<p>Rule 71 (1) of Chapter XI (Part I) of Sales Tax Rules, 2006.</p>

<p><u>No recovery of tax shall be affected through coercive measure unless recovery steps under rule 71 and 72 of the Chapter XI of Sales Tax Rule, 2006 have been completed and demand note will be issued by the department certifying that recovery could not be made under rule 71 and 72.</u></p> <p><u>The recovery through attachment of property shall be executed on receipt of demand note only</u></p>	<p>Rule 71, 72 and 74</p>
<p>Exemption from Attachment</p> <p>There are certain categories which are exempt from attachment namely</p> <ol style="list-style-type: none"> a. The necessary wearing apparel, cooking vessels, beds and bedding of the defaulter, his wife and children, and such personal ornaments, as, in accordance with religious usage, cannot be parted with by any women; b. tools of artisans, and, where the defaulter is an agriculturist, his implements of husbandry and such cattle and seed grain as may, in the opinion of the Commissioner, be necessary to enable him to earn his livelihood as such; c. Houses and other buildings (with the materials and the sites thereof and the land immediately appurtenant thereto and necessary for their enjoyment) belonging to an agriculturist and occupied by him; d. stipends and gratuities allowed to a pensioner of the Government, or payable out of any service family pension fund notified in official Gazette by the Federal Government or the Provincial Government in this behalf, and political pensions; <p>The provisions of rules 210A to 210I of the Income Tax Rules, 2002 shall, mutatis mutandis, apply to Chapter XI of the Sales Tax Rules, 2006, for the purpose of recovery of sales tax arrears through bank account attachment.</p>	<p>Rule 111A</p>

CHAPTER-4

Federal Excise Act, 2005

Rights of Taxpayers under the Federal Excise Act, 2005 read with Federal Excise Rules, 2005

Rights of the Taxpayer	Reference (Section)
<p>Opportunity of Hearing Section 14 of the FED Act deals with assessment of Duty and taxpayer is entitled to be given sufficient opportunity and time to defend his case.</p>	Section 14, FED
<p>Recovery of Unpaid Duty Where any order has been passed by the officer of Inland Revenue, recovery can be caused only after the expiry of 30 days from the date of issuance of Order as the taxpayers are entitled to prefer appeal before the Commissioner (Appeals) within 30 days of the Order in Original.</p>	Section 14, FED
<p>Right of Taxpayers in Orders giving Appeals effect-Recovery In cases where order is passed by the higher appellate fora, the officer of Inland Revenue shall give appeal effect in light of the order passed by Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court. No recovery of duty shall be made without giving appeal effect order.</p>	Section 14B, FED
<p>Rights in case of Modification of Orders <u>Where a Question of Law has been decided by the Court in case of Registered person a High Court or Appellate Tribunal on or after 01 July 2005, the Commissioner or any officer of Inland Revenue shall follow the said decision in respect of said registered person even if any reference has been filed in the court by the department.</u> <u>In case the decision of the High Court or Appellate Tribunal is reversed or modified, the Commissioner Inland Revenue or officer of Inland Revenue may notwithstanding the expiry of time limitation, make an assessment order within one year from the date when the decision of the high court is reversed or modified for conformation to the final decision.</u></p>	Section 14C, FED
<p>Record The assessing officer cannot require a taxpayer to produce record beyond six years from the date of issuance of show cause notice. The taxpayer is bound to keep the record of under process cases till they gain finality.</p>	Section 17

<p>Letter of Authorization <u>An officer of Inland Revenue authorized by the Board who has reasons to believe that any person has committed an offence under the FED act may arrest such person after obtaining prior written permission of the Commissioner IR having jurisdiction.</u> <u>The taxpayer has the right to be shown authorization and approval of the Board and Commissioner before such arrest is made. The authorized officer shall immediately intimate the fact of arrest to concerned special Judge who may order the officer of Inland Revenue to produce such person at such time and place which the special Judge considers expedient and officer shall act accordingly.</u></p>	<p>Section 22, FED</p>
<p>Rights of Taxpayer during Search <u>No search can be made without showing letter of authorization issued by the Commissioner concerned to the officer of Inland Revenue authorized by the Board. Taxpayers have the right to be shown search at the time search is made.</u></p>	<p>Section 25 of FED read with Rule 62, 63 and 64 (Chapter XIII) of the Federal Excise Rules, 2005</p>
<p>Reopening of proceedings by the Board or Commissioner Inland Revenue <u>The Board or Commissioner Inland Revenue has powers to make assessment order of any proceedings under the FED Act of his subordinate officers, however no order of confiscating goods of greater value or enhancing any fine, or imposing or enhancing any penalty, or requiring payment of any duty not levied or short-levied shall be passed unless the person affected thereby has been given an opportunity of showing cause against it and of being heard in person or through a counsel or other person duly authorized by him.</u></p>	<p>Section 35, FED</p>
<p>Rectification of Mistakes in Order <u>The Federal Government, the Board or an officer of Inland Revenue may rectify any errors in its orders on its own motion or on notice of the taxpayer brought before the authority within five years of the date of issuance of order. However, no rectification enhancing the payable duty shall be made without hearing the taxpayer after giving him reasons to be recorded in writing.</u></p>	<p>Section 36, FED</p>
<p><u>The taxpayers are entitled to withdraw their cases at any appellate forum and then apply for redressal of the case before the Alternate</u></p>	<p>Section 38, FED</p>

<p><u>Dispute Resolution Committee notified by the board against the application of the taxpayer pertaining to:</u></p> <ul style="list-style-type: none"> v. The amount of duty under dispute equals or exceeds 50 million rupees or admissibility of refund. vi. Waiver of default surcharge or penalty or both. vii. Any other specific relief required to resolve the dispute. viii. The application of Alternate Dispute Resolution committee shall also include an offer of payment of duty. <p><u>Before notification of the Committee, the taxpayer or commissioner or both shall withdraw all their pending appeals/references pending in any courts of law or appellate authority. The Committee shall not start its proceedings till the receipt of order of withdrawal by the court of law or appellate authority. The committee shall be notified by the Board within 45 days of the filing of application by the Taxpayer.</u></p>	
<p>Observance of Board's orders, directions and instructions All the officers of Inland Revenue are bound to follow the instructions, directions and orders of the Board unless such order interferes with adjudication powers of the assessing officers</p>	<p>Section 42, FED</p>

CHAPTER-5

Customs Act, 1969

Rights of the public under the Customs Act, 1969 read with Baggage Rules, 2006 vide SRO 666(I)/2006 dated 28th June 2006. (For Further details please see FBR' website at [GOVERNMENT OF PAKISTAN \(fbr.gov.pk\)](http://GOVERNMENT OF PAKISTAN (fbr.gov.pk)))

Section or Rule	Description of Section	Rights of the Taxpayer												
Rule 3 of Baggage Rules, 2006.	Allowances for Pakistani Nationals not availing transfer of residence	<p><u>Allowances for Pakistani Nationals</u> In order to facilitate <i>bonafide</i> passengers/Pakistani nationals travelling to and from Pakistan, certain concessions and allowances are provided in the Baggage Rules, 2006. Details of the items and allowances on the accompanied baggage and purchases from duty free shops are as under:</p> <p><u>A. Items of personal use allowed on any visit.</u></p> <ul style="list-style-type: none"> i. Personal wearing apparel and clothing accessories. ii. One Laptop Computer; and iii. Any other item except mobile phone, following allowances shall be admissible. <table border="1" data-bbox="586 947 1393 1087"> <thead> <tr> <th>S. No.</th> <th>Stay Abroad</th> <th>Value of Duty-Free allowance</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Up to 30 days</td> <td>Up to USD \$400</td> </tr> <tr> <td>2</td> <td>Between 30 to 60 days</td> <td>Up to USD \$800</td> </tr> <tr> <td>3</td> <td>More than 60 days</td> <td>Up to USD \$1,200</td> </tr> </tbody> </table> <p><u>B. Purchases from a duty-free shop.</u> Duty free allowance of the aggregate value up to \$1000/- in case the goods are purchased from duty free shops in Pakistan within sixty (60) days of the arrival and provided that the stay abroad of the passenger is more than sixty (60) days.</p>	S. No.	Stay Abroad	Value of Duty-Free allowance	1	Up to 30 days	Up to USD \$400	2	Between 30 to 60 days	Up to USD \$800	3	More than 60 days	Up to USD \$1,200
S. No.	Stay Abroad	Value of Duty-Free allowance												
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3	More than 60 days	Up to USD \$1,200												
Rule 4	Allowance for Pakistani Nationals availing transfer of residence.	<p><u>A. Duty Free Allowances</u></p> <ul style="list-style-type: none"> i. Personal household goods generally used by a family. ii. Second hand or used professional equipment in use of a registered Pakistani practitioner during stay abroad, having proof of registration in the country abroad and duly recognized by the concerned regulatory authority or association. Provided that an inspection certificate from an internationally recognized inspection agency in the exporting countries to the effect that such equipment is free 												

A MANUAL OF TAXPAYERS' RIGHTS

		<p>from bacteria and other materials injurious to human health, is furnished at the time of import of equipment.</p> <p>iii. Any other item (excluding mobile phones) of the value not exceeding fifteen hundred USD (\$1500).</p> <p>iv. Weapons of non-prohibited bore for personnel of armed forces, Customs, Police, or any other law enforcement agency.</p> <p>B. Purchase from Duty Free Shop Duty free allowance of the aggregate value up to US \$1500 in case goods are purchased from one of the duty free shops in Pakistan within 60 days of the arrival.</p>																		
Rule 5	Special Allowances for foreign exchange remittance card holders	<table border="1"> <thead> <tr> <th>Type of FERC</th> <th>Amount remitted through Banking Channel in \$ or equivalent in any other Foreign Currency)</th> <th>Duty Credit Allowed in PKR</th> </tr> </thead> <tbody> <tr> <td>Silver</td> <td>2500 or more</td> <td>20,000</td> </tr> <tr> <td>Silver Plus</td> <td>5000 or more</td> <td>40,000</td> </tr> <tr> <td>Golden</td> <td>10,000 or more</td> <td>60,000</td> </tr> <tr> <td>Golden Plus</td> <td>25,000 or more</td> <td>100,000</td> </tr> <tr> <td>Platinum</td> <td>50,000 or more</td> <td>200,000</td> </tr> </tbody> </table>	Type of FERC	Amount remitted through Banking Channel in \$ or equivalent in any other Foreign Currency)	Duty Credit Allowed in PKR	Silver	2500 or more	20,000	Silver Plus	5000 or more	40,000	Golden	10,000 or more	60,000	Golden Plus	25,000 or more	100,000	Platinum	50,000 or more	200,000
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Golden Plus	25,000 or more	100,000																		
Platinum	50,000 or more	200,000																		
Rule 6	Allowances for foreign nationals & tourists.	<p>i. Personal wearing apparel and clothing accessories; and</p> <p>ii. Any other item (excluding mobile phones) of the value not exceeding eight hundred USD (\$800).</p>																		
Rule 7A	Customs Declaration for Passengers	<p>i. In case of accompanied baggage, the passengers at the time of arrival or departure, shall file a customs declaration form as set out in Appendix-C.</p> <p>ii. Any person travelling abroad (except to Afghanistan) is allowed to take out of Pakistan US \$ or equivalent thereof in other foreign currencies as per limit given in the table A below;</p> <p style="text-align: center;">Table A</p>																		

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		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 30%;">Age Group of Persons</th> <th style="width: 30%;">Maximum limit per Person Per Visit in US\$ (or equivalent in other foreign currencies)</th> <th style="width: 40%;">Annual Limit per person in US\$ (or equivalent in other foreign currencies)</th> </tr> <tr> <td>18 Year and above (Adults)</td> <td style="text-align: center;">5,000</td> <td style="text-align: center;">30,000</td> </tr> <tr> <td>Below 18 Years (Minors)</td> <td style="text-align: center;">2,500</td> <td style="text-align: center;">1,500</td> </tr> </table>	Age Group of Persons	Maximum limit per Person Per Visit in US\$ (or equivalent in other foreign currencies)	Annual Limit per person in US\$ (or equivalent in other foreign currencies)	18 Year and above (Adults)	5,000	30,000	Below 18 Years (Minors)	2,500	1,500
Age Group of Persons	Maximum limit per Person Per Visit in US\$ (or equivalent in other foreign currencies)	Annual Limit per person in US\$ (or equivalent in other foreign currencies)									
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		<p>Table B</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">Maximum limit per Person Per Visit in US\$ (or equivalent in other foreign currencies)</th> <th style="width: 50%;">Annual Limit per person in US\$ (or equivalent in other foreign currencies)</th> </tr> <tr> <td style="text-align: center;">1,000</td> <td style="text-align: center;">6,000</td> </tr> </table>	Maximum limit per Person Per Visit in US\$ (or equivalent in other foreign currencies)	Annual Limit per person in US\$ (or equivalent in other foreign currencies)	1,000	6,000					
Maximum limit per Person Per Visit in US\$ (or equivalent in other foreign currencies)	Annual Limit per person in US\$ (or equivalent in other foreign currencies)										
1,000	6,000										
		<p>iii. The annual limit for outbound passengers for the respective countries will be as per tables A and B for a calendar year starting from the year 2023.</p> <p>iv. Any person taking foreign currency or any other prohibited or restricted item out of Pakistan shall file a declaration in the Form as set out in Annex C, before or at the time of departure, electronically in the WeBOC or pass track or manually at the airport.</p> <p>v. The incoming passenger when in possession of foreign currency exceeding US\$ 10,000 or equivalent, or any other prohibited or restricted item shall also file a declaration in the form as set out in Appendix-C</p>									
Rule 8	Admissibility of Allowances in cases of Husband & Wife.	In case the husband and wife are travelling together, the admissibility of allowances under paragraph A of rule 4 may be clubbed together or considered separately, as is convenient to them.									

A MANUAL OF TAXPAYERS' RIGHTS

Rule 9	Exemption to the baggage of Pakistani Nationals who die abroad.	Personal and house-hold goods imported by the next-of-the-kin of the deceased shall be exempt from whole of customs-duty and taxes.
Rule 11	Baggage of the outgoing passengers	All outgoing passengers shall be allowed to export their personal baggage and household goods, and any other goods provided their export is not prohibited or restricted under the Customs Act, 1969 (IV of 1969) and Imports and Exports (Control) Act, 1950 (XXXIX of 1950) or any other law for the time being in force
Rule 12	Re-Import of Baggage	Goods otherwise liable to customs-duty and taxes shall, upon return of the passenger, be importable free of customs-duty and taxes, if the same are taken out of Pakistan against export certificate or endorsement on passport specifying exact description and distinguishable marks thereof certified by the Assistant Collector of Customs at the time of passenger's departure from Pakistan
Rule 13	Condonations	<p>i. If a family has not availed concessions under transfer of residence during the last two years, the short visits to Pakistan up to a period of two months may be condoned by the Assistant Collector of Customs. If the total period of short visits exceeds two months, the Additional Collector of Customs may condone the same on sufficient justification given by the family up to a total period of four months.</p> <p>ii. If a family returns to Pakistan for acquiring permanent residence after a stay abroad of less than two years, due to privilege leave or the reasons beyond control, such as exigencies of service, earlier recall by employee, ill, health or bereavement and that he or she has not earlier availed any concession under these rules during the last two years, a period of two months short stay may be condoned by an officer of Customs not below the rank of an Assistant Collector. If the total period of short stay exceeds two months, the Additional Collector of Customs may condone the same on sufficient justification</p>

		<p>given by the Pakistani National up to a total period of four months.</p> <p>iii. Late arrival of unaccompanied baggage for a maximum period of sixty days may be condoned by an officer no below the rank of an Assistant Collector of Customs, provided the goods are booked abroad within fifteen days of the arrival of the Passenger in Pakistan.</p>			
Rule 17	Goods Brought in Commercial Quantity	The goods brought in commercial quantity shall be allowed release only on account of duty and taxes at the statutory rates and the redemption fine equal to thirty percent of the value of goods in terms of Notification SRO 574(I)/2005 dated 6 th June 2005.			
Rule 787	De Minimus Value of Imported Goods	<p>The Postal or Courier authorities shall not demand payment of duty/taxes for goods with value upto Rs. 5000/-.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">PCT Heading 9809</td> <td style="width: 33%;">Unsolicited Gift/Parcel</td> <td style="width: 33%;">If value of the parcel is upto Rs. 30,000/- then it is exempt from customs duty and only sales tax will be charged.</td> </tr> </table>	PCT Heading 9809	Unsolicited Gift/Parcel	If value of the parcel is upto Rs. 30,000/- then it is exempt from customs duty and only sales tax will be charged.
PCT Heading 9809	Unsolicited Gift/Parcel	If value of the parcel is upto Rs. 30,000/- then it is exempt from customs duty and only sales tax will be charged.			
Section 2(KK) of the Customs Act, 1969	Detain	Any non-duty paid goods can be detained under the Customs Act, 1969, which means to prohibit the disposal or use of the goods, pending the finalization of any proceedings under this Act in relation to the goods or the owner thereof			
Section 2(S) of the Customs Act, 1969	Smuggle	<p>Smuggling means goods taken in or outside Pakistan without any lawful authority in violation of any prohibition or restriction or taking into Pakistan without payment of duties and taxes. This includes in any way being concerned in carrying, transporting, removing, depositing, harbouring, keeping, concealing, retailing or <i>enroute</i> pilferage of transit goods or evading payment of customs duties or taxes leviable thereon,-</p> <p>(i) gold bullion, silver bullion, platinum, palladium, radium, precious stones, antiques, currency, narcotics, and narcotic and psychotropic substances; or</p> <p>(ii) manufactures of gold or silver or platinum or palladium or radium or precious stones, and any other goods notified</p>			

		<p>by the Federal Government in the official Gazette, which, in each case, exceed five hundred thousand rupees in value.</p> <p>(iii) Any goods by any route other than a route declared under section 9 or 10 or from any place other than a customs station and includes an attempt, abetment, or connivance of so bringing in or taking out of such goods; and all cognate words and expressions shall be construed, accordingly.</p> <p>(iv) essential commodities, as notified by the Board</p>
Section 15	Prohibitions	<p>For hassle free travel/trade, passengers/importers/exporters must know the goods which are prohibited under the Customs Act, 1969. These goods are as follows:</p> <ol style="list-style-type: none"> a. Counterfeit coins, forged or counterfeit currency notes, and any other counterfeit product. b. Any obscene book, pamphlet, paper, drawing, painting, representation, figure, photograph, film, or, article, video or audio recording, CDs or recording on any other media. c. Goods having applied thereto a counterfeit trademark within the meaning of the Pakistan Penal Code, 1860, or a false trade description within the meaning of the Copyright Ordinance, 1962 the Registered Layout-Designs of Integrated Circuits Ordinance, 2000 the Registered Designs Ordinance, 2000; the Patents Ordinance, 2000 and the Trademarks Ordinance, 2001. d. Goods made or produced outside Pakistan and having applied thereto any name or trademark, being or purporting to be the name or trademark of any manufacturer, dealer, or trader in Pakistan, unless- The name or trademark is, as to every application thereof, accompanied by a definite indication of the goods having been made or produced in a place outside Pakistan; and the country in which that place is situated is in that indication shown in letters as large and conspicuous as any letter in the name or trademark, and in the same language and character as the name or trademark.

		<p>e. Goods involving infringement of copyright, layout-design of integrated circuits, industrial designs, patents within the meaning of the Copyright Ordinance, 1962 the Registered Designs Ordinance, 2000 and the Patents Ordinance, 2000 respectively.</p> <p>f. Goods made or produced outside Pakistan and intended for sale, and having applied thereto, a design in which copyright exists under the Copyright Ordinance, 1962; the Registered Layout- Designs of Integrated Circuits Ordinance, 2000 the Patents Ordinance, 2000; and the Trade Marks Ordinance, 2001 in respect of the class to which the goods belong or any fraudulent or obvious imitation of such design, patent, copyright except when the application of such design has been made with the license or written consent of the registered proprietor, right holder of the design, patent or copyright, as the case may be.</p>
Section 17 of the Customs Act, 1969	Detention, seizure, and confiscation of goods imported in violation of section 15 or 16	<p>Any goods (prohibited under section 15) which are imported into or exported out of Pakistan shall without prejudice to any other penalty to which the offender may be liable under the Customs Act, 1969 or the rules made there under or any other law, be liable to detention, for seizure or confiscation subject to approval of an officer not below the rank of an Assistant Collector of Customs, and seizure for confiscation through adjudication, if required :</p> <p>Provided that the period of detention shall not exceed fifteen days which may be extended by the Chief Collector or Director General for a period not exceeding fifteen days.</p>
Section 32 of the Customs Act, 1969	False statement, error	<p>This section warns every person against submitting any false statement, document manually or electronically.</p> <p>If any non-payment of duty is made or erroneous refund payment is received as a result of false statement, false documents such duty or refund may be recovered after issuing a show cause notice to the person involved. The maximum period to which a Show cause notice can be issued is within five (05) years of the relevant date.</p>

<p>Section 32A of the Customs Act, 1969</p>	<p>Fiscal Fraud</p>	<p>This section relates to fiscal fraud which empowers the Customs authorities to recover any non-paid or short paid or erroneously refunded duty and taxes or fines or penalties after issuing a show cause notice to the person concerned within a period of 180 days of detection of fraud after giving sufficient opportunity of hearing to the person involved. This means that even in the cases of fraud, the person (s) involved cannot be left unheard before determination of any - non paid/short paid or refunded duty/taxes/fine/penalty.</p>
<p>Section 168 of the Customs Act, 1969</p>	<p>Seizure of things liable to confiscation</p>	<p>Every concerned person has a right to take seized goods back if show cause notice is not given within two months (60 days) of the date of confiscation. However, Collector may extend period to a maximum of further two months after recording reasons in writings for extension. This time limitation is not applicable where goods are so notified by the Board. The person from whom documents have been seized has the right to get the copies of the documents. All things which are seized are to be taken proper care so that they should not be damaged and for that purpose they must be placed/deposited in appropriate place under the law.</p>
<p>Section 179 of the Customs Act, 1969</p>	<p>Power of Adjudication</p>	<p>It is mandatory for the assessing officer to decide the cases within 90 days of the issuance of show Cause notice or within extended time (by the Collector) for which reasons shall be recorded in writing. The extended period should in no case be greater than 60 days. The adjournment request (maximum of 30 days) be excluded from the limitation period. The limitation for adjudication of allegedly “smuggled goods” is thirty days.</p>
<p>Section 180 of the Customs Act, 1969</p>	<p>Issue of show-cause notice before confiscation of goods or imposition of Penalty</p>	<p>Law mandates affording sufficient opportunity of hearing to the concerned person in person or through his counsel and has the right to know the facts on the basis of which his goods are liable to confiscation or imposition of penalty or recovery of duty.</p>

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<p>Section 193 of the Customs Act, 1969</p>	<p>Appeals to Collector (Appeals)</p>	<p>Every person including an officer of Customs has the right to appeal against the decision of the officer below the rank of Additional Collector within 30 days of the receipt of Order to Collector Customs (Appeals). Every person has the right to be given sufficient opportunity of hearing. The Collector (appeals) shall decide the case within 90 days of the filing of appeal or within extended period of 60 days (for which reasons shall be recorded in writing) or excluding the period stay/adjournment/ADRC for maximum of 30 days (requested by the appellant)</p>
<p>Section 194A of the Customs Act, 1969</p>	<p>Appeals to the Appellate Tribunal</p>	<p>Any person (including an officer of Customs) aggrieved by the Decision of Collector (Appeals), or Additional Collector (Customs) has the right to file appeal within 30 days of the receipt of order. The appellant has the right to be given reasonable opportunity of hearing and for decision of the case within 60 days of the filing of appeal or within such extended period by the Appellate Tribunal (reasons to be recorded in writing) or where any stay is granted in the case, but no stay shall exceed 180 days.</p>
<p>Section 215 of the Customs Act, 1969</p>	<p>Service of order, decision, etc.</p>	<p>a. Any order, decision, notice or summons etc. shall be tendered upon the taxpayer, sending it via registered post or courier service or by any other mode of transmission subject to acknowledgement receipt to the person for whom it is intended or to his agent. b. if the order, decision, summons or notice cannot be served in any manner provided in clause (a), it shall be construed to have been tendered by affixing it on the notice board of the Custom House, or c. in case of electronic order, decision, notice, or summons, it shall be construed to have been tendered when it has been sent to the recipient from the Customs Computerized System.</p>

Rights of Overseas Pakistanis in terms of carrying currency abroad under State Bank of Pakistan's Regulations

SBP's Notification No. F.E.2/2022-sb dated 08 th November 2022	Currency Limits for passengers travelling abroad	Persons travelling aboard except to Afghanistan have the right to take out of Pakistan US Dollars or equivalent amount of currency with them under SBP's notification No. F.R/2022-sb dated 08 th Nov 2022 as per following details:		
		Age Group of Person	Maximum Limit Per Person Per Visit in US\$ (or equivalent in other foreign currencies)	Annual Limit per person in US\$ (or equivalent in other foreign currencies)
		18 years & above (Adults)	5,000	30,000
		Below 18 years (minors)	2,500	15,000

Rights of Overseas Pakistanis sending remittance to Pakistan Under Sohni Dharti Remittance Scheme of State Bank of Pakistan

Sohni Dharti remittance program launched on 25th Nov 2021 is a reward-based loyalty program for overseas Pakistanis sending money to their loved ones in Pakistan through banking channel or exchange companies. The remitters are rewarded with loyalty points based on the quantum of remittances sent to Pakistan and comprise of three (03) rewarding tiers:

Category	Annual Remittance Amount in Fiscal Year (July to June)	Reward Point Earnings (amount)
Green	Up to USD 10,000	1.00%
Gold	From USD 10,001 to USD 30,000	1.25%
Platinum	More than USD 30,000	1.50%

The remitters have the rights to avail following benefits using their reward points:

- i. Air tickets and luggage charges of Pakistan International Airlines (PIA)
- ii. Duty payment of imported mobiles and vehicles to Federal Board of Revenue.
- iii. Renewal fee of CNIC & NICOP
- iv. Renewal Fee of Passport
- v. Life Insurance and Takaful premium payments in State Life Insurance of Pakistan
- vi. School fee of Overseas Pakistanis Foundation Schools
- vii. Purchases made in utility stores of Pakistan

Avoidance of exaggerated Value of Goods by Overseas Pakistanis and through ecommerce

Overseas Pakistanis while sending gifts or Parcels through Postal or Courier services are advised to ensure that the value of the goods sent as unsolicited gifts either be below Rs. 30,000/- ceiling which is duty free or if the value is higher, it should not be increased unnaturally for insurance purposes as that would attract increase in the payable amount of duties and taxes.

Federal Tax Ombudsman's Overseas Pakistanis Grievances Redressal Cell established at FTO Secretariat, Islamabad

Vision	To ensure redressal of grievances / complaints of Overseas Pakistanis regarding maladministration of Federal Revenue Division or any Federal Tax Employee in matters pertaining to taxation so that the overseas Pakistanis build a trust in local Tax Authorities ultimately contributing willingly to the economic growth and strengthening Pakistan by sending their valuable revenue back together with paying taxes in Pakistan.
Maladministration	Overseas Pakistanis have the right to file complaint against the maladministration of Federal Board of Revenue or Federal Tax Employees. Maladministration includes the following but is not limited to: <ol style="list-style-type: none"> i. Illegal Actions ii. Negligence iii. Unnecessary communication iv. Error in Refund v. Non-Payment of Refund

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	vi. Unlawful coercive recovery of tax vii. Federal Tax Employees avoiding legal proceedings
Timeliness	The maximum number of days for redressal of grievances is sixty days under the FTO Ordinance, 2000. However, the FTO office makes full effort to resolve the issue within best possible minimum time
Contact Number of Redressal Cell	+92 51 9212316

For any other details, Pakistani Nationals living abroad may visit FBR's website at www.fbr.gov.pk

CHAPTER-6

International Best Practices

Part-1. Taxpayers Rights and Obligations

In 1990 the OECD's Committee of Fiscal Affairs Working Party Number 8 published a document entitled "Taxpayers' rights and obligations – A survey of the legal situation in OECD countries" (Since Pakistan is member of OECD forum, the Taxpayers Rights shrine in this document enable the non-Pakistan origin nationals who become resident or non resident Pakistani nationals, are entitled for those rights. However, these rights will be subject to bilateral tax treaty between Pakistan and the concerned OECD member country.)

Part 1: The Basic Rights

- a) **The right to be informed, assisted and heard** (Paragraph 2.162)
- Taxpayers are entitled to have up to-date information on the operation of the tax system and the way in which their tax is assessed. They are also entitled to be informed of their rights, including their rights of appeal. All taxpayers can expect that the information provided to them should reflect the complexity of the tax situation, thereby enabling them to understand better their tax affairs. The authorities may use a variety of means to fulfil this obligation: information pamphlets, taxpayers' charters, the telephone oral statements, video guides, etc. Tax department is bound to;
- help the taxpayer in understanding and meeting his tax obligations.
 - explain the reasons for decisions made by the department concerning taxpayers Taxpayer's affairs.
 - finalize refund requests within statutory timelines and, where the law allows, pays compensation for delays
 - reply to written enquiries as quickly as possible
 - deal with urgent requests as quickly as possible
 - answer taxpayer's telephone call promptly and without unnecessary transfer.
 - return his telephone call as quickly as possible.
 - keep taxpayers' costs in complying with the law to a minimum;
 - give the taxpayer opportunity to have his certified legal or taxation adviser present during any investigation.

- Send him, where an assessment has been issued, details of assessment.

b) **The right of appeal** (Paragraph 2.17).

The right of appeal against any decision of the tax authorities applies to all taxpayers, and to almost all decisions made by the tax authorities, whether as regards the application of the law or of administrative rulings, provided the taxpayer is directly concerned. This right entails departmental obligation to;

- fully explain taxpayers' rights of review, objection and appeal if the taxpayer is unsure of them or need clarification.
- review his case if he believes the department has misinterpreted the facts, applied the law incorrectly or not handled his affairs properly.
- ensure that the review is completed in a comprehensive, professional and impartial manner by a representative who has not been involved in the original decision; as quickly as possible]
- give him the reasons if his objection has been completely or partially disallowed;
- request further information from the taxpayers only where it is necessary to resolve the issues in dispute.

c) **The right to pay no more than the correct amount of tax** (Paragraph

2.20) Taxpayers should pay no more tax than is required by the tax legislation, taking into account their personal circumstances and income. Thus, whilst it is acceptable to reduce tax liability by legitimate tax planning, governments make a distinction between this form of tax planning and forms of tax minimization which clearly go against the intent of the legislator. Taxpayers are also entitled to a reasonable measure of assistance from the tax authorities so that they receive all the reliefs and deductions to which they are entitled.

d) **The right to certainty** (Paragraph 2.21).

Taxpayers also have a right to a high degree of certainty as to the tax consequences of their actions. Of course, certainty is not always possible. For example, taxpayers may not always know in advance the effect of rules that are dependent on the facts and circumstances in a particular case. Also, tax authorities may not be obligated to provide the taxpayer with certainty in relation to the application of anti-abuse provisions aimed at taxpayers seeking to circumvent the intent of the legislation. However, it is clearly a goal that taxpayers should be able to anticipate the consequences of their ordinary personal and business affairs. Achieving this goal is often difficult because modern tax systems are complex and evolving. Tax department must.

- provide the taxpayer advice about the tax implications of his actions.
- let him know before the conduct of a hearing or a request for the production of documents.
- advise him of the scope of hearing or other documentary requirements.
- arrange a suitable time and place for hearing and allow proper time to prepare the case

e) **The right to privacy** (Paragraph 2.25).

All taxpayers have the right to expect that the tax authorities will not intrude unnecessarily upon their privacy. In practice, this is interpreted as avoiding unreasonable searches of their homes and requests for information which is not relevant for determining the correct amount of tax due. In all countries very strict rules apply to the entry into a person's dwelling or business premises by a tax official in the course of a tax investigation and on obtaining information from third parties. In some countries visits to a taxpayer require the consent of the taxpayer; in the majority of countries a signed warrant is generally required to enter the home of a taxpayer who objects to a visit by the tax authority. Similarly, strict rules apply to obtaining

information from third parties on the affairs of a taxpayer. Tax department has to ensure that department;

- only makes enquiries about the taxpayer when required to check whether he has complied with his tax obligations.
- only seeks access to information relevant to said enquiries.
- treats any information obtained, received or held as private.

f) **The right to confidentiality and secrecy (Paragraph 2.26).**

Another basic taxpayers' right is that the information available to the tax authorities on the affairs of a taxpayer is confidential and will only be used for the purposes specified in tax legislation. Tax legislation usually imposes very heavy penalties on tax officials who misuse confidential information and the confidentiality rules that apply to tax authorities are far stricter than those applying to other government departments.

Department must not;

- use or divulge any personal or financial information about the taxpayers unless he gives his consent in writing to do so or in situations where it is permitted by law; and
- department to only permit those employees within the administration who are authorized by law and require taxpayer's personal or financial information to administer.

Part- 2

Rights of the taxpayer: Rights conferred by the Republic of Lithuania Law on Tax Administration

The tax administrator (or an official thereof) must not infringe the rights of the taxpayer in the exercise of its functions. Taxpayers have the right to:

1. receive from the tax administrator free of charge information on taxes, tax reliefs, information on the tax legislation in force, and other information necessary to meet tax obligations.
2. receive advice on tax matters;
3. demand a timely refund (crediting) of tax overpayments;
4. be represented in person or by a legal representative or an authorized representative (if such representation is not expressly prohibited by law) in dealings with the tax administrator, as well as before authorities dealing with tax disputes;
5. participate in the tax inspection process;
6. provide explanations and rebuttals concerning the inspection report;
7. receive the decision on the approval of the inspection report, as well as any other decision taken by the tax administrator concerning the inspection report and the amount of the tax obligation determined;
8. not to comply with unlawful instructions from the tax administrator, including the right to refuse to provide information if the instruction is given in respect of data which the taxpayer does not possess and is not required to keep under the applicable legislation;
9. require the tax administrator to comply strictly with the procedures established by the tax legislation and not exceed the authority conferred by it when carrying out administrative actions in relation to the taxpayer;
10. require that the confidentiality of information concerning the taxpayer be guaranteed;
11. claim compensation for pecuniary and non pecuniary damage caused by unlawful conduct of the tax administrator;
12. in accordance with the law, appeal against any action or failure to act by the tax administrator (or an official thereof);
13. Process personal data necessary to substantiate the accuracy of tax calculation;

14. Express own views concerning decisions taken by the tax administrator, which are based on automated data processing, including profiling, and to have such decisions reviewed, and reasoned explanations given or modified by authorized officials of the tax administrator;
15. Exercise other rights conferred by the Republic of Lithuania Law on Tax Administration, other laws and accompanying legal acts, e.g.:
 - to apply to the tax administrator for a decision to postpone the payment of tax arrears;
 - to apply to the tax administrator for a decision to spread the payment of tax arrears;
 - to apply for relief from fines and default interest;
 - to revise tax returns;
 - to apply for an extension of the due date for filing tax returns;
 - to apply for a temporary exemption from filing tax returns and/or other documents;
 - to apply for a refund (crediting) of tax overpayments (difference);
 - to request approval of taxpayer proposed application of tax legislation provisions to a future



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