

*Citizen Report Card Study
On
Federal Tax Ombudsman
Pakistan*

MAY 2011

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Contents

Foreword	7
Executive Summary	11
1. Introduction	13
1.1 Federal Tax Ombudsman (FTO)	15
1.2 Federal Board of Revenue (FBR)	17
2. Objectives and Scope of the Report	19
2.1 Main Aim of the Study	20
3. Project Methodology:	21
(Citizen Report Card Methodology)	
3.1 Designing of Questionnaires	22
3.2 Data Collection using Survey Sampling Technique	22
3.3 Sample Selection Procedure	23
3.4 Project Execution and Implementation	24
Methodology	
4. General Taxpayers Information	25
4.1 Introduction	26
4.2 Taxpayers Complaints by Provinces and FTO	28
Offices	
4.3 Taxpayers Matrix	30
4.4 Sample Taxpayers' Profile	30
4.5 Sample Taxpayers Complaints by Province/FTO	33
Stations	
5. Citizen Report Card Analysis	35
5.1 Taxpayers Business Categories	36
5.2 Taxpayers Type of Business	37
5.3 Taxpayers Form of Business	37
5.4 Taxpayers Business Age	38
5.5 Taxpayers Tax/Duty Types	39
5.6 Taxpayers Memberships/Associations	40
5.7 Taxpayers Perception on FTO Services	40
5.8 Taxpayers Redress Grievances	42
5.9 Last Filing before FTO	44
5.10 FTO Station Contacted by the Taxpayers	44
5.11 Person Contacted at FTO by the Taxpayers	45
5.12 Response Rating of the Person Contacted at FTO	45
Offices	
5.13 Response Time of the Concerned Authority	46

5.14	Lack of Interest by FTO Offices	46
5.15	Taxpayers Problems–FTO Stations	47
5.16	Reference used by the taxpayers within FTO	48
5.17	Taxpayers Complaint Forwarding Help – Trade Bodies	48
5.18	Agent or Broker used by the taxpayers at FTO	49
5.19	FTO asked favour from the Taxpayers	49
5.20	Taxpayers Complaint Results – Summary	50
5.21	FTO Solution Time	51
5.22	FTO Staff Behaviour	52
5.23	FTO Performance Rating	52
5.24	Time Taken by FTO to Give Findings	53
5.25	Hiring of Lawyer/Consultant for representation at FTO	55
5.26	FTO Findings about Taxpayers’ Complaints	55
5.27	Post Findings Scenario	56
6.	Citizen Report Card Analysis of FBR Offices	59
7.	Citizen Report Card Analysis of the Chambers, Trade Bodies and Tax Associations	71
8.	Survey Key Findings	75
9.	Appendices	79
	Appendix-A	80
	Appendix-B	88
	Appendix-C	110
	Appendix-D	111
	Appendix-E	112

Chairman's Note

While attending a seminar on "Measures to enhance transparency in tax collection and role of FTO" held on 5th August 2010 in Karachi, along with the Honourable Federal Tax Ombudsman, the matter of effectiveness of the FTO establishment came into discussion. During this discussion, the Honourable Federal Tax Ombudsman proposed that Transparency International-Pakistan (TI-P) being a reputable and an independent organization may get a study conducted to determine the performance effectiveness of the FTO Office. Accordingly, Transparency International-Pakistan accepted the proposal and decided to conduct the first of its kind "Citizen Report Card (CRC) Study" of a government organization in Pakistan.

An independent research firm, Islamic Countries Society of Statistical Sciences (ISOSS) was commissioned to carry out the study. It took a lot of effort as coordination with the FTO Office in Islamabad, FBR offices and trade bodies spread across the country, was by no means an easy task. The whole exercise was completed in a period of around two months and utmost care was taken during each and every step.

The Honourable Federal Tax Ombudsman deserves appreciation for taking a quantum leap in this regard for self accountability through an independent third party. The result of the study could have affected the reputation of the organization nevertheless; it is heartening to learn that over 90% of the respondents rate the FTO organization as most helpful. In the past, Motorway Police has been rated as the most helpful public-sector organization in Pakistan with 81.75% and 84.91% ratings in National Corruption Perception Survey 2009 and National Corruption Perception Survey 2010 respectively.

From the study, it can be seen how research can be helpful in understanding the shortfalls of an organization and bringing into light new avenues to improve its service quality. In Reality, "Citizen Report Card (CRC) Study" when done through an independent medium plays the role of a bridge between the service provider and the stakeholders.

The study also indicates that the Federal Tax Ombudsman is the most clean public-sector organization in Pakistan, better than Motorway Police, in spite of the fact that the respondents also included officers of FBR, against whom FTO has decided 89% of the complaints.

It's a big achievement for a public sector body to have such a positive response from its stakeholders. It is hoped that other findings will help the organization in further improving its services.

The study indicates that the FTO resolves most of the cases in about two months, though, a few cases remain pending. Being a quasi-judicial forum, time becomes an important factor in the functioning of Federal Tax Ombudsman. According to the respondents, the FTO resolved most taxpayers' complaints within 67 days in 2010, an improvement from 74 days in 2009; only 5.0% complaints are pending and proceedings in 11.3% complaints are underway and may lie with active consideration of the FTO officials. The time taken begins from the date of filing the complaint with FTO. It includes the time for communication of complaint by FTO Office to FBR, FBR's response to FTO Office, reply of FBR sent to the complainant by FTO Office for filing rejoinder, if any, sharing the rejoinder with the FBR, holding hearing(s) of the case, and issuing of decision by the FTO.

The office of Federal Tax Ombudsman's ranking as the most clean and efficient office, is exemplary, and may be declared as a role model, which should be followed by all public sector organizations.

At operational level, another vital segment is the performance of individual office in various provinces of Pakistan. As per collected figures and analysis, the FTO Lahore office takes minimum time in deciding taxpayers' cases while the FTO Karachi and Islamabad offices take longer in dealing with such cases. Similarly, the FTO Quetta office is having the fewest registered complaints- one reason for which perhaps being the late establishment of Quetta office. Secondly, public awareness about FTO functions in Balochistan needs to be enhanced. The time factor can be further improved by better utilizing information technology and providing web-based complaint monitoring system.

TI Pakistan would like to invite other public sector organizations to follow the example of the FTO to get such studies conducted. An assessment of their performance and take steps to bring improvements in their work ethics, and also to seek feedback for further organizational improvements, through independent third parties.

The support and sponsorship for this study by USAID and Swiss Agency for Development and Cooperation is highly appreciated by TI-P. TI-P is also thankful to M/s ISOSS for conducting the report card study, and the Chairman FBR, Mr Salman Siddique, who took personal interest in enabling TI-P to have the survey questionnaires completed by the FBR officials.

Syed Adil Gilani

Chairman
Transparency International Pakistan
May 2011

Transparency International Pakistan commissioned the Islamic Countries Society of Statistical Sciences (ISOSS), an independent research organization, to conduct the Report Card Study on the office of the Federal Tax Ombudsman Pakistan and provide data analysis for this report. The ISOSS team consisted of the following:

PROJECT MANAGERS:

Dr. Munir Ahmad

Dr. Faisal Qadeer

PROJECT COORDINATORS

1. Dr. M. Inayat Khan
2. Dr. Faisal Qadeer
3. Dr. S.M. Zia
4. Dr. Abdus Saboor
5. Dr. Abdul Majid Makki
6. Dr. Muhammad Aslam
7. Dr. Islam Khan
8. Ms. Hina Gul
9. Mr. Mumtaz M. Khan

Executive Summary

Transparency International Pakistan initiated the analytical exercise to evaluate the performance of Federal Tax Ombudsmen (FTO) in the light of opinions of individual taxpayers, Tax Bar Associations, Trade Bodies and Chambers of Commerce and Industries in Pakistan.

The Government of Pakistan established the Office of the Federal Tax Ombudsman (FTO) in 2000 as a quasi-judicial forum to address the issues between various tax departments and taxpayers. The core function of Federal Tax Ombudsman revolves around disposal of complaints of tax maladministration with transparent justice and visible independence through prompt investigations within minimum possible timeframe. The Federal Tax Ombudsman has its headquarters at Islamabad with four regional offices at Karachi, Lahore, Quetta and Peshawar.

The main objective of this study is to determine as to what extent FTO Office fulfills the obligations defined by the 2000 FTO Ordinance; what are weak points and gaps based on the perceptions, personal experience and knowledge of persons who lodge complaints with the FTO Office against tax officials. To achieve these objectives, Transparency International Pakistan prepared questionnaires which focus on structural and operational details related to stakeholders. For analytical purposes, Citizen Report Card (CRC) methodology was deployed, which itself is a proven technique for public opinion analysis in relation to public sector services and policies.

The CRC survey focuses on the FTO performance for the year 2009 and 2010. The total number of complaints lodged with FTO in 2009 was 810 and in 2010, the number of complaints was 1217. The proposed sample size was 300. A total number of 367 taxpayers were contacted. The project investigators made concentrated efforts by visiting each of the taxpayers several times; however, they were successful in getting responses from 248. The remaining taxpayers did not complete the questionnaire because they referred it to their lawyers /tax consultants, or they were busy or kept on delaying by giving various pretexts.

Result of this study provides headway towards the responses from taxpayers. FTO offices are dealing with a large number of complaints of the individual taxpayers.

Analysis related to the FTO operations shows that most taxpayers who lodge complaints against a specific tax department are significantly satisfied with the working and response of the FTO. In summary, 87% of respondents felt satisfied with FTO performance. The FTO decided 89% of the complaints in favour of the taxpayers. The FTO Office is successfully addressing taxpayers' grievances and is more effective in solving tax related problems of small taxpayers.

Being a judicial forum, time becomes an important factor in the functioning of Federal Tax Ombudsmen, as per respondents of the survey; the FTO give their findings in

75 days in 2009 and 67 days in 2010. At operational level, another vital segment is the performance of individual offices in various provinces of Pakistan. As per collected figures and analysis, the FTO Lahore office takes minimum time in deciding taxpayer's cases while the FTO Karachi and Islamabad offices take relatively longer time in dealing with such cases.

Analytically, data facilitates various dimensions highlighting different aspects of problems. Maladministration in FBR is defined as delay in tax refunds and response to their correspondents, inefficient, arbitrariness, harassment for corrupt motives. All these aspects of maladministration lead to corrupt practices. More precisely 56.7% complaints are related to the delay, 24.3% complaints are again related to inefficiency and the remaining 19 % complaints pertain to other types of maladministration.

It is important to note that highest ratio of complaints are generated by small sized businesses which play a vital role in the economy of the country. It is also confirmed that 48.3% of the complaints were lodged by taxpayers who were not members of any trade body or chamber of commerce and industries.

The Federal Tax Ombudsmen offices resolved 76% of cases submitted during years 2009 and 2010 in about two months time which showed that by infusing the required changes and improvements, the FTO may become ever more active leader of public sector organizations of Pakistan, which will not only further enhance the confidence of taxpayers but also reduces the widespread maladministration in various tax departments.

CRC study of the FBR Offices reveals that 71 % complaints pertain to similar acts of maladministration. According to FBR offices, the FTO decided 77% of the complaints of maladministration against the tax departments, where as this figure from the CRC study of individual taxpayers is 89%. There is rarely a case where serious action has been taken by FBR against the erring tax officials by awarding major penalties. All FBR officials believe that FTO is useful in rooting out the maladministration in the Government offices.

Due to extremely low response rate from the Trade Bodies and Tax Bar Associations, the results are not conclusive. However, the Chambers and Tax Bar Associations give top priority to FTO for handling complaints.

The study strengthens the relationship between FTO and the taxpayers who consider that FTO is a blessing for them.

1. Introduction

1. Introduction:

The main problem of the industry and business that concerns the taxation departments is the assumption of FBR that income tax is low, although revenue collection from income tax amounts to 38% of the total tax receipts. . Analysis shows that the common complaints of taxpayers are related to refunds. Once the Chief Justice of Pakistan, in a case on May 05, 2009 remarked that “The people of Pakistan have lost faith in the Income Tax Department.” The loss of faith pointed out by the Chief Justice is not limited to the Income Tax Department only. The Tax Department has to work for the people and not against the people of Pakistan. The tax officials are all paid by the revenue collected via the taxes.

1.1. Federal Tax Ombudsman (FTO)

It was on persistent demand of industrialists and business people that the government established the office of specialized Federal Tax Ombudsman in year 2000 and it is governed through two legislations ‘Establishment of the Office of Federal Tax Ombudsman Ordinance, 2000’ and Investigation and Disposal of Complaints Regulations, 2001’. FTO is a quasi-judicial forum meant for eliminating tax maladministration and providing inexpensive and expeditious redress to taxpayers against unfair and arbitrary treatment at the hands of revenue officials who collect federal taxes, including income tax, sales tax, customs duties and federal excise duty.

1.1.1. Organization

The FTO secretariat (headquarters) is at Islamabad with four Regional Offices at Karachi, Lahore, Quetta and Peshawar. The organogram of FTO is shown in the Fig. 1.1.

FTO ORGANOGRAM

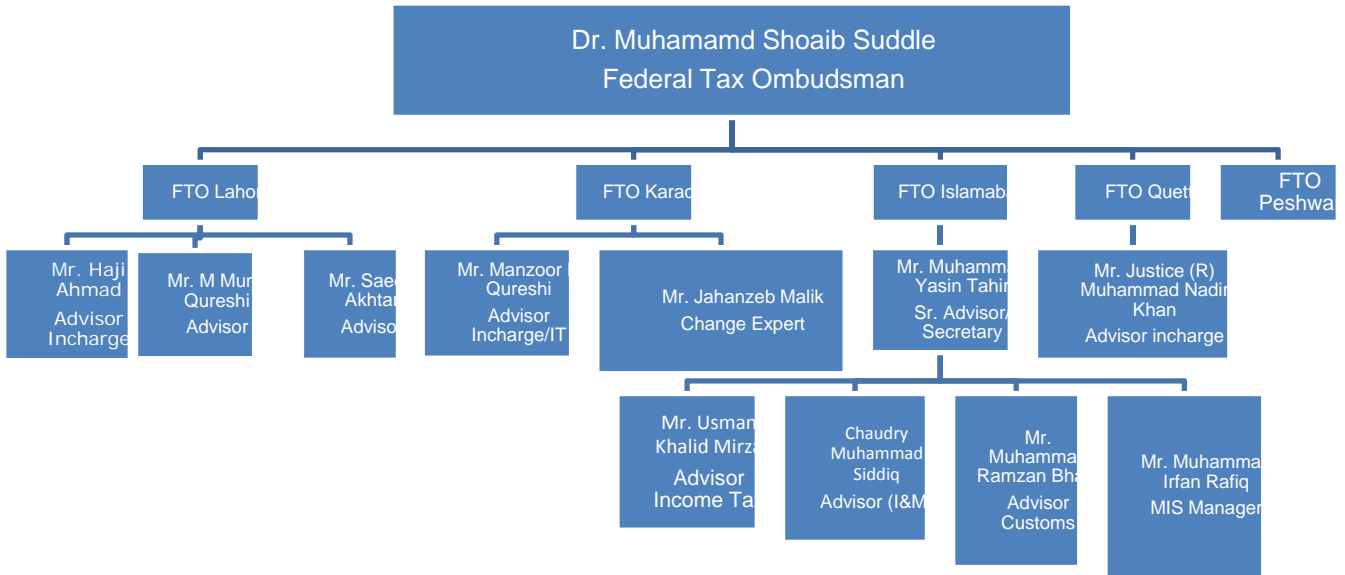


Figure 1.1

1.1.2. Functions of FTO:

The core function of Federal Tax Ombudsman revolves around disposal of complaints of tax maladministration promptly, justly, fairly, independently investigated, and to rectify any injustice done to taxpayers by the tax employees of Federal Board of Revenue, Revenue Division, Government of Pakistan.

1. FTO Vision is to eliminate Tax Maladministration.
2. FTO mission is to redress Taxpayers Grievances.
3. FTO values relate to Integrity, Efficiency, Objectivity, Accessibility and Transparency.

FTO resolves complaints and provides relief to the public by carrying out independent investigation about tax maladministration and conducts transparent independent complaints healing service.

FTO aims to redress taxpayer's grievances fairly and quickly after examining all facts. If Revenue Division has acted wrongly, FTO recommends the Revenue Division to put things right for the complainants.

FTO has direct link with the Civil Society through FTO Advisory Committee and Transparency International (TI) and holds frequent meetings with Tax Bar Associations, Chambers of Commerce and Industries and Trade Bodies. FTO is open to receipt of feedbacks from the stakeholders and Civil Society. Citizens can approach FTO by E-filings their complaints at no cost.

1.2. Federal Board of Revenue (FBR)

Federal Board or Revenue (FBR) is the new name of Central Board of Revenue (CBR) which was created on April 01, 1924 through enactment of Central Board of Revenue Act, 1924. In 1944, a full-fledged Revenue Division was created under the Ministry of Finance. After independence, this arrangement continued up to 31st August 1960 when on the recommendations of the Administrative Re-organizations Committee, FBR was made an attached department of the Ministry of Finance. In 1974, the post of Chairman FBR was created with status of ex-officio Additional Secretary. The status of FBR as a Revenue Division was again restored under the Ministry of Finance on October 22, 1991. However, the Revenue Division was abolished in January 1995 and FBR reverted to the pre-1991 position. The Revenue Division continues to exist since December 01, 1998.

1.2.1. Organization:

The Secretary, Revenue Division / Chairman, FBR is assisted by the three Operations Members (Member Operations (Customs), Member Operations (Domestic Operations North) and Member Operations (Domestic Operations South), three support Members (Members Strategic Planning & Statistics) Member (Administration and Human Resource) and Member (Legal), three functional Members: Members (facilitation & Taxpayers Education), Member (Enforcement & Accounting) and Member (Taxpayers Audit) and two policy Members (Member Policy (Indirect Taxes) and Member Policy (Direct Taxes)).

1.2.2. Functions of FBR:

The main functions of FBR are the following:

- Formulation and administration of fiscal policies,
- Levy and collection of federal taxes, and
- Quasi-judicial functions of adjudication and hearing of appeals.

2. Objectives and Scope of the Report

2. Objectives and Scope of the Report:

The overall objectives of this report are to undertake overview and analyze complaint information relevant to FTO, in order to contribute to the orderly management of tax related issues in Pakistan. The specific objectives of this project are to assess the accessibility, transparency, response time and appropriateness of the current information in respect of FTO so as to identify gaps, determine information requirements and future research needs as well as related problem identification.

2.1 Main Aim of the Study

The main aim of this study is to determine whether FTO fulfills the extent of obligations defined by the 2000 FTO Ordinance; what are FTO's weak areas and gaps based on the perception, experiences and knowledge of persons who lodge complaints with FTO against taxation officials? This study therefore seeks to collect, review and, where possible, analyze existing data relevant to the various taxpayers in the four provinces of the country, in order to assess FTO's values and what are implications of this research for management. Data gaps will be identified and issues requiring research attention will be recommended. Improvement needs relevant to accessibility, processing and analyzing of information required for resolution of taxpayer's complaints will also be analyzed.

3. Project Methodology (Citizen Report Card Methodology)

3. Project Methodology:(Citizen Report Card Methodology)

Citizen Report Card (CRC) technique is a proven survey technique. A survey solicits and aggregates user perception on quality of public services. Exact public accountability provides indicators to agencies and pressure for change. CRC targets feedback from the actual users of services regarding availability of service, access to the service, reliability of the service, quality of the service, satisfaction with service, responsiveness of service provider, hidden costs – corruption and support system and quality of system. CRC initiative involves following steps:

- Identifying Scope and Purpose
- Designing Questionnaires
- Survey Sampling Technique
- Project Execution and Implementation Methodology.
- Data Analysis
- Dissemination of Findings

CRC methodology is both quantitative and qualitative based on public opinion. Its general parameters related to sampling units, sample size and the method of survey design where frame, sampling unit, sample size and method of interviews are defined. Proper interviewing process reduces bias, reveals errors in measurement and verifies existing hypotheses. In current study, the suitable sampling technique is stratified random sampling.

3.1 Designing of Questionnaires

The questionnaire is prepared by TIP keeping in view the mandated functions of the FTO.

3.2 Data Collection using Survey Sampling Technique

The survey of specific taxpayers has been defined as the

- Individual taxpayers,
- Associations and Trade Bodies in each of the four provinces of Pakistan.

Survey Design

The essential components of the survey design are:

1. The target population is the number of
 1. Taxpayers
 2. Tax Bar Associations
 3. Tax Commissioners/Collectors
 4. Chambers of Commerce and Industry

2. Frame is defined as the list of
 1. Taxpayers,
 2. Tax Bar Associations
 3. Tax Commissioners
 4. Chambers of Commerce and Industry
3. Frame(s) of the taxpayers.
4. Sample Design: the design used is “Stratified Sample Design using multi frame”
5. The pilot survey is conducted for the:
 - validation of questionnaires
 - determination of applicable statistical techniques
 - pre-determined accuracy of the estimation of taxpayers characteristics.
6. Sample Size: The sample size as proposed is 300. The random selection is done for taxpayers who lodge complaints with FTO against Income Tax/Sale Tax/Customs Duty/Federal Tax from taxpayer’s cities. All Chambers of Commerce and Industry, Tax Bar Associations and Tax Commissioners are included in the survey.

3.3 Sample Selection Procedure

A sample of 300 taxpayers was selected from the frame with probability proportional to the size of complaints from cities within each Province. Strata are the Provinces. The cumulative frequency of taxpayers is computed within each Province and a taxpayer is selected from a city according to the computer generated random number.

Information from all Tax Bar Associations, Chamber of Commerce and Industry is collected by e-mail only. Information from Tax Commissioners is collected by TIP.

Quality Control Features

- a. A pilot sample is conducted to
 - i) determine the size of sample at a pre-assigned probability level
 - ii) validate the questionnaire
 - iii) predict type of problems to be faced by interviewers.
- b. All interviewers are with training regarding maintaining the accuracy and secrecy of the responses.

3.4 Project Execution and Implementation Methodology

The questionnaire is completed by using interview technique from taxpayers at their respective locations through official investigators nominated by Social Research Centre (SRC). For statistical accuracy and implementation efficiency, SRC incorporates modern technological support in data analysis; the collected data is analysed by using SPSS (PASW Statistics 18, the latest version) software and after data refinement, basic statistical techniques were employed including gap analysis.

Basic Statistics: Average, Variations,
Gap Analysis,
Cross Tabulation, Graphs, and
Reliability of Data

The basic statistics used are all well-known whereas specific aspect of gap analysis is employed in eliciting important underlying and hidden information.

3.4.1 GAP Analysis between 2009 and 2010

Gap analysis helps in difference reduction as well as in reaching the close proximity of accuracy. In this study, the gap analysis is used to determine the difference between various phenomena and to find the gap in time in for the years regarding time to respond the taxpayers', time to give findings and time to solve the problem. In general the formulation is as follows:

Gap = Performance (2009) – Performance (2010).

4. General Taxpayers Information

4. General Taxpayers Information

4.1 Introduction

The city-wise number of complaints registered with FTO regional offices during 2009 and 2010 is given in Table B-1 (Appendix-B).

In Baluchistan, complaints are from two cities only viz. Chaman and Quetta. In Khyber Pakhtunkhwa, complaints were received from 13 cities. There were 52 complaints from the KP Province: Abbottabad and Peshawar cities had 22 complaints while the remaining 30 complaints came from 11 other cities (see Table B-1, Appendix-B).

In Punjab, 1398 complaints came from 58 cities. The majority of complaints were from Lahore, which came to 530 complaints in two years. The second largest city is Faisalabad from where 182 complaints were lodged. The third city is Islamabad and fourth city is Jhang. The rank of the cities is presented in Table 4.1.

Table 4.1: Selected Cities with Large No. of Complaints

Rank	City	No. of Complaints
1.	Lahore	530
2.	Faisalabad	182
3.	Islamabad	123
4.	Jhang	101
5.	Hafizabad	67
6.	Gojra	44
7.	Rawalpindi	39
8.	Toba Tek Singh	27
9.	Sheikhupura	24
	Total	1137

Nine cities accounted for 81% of the complaints and other cities accounted for 19% of the complaints.

In Sindh, 562 complaints were lodged. Of 562 complaints, 522 were from Karachi and 25 from Hyderabad. The two cities accounted for 94% of the complaints.

Of total 2027 complaints, four cities of Punjab and two cities of Sindh accounted for 73% of the total complaints in the country. Most complaints come from Lahore, Karachi, Faisalabad, Islamabad, Jhang and Hyderabad. Study of these six cities could provide relevant information about FTO or the FBR and its Tax departments.

The relative size of the complaints originated from the eight cities is shown in the following diagram (Fig. 4.1).

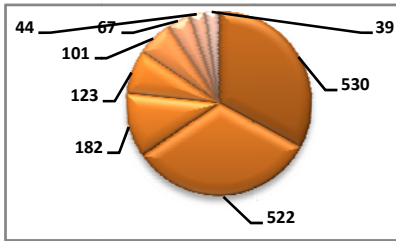


Fig. 4.1: Selected Cities with Large No. of Complaints

The map of cities of Pakistan along with a list of cities initiating more than 10 complaints in FTO in the two years is presented in Fig. 4.2.

1. Abbottabad	11
2. Faisalabad	182
3. Gojra	44
4. Gujranawala	18
5. Gujrat	16
6. Hafizabad	67
7. Islamabad	123
8. Jhang	101
9. Kamalia	13
10. Karachi	522
11. Kasur	19
12. Lahore	530
13. Mailsi	11
14. Multan	16
15. Narowal	12
16. Peshawar	11
17. Quetta	13
18. Rawalpindi	39
19. Sahiwal	11
20. Sialkot	16
21. Sargodha	15
22. Sheikhpura	24
23. Toba Tek Singh	27
24. Other Cities	186
Total	2027

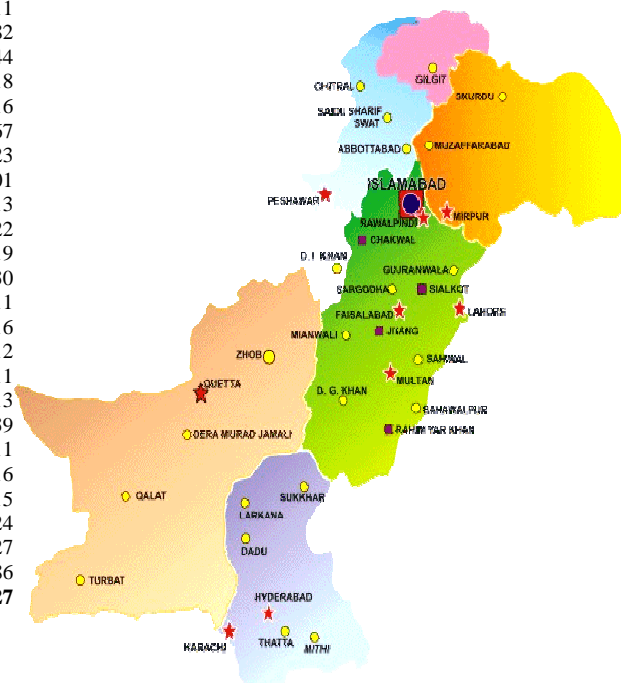


Fig. 4.2: Location of cities of taxpayers who lodged complaints with FTO Regional Offices

4.2 Taxpayers Complaints by Provinces and FTO Offices

In Baluchistan, there were only 15 complaints registered, two from Chaman and 13 from Quetta. Of these 15 complaints, 7 complaints were lodged in 2009 and 8 in 2010. Seven complaints in 2009 from Baluchistan were registered at FTO Office Karachi and in 2010, 6 complaints were lodged at FTO Office Quetta and 1 at Lahore Office in 2010.

In Khyber Pakhtunkhwa, complaints from thirteen cities were received. The total complaints were 22 in 2009 and 30 in 2010 showing a total of 52 complaints made from Khyber Pakhtunkhwa. All 22 complaints were registered with the Islamabad Office in 2009 and 30 complaints in 2010, as such all 52 complaints from Khyber Pakhtunkhwa were registered with FTO Islamabad Office.

In Sindh, there were 263 complaints in 2009 and 299 in 2010 that brings the total to 562. Of these 263 complaints in 2009, 255 were registered with FTO Office Karachi and 8 with Islamabad. Of 299 complaints in 2010, 290 complaints were registered with Karachi Office, 4 with Lahore, 4 with Islamabad and one complaint with Quetta Office.

In the Punjab, total number of complaints was 1398 of which 518 were registered in 2009 and 880 in 2010. Of 518 complaints in 2009, 10 were registered with Karachi Office, 329 with Lahore, and 179 with Islamabad Office. Of 880 complaints in 2010, 34 complaints were registered with Karachi Office, 735 with Lahore, 111 with Islamabad and none with FTO Office Quetta (See Table 4.2).

Considering the taxpayers data of two years, the taxpayers' matrix has been given in Table 4.2.

Table 4.2: Tax Payers Matrix by Province and FTO Offices

Complaints from Provinces	Complaints Registered with FTO Offices				
	Karachi	Lahore	Islamabad	Quetta	Total
Baluchistan	8	1	0	6	15
Khyber Pakhtunkhwa	0	0	52	0	52
Punjab	44	1064	290	0	1398
Sindh	545	4	12	1	562
Total	597	1069	354	7	2027

The cross tabulation of complaints from the provinces registered with FTO Offices is at Table 4.2. There are 15 complaints from Baluchistan. Of 15 complaints from Baluchistan, 08 are registered with FTO Karachi, 01 with FTO Lahore and 06 with FTO Quetta. Similarly, of 562 complaints from Sindh, 545 complaints are registered with FTO Karachi, 04 with FTO Lahore, 12 with FTO Islamabad and one complaint is registered with FTO Quetta. Similar situations occur with Khyber Pakhtunkhwa and the Punjab.

A comparison of complaints by Provinces and years is shown in Fig. 4.2 and complaints by FTO Offices and years is shown in Fig. 4.3

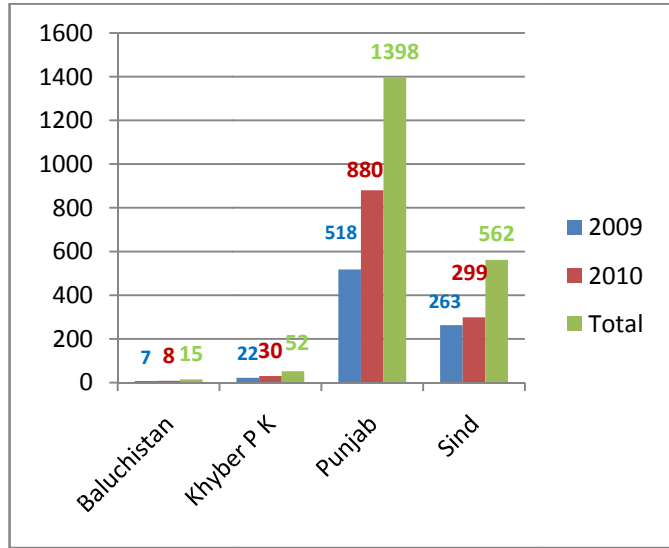


Fig. 4.2: Taxpayers, Complaints before FTO by Province and Year

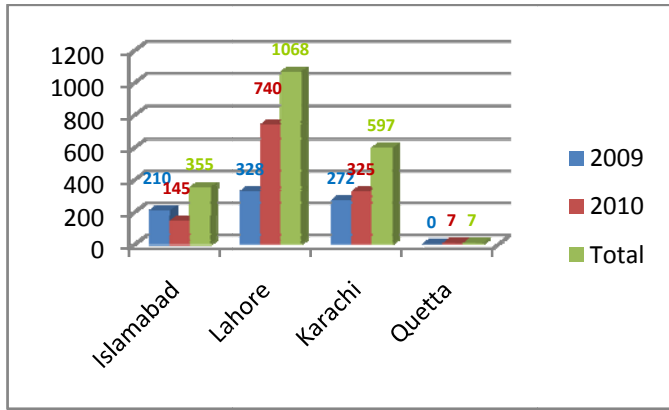


Fig. 4.3: Taxpayers' Complaints before FTO by FTO Offices and Year

In 2009, FTO received 818 complaints from taxpayers and during the period 1.1.2010 to 8.10.2010 the total complaints received were 1217. Of these complaints, 95.9% pertain to Income Tax. In addition to payment of Income Tax, some pay all types of taxes viz. 5.49% pay sales tax, 28.9% Customs duty and 15% federal excise duty.

4.3 Taxpayers Matrix

There are 52 complaints from Khyber Pakhtunkhwa Province. All 52 complaints are lodged with FTO Islamabad office. As such a sample of 50 from FTO Quetta cannot be taken. Instead, if we pool all complaints from Baluchistan and Khyber Pakhtunkhwa provinces together, we get 96 complaints of which 50 were to be selected for the survey. (Of 50 complaints only 7 complaints are registered with FTO Quetta office). There is no problem of selection of sample taxpayers from Rawalpindi/Islamabad, Lahore and FTO Office Karachi (Table B-2).

There has been a 50 percent increase in the taxpayer's complaints from 2009 to 2010. The major increases are at Lahore and Karachi stations. The unusual increase of complaints in Lahore is due to shifting of Faisalabad and Sargodha Divisions from Islamabad to Lahore jurisdiction in 2010. In Islamabad Office, the size of complaints has decreased from 210 complaints to 145. In Lahore and Karachi combined, the complaints have increased from 601 cases to 1065 cases. Increase in Lahore is due to shifting of jurisdiction of Faisalabad and Sargodha Divisions from Islamabad to Lahore for taxpayers' convenience. It may also be due to public awareness about the FTO regional offices. The burden is more on Lahore and Karachi offices (Table B-2).

Same situation prevails in provinces. The number of complaints from Punjab has increased from 518 to 880. In Sindh, this number has increased from 263 cases in 2009 to 299 in 2010. Punjab and Sindh put together make 97% of total complaints before FTO in Pakistan (Table B-2).

4.4 Sample Taxpayers' Profile

In order to provide basic information on the authenticity and validation and execution of survey, it is essential for the project team to know the total sample units viz. taxpayers and their responses.

The sample size proposed by TIP was 300 distributed according to FTO offices (Islamabad – 50, Lahore – 125, Karachi – 75 and Quetta – 50). A total of 300 random numbers were generated from various cities of Pakistan. It is a common practice to select a sample portion of random numbers to be used as reserve sampling units. In addition to 300 random numbers, we selected 67 random numbers which were used as reserve. A total of

367 taxpayers are contacted and interviewed (See Table B-3, B-4, B-5 and B-6 of Appendix-B).

The graphical presentation of the total complaints and selected sample for the year 2009, 2010 and combined is available in Fig. 4.4 (a, b and c).

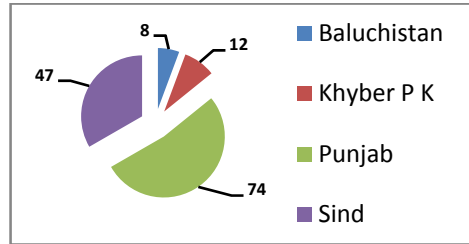


Fig. 4.4(a): Total Complaints and Sample including Reserve (2009)

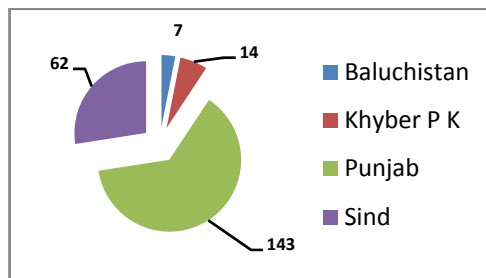


Fig. 4.4(b): Total Complaints and Sample including Reserve (2010)

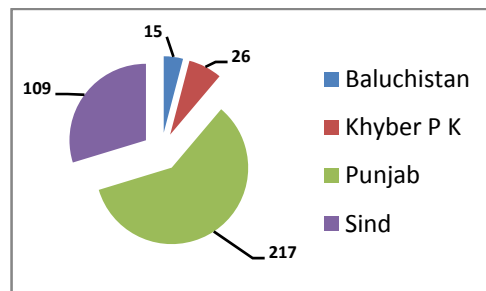


Fig. 4.4 (c): Total Complaints and Sample including Reserve (2009 & 2010)

At this stage, 50 cases could not be found from FTO Office Quetta as there were only 7 complaints registered. Moreover, the total number of complaints registered from Baluchistan is 15, as such the sample size of 50 is not possible. Again of the 15 cases, 08 are registered with FTO Office Karachi, 01 with Lahore and 06 with FTO Office Quetta. Of the 367 taxpayers who are contacted, 248 give responses. (See Table B-8 and Table B-9 of Appendix-B). Other 119 cases either refused to answer or were untraceable. Table B-7 (Appendix-B) shows the details. The responses rate is 82.7% with respect to the proposed sample which is a reasonable response rate on international standards (Table 4.2).

Table 4.2: Response Rate for the proposed Sample

FTO Station	Target	Achieved	Percentage (%)
Islamabad	50	51	102.0
Lahore	125	126	100.8
Karachi	75	70	93.3
Quetta	50	1	2.0
Total	300	248	82.7

The comparison of total complaints filed before FTO during 2009 and 2010 with the actual sample (responses received) is graphically shown in the Fig. 4.5.

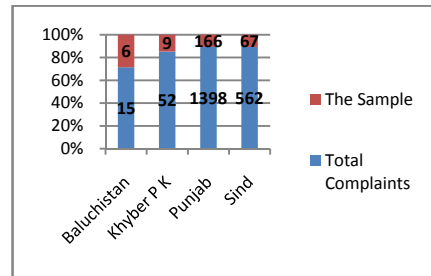


Fig. 4.5: Total Complaints and Sample Response Received

The current status of the sample which is now 248 after the field work is due to

- i) low number of registered complaints with Quetta Station,
- ii) refusals/denials to respond
- iii) intractability of the taxpayers
- iv) complete closure of the companies
- v) non-operational status of the business
- vi) death of owners of the companies
- vii) non-availability of taxpayers after 3 to 5 call backs
- viii) incomplete or wrong address

4.5 Sample Taxpayers Complaints by Province/FTO Stations

The sample complaints received by provinces are given in Table 4.3 and Fig. 4.6. During the year 2009 and 2010 there are 6 sample complaints from Baluchistan, 9 from Khyber Pakhtunkhwa, 166 from Punjab and 67 from Sindh (see Table B-9 of Appendix-B).

Table 4.3: Distribution of the Sample - Provinces

FTO Offices	Year		Total
	2009	2010	
	Received	Received	Received
Baluchistan	4	2	6
Khyber Pakhtunkhwa	2	7	9
Punjab	52	114	166
Sind	32	35	67
Total	90	158	248

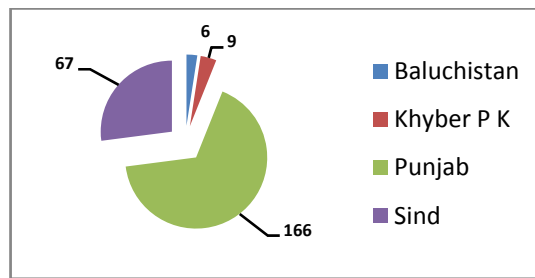


Fig. 4.6: Distribution of the Sample - Provinces

The sample complaints lodged with the four FTO Stations are given in Table 4.4 and Fig. 4.7.

Table 4.4: Distribution of the Sample – FTO Station

FTO Station	Year		Total
	2009	2010	
	Sample	Sample	Received
Islamabad	20	31	51
Lahore	35	91	126
Karachi	35	35	70
Quetta	0	1	1
Total	90	158	248

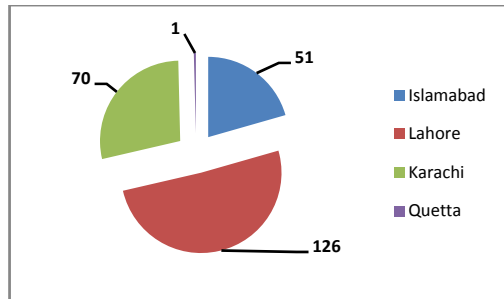


Fig. 4.7: Distribution of the Sample – FTO Station

During the year 2009 and 2010, only 7 complaints were filed before FTO Quetta Station of which one responded. Of 6 complaints, one is registered with Lahore Station and of 5 complaints only one responded. The four taxpayers refused to respond after many visits to their locations. Of total 247 complaints, 51 complaints are from Islamabad Station, 70 from Karachi and 126 complaints are from FTO Lahore Station (see also Table B-8 of Appendix-B).

5. Citizen Report Card Analysis

5. Citizen Report Card Analysis

There are 27 sub-sections in this chapter that provide the analysis for all the items asked from the taxpayers as per the designed questionnaire (Part A, Appendix-A).

5.1 Taxpayers Business Categories

There are three categories of taxpayers in the study; large, medium or small in size. The frequency function of category of tax payers business is given at Table B-12 of Appendix-B.

The percentages of business category are given in Table 5.1 and Fig. 5.1.

Table 5.1: Category of the Taxpayers

Category	Percentage (%)
Large	16.1
Medium	30.9
Small	51.4
N/A	1.6
Total	100

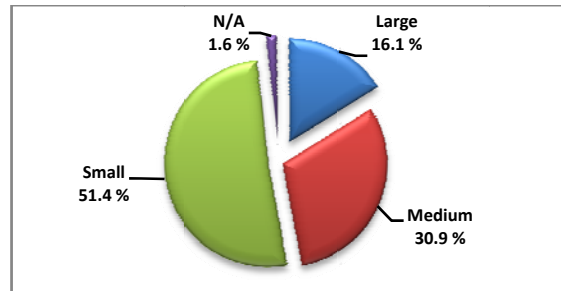


Fig. 5.1: Percentage of Category of the Taxpayers

Aforementioned table shows that the major category in taxpayers sample is from small sized business organizations. There are about 16.1% large businesses, 30.9% are of medium size and 51.4% are of small size. The diagram of percentages of business category is given in Fig. 5.1. It shows that larger companies are very few as compared to small companies.

5.2 Taxpayers Type of Business

The percentages of types of businesses of taxpayers are given in the Table 5.2. For frequency function see Table B-13 of Appendix-B.

Table 5.2: Type of Business of the Taxpayers

Type of Business	Percentage (%)
Manufacturer	46.1
Service provider	35.1
Whole Sale dealers	6.1
Retailers	5.7
Importers	13.1
Exporters	5.7

The largest percentage of business type is manufacturing and is 46.1% of all types of business. The service providers are 35.1% and other types of business are small. Importers are 13.1% whereas exporters are only 5.7%.

Diagram shows distribution of taxpayers by type of business (Fig. 5.2)

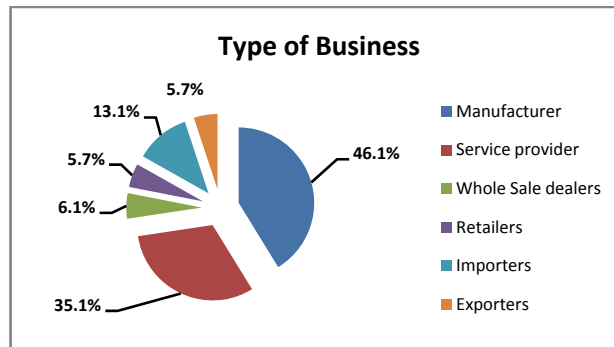


Fig. 5.2: Percentages of Type of Business of the Taxpayers

5.3 Taxpayers Form of Business

In case of form of business or ownership type, 52.2% are sole proprietors of business, 21.2% are associations of persons and only 15.9% are the private limited companies (Table 5.3 and Fig. 5.3). For frequency of the form of the business see Table B-14 of Appendix-B.

Table 5.3: Form of Business of the Taxpayers

Type of Ownership	Percentage (%)
Sole Proprietor	52.2
Firm	4.1
Association of Persons	21.2
Private Limited Company	15.9
Public Limited Company	2.4
Not Applicable	4.1
Total	100

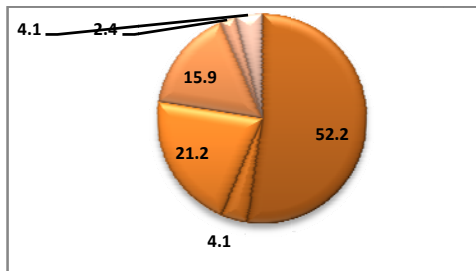


Fig. 5.3: Percentages Form of Business of the Taxpayers

5.4 Taxpayers Business Age

It is important to find that very few companies are new whereas 75.2% of companies were established more than 5 years ago. The average age of the companies is about 7 years. Table 5.4 and Fig. 5.4 show the relative age of companies. For frequency function of the age of the business of the taxpayers see Table B-15 of Appendix-B.

Table 5.4: Age of Companies

Age	Percentage (%)
Less than one year	0.4
More than a year but less than 5 years	20.2
More Than five years	75.2
Not Applicable	4.1
Total	100

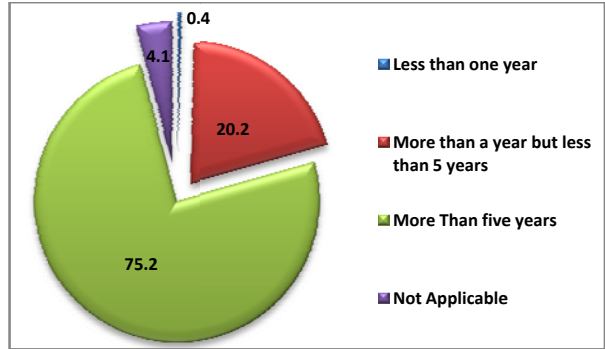


Fig. 5.4: Percentage of the Age of Companies

5.5 Taxpayers Tax/Duty Types

Almost all companies pay income tax while more than 54.9% companies pay Sales Tax, 29% Customs Duty and 15% pay Federal Excise Duty. The Table 5.5 shows the distribution of companies who pay taxes/duties. For the frequency function See Table B-16 of Appendix-B.

Table 5.5: Type of Taxes / Duties Paid by the Taxpayers

Type of tax/duty	Percentage (%)
Income Tax	95.9
Sales Tax	54.9
Customs Duty	28.9
Federal Excise Duty	15.0

The graphic presentation of the type of taxes / duties is as under (Fig. 5.5):

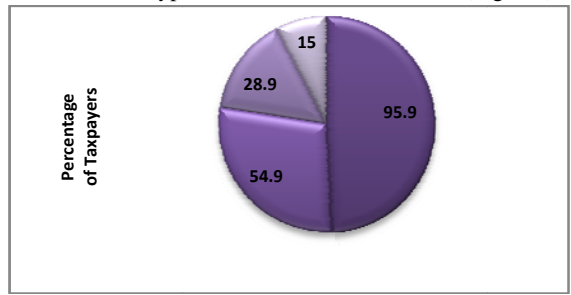


Fig. 5.5: Distribution of Type of Taxes/Duties

5.6 Taxpayers Memberships/Associations

The companies generally become members of some type of Associations, Trade Bodies and / or Chamber of Commerce and Industries. The information given by the Company's owners in the sample is given in the Table 5.6 and Fig. 5.6 (See Table B-17 of Appendix-B).

Table 5.6: Membership of Chambers/Trade bodies

Membership of	Percentage (%)
No Associations	48.3
Chambers of Commerce	46.9
Trade Bodies	4.7
Total	100

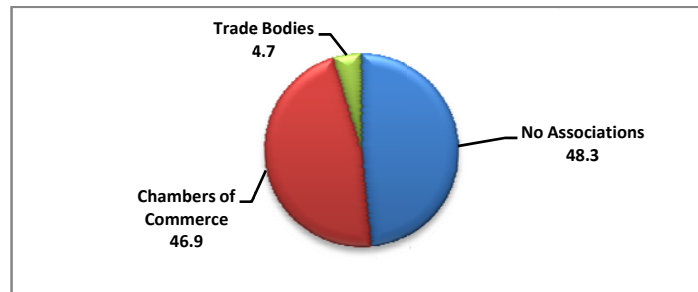


Fig. 5.6: Percentage of the Membership of Chambers / Trade Bodies

48.3% of the taxpayers are not members of any association, however about 46.9% are members of the Chambers of Commerce and Industries. And only 4.7% are members of any Trade Bodies.

5.7 Taxpayers Perception on FTO Services

The following are some of the complaints that taxpayers lodged with FTO:

- (i) Delay in tax refund/duty drawback
- (ii) Non-response to public correspondence
- (iii) Non-observance of mandatory time-limits
- (iv) Low priority of dispute resolution
- (v) Inconsistent decisions
- (vi) Discriminatory dispensations
- (vii) Loss of files and case record

- (viii) Poor handling of major tax fraud cases
- (ix) Oppressive and arbitrary decisions
- (x) Widespread inefficiency and corruption

The nature of complaint amounts to the maladministration of Government departments. In the opinion of taxpayers, the most frequent complaints are of refunds and of maladministration. The delay is generally considered by taxpayers as “delay in refund” rather than in decisions or response time to their correspondences. Arbitrariness may cover most types of complaints enumerated above.

The following information asked for in the questionnaire on various types of complaints show a sense of dissatisfaction with tax departments. Table 5.7a and figure 5.7a presents the responses of the sample taxpayers for various categories of maladministration. These categories are not mutually exclusive in nature and the respondents ticked more than one option.

Table 5.7a: Nature of Maladministration Faced by Taxpayers

Maladministration	Percentage (%)
Delay	56.7
Inefficiency	24.3
Arbitrariness	8.9
Harassment for corrupt motives	6.9
Other	14.2

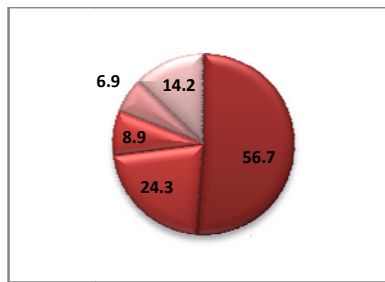


Fig. 5.7a: Percentage of Nature of Maladministration Faced by Taxpayers

The main taxpayer complaint against the tax functionaries is inordinate delay in refund and decision making and inefficiency in dealing with their cases. Inefficiency increases delay. However, taxpayers seem to be highly satisfied with the FTO.

The incidences of delay are more common for income tax payers who are sole proprietors and manufactures. For the frequency function of this variable and its cross tabulation with contingencies like type of business, taxes paid, form of business, provinces and FTO Office see Table B-20, B-21, B-22, B-23, B-24 of Appendix-B.

Most of the small tax payers (61.5%) are not members of any association (Table 5.7b and B-18 of Appendix-B). A comparison of the members and non-members of the three categories taxpayers is shown in fig 5.7b.

Table 5.7b: Membership of Chambers/Trade bodies – Taxpayer’s Category

Category of the Taxpayer	Membership			Total
	Chamber of Commerce	No Association	Trade Bodies	
Large	85.7	10.7	3.6	100
Medium	51.5	42.4	6.1	100
Small	34.9	61.5	3.7	100

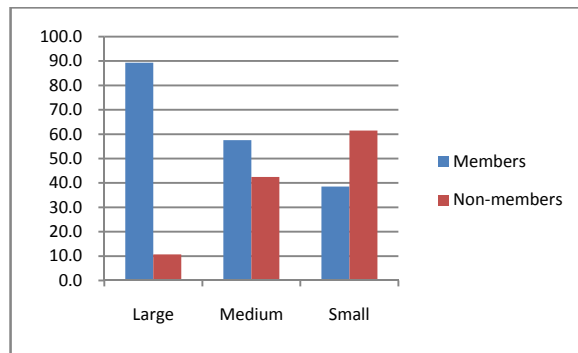


Fig. 5.7b: Membership of Chambers/Trade bodies – Taxpayer’s Category

Of the 109 taxpayers’ with membership of a trade body (Table B-17 of Appendix-B), only 39 admitted that they were helped by their respective trade bodies (Table B-33 of Appendix-B).

5.8 Taxpayers Redress Grievances

When taxpayers lodge a complaint directly or through a consultant, they first contact one of the following persons or institutions:

- (i) Officer causing grievance
- (ii) Some officer in FBR
- (iii) FTO
- (iv) Courts
- (v) Other like Trade Bodies, Tax Bar Associations or Chamber of Commerce and Industries

The Table 5.8 shows the percentage of persons who approached the above offices. For the Frequency function see Table B-25 of Appendix-B.

Table 5.8: First Contact for Redress of Grievances

The Contact	Percentage (%)
Officer causing the grievance	41.7
FBR	18.2
FTO	38.8
Courts	1.3
Total	100

About 41.7% of taxpayers contact the person who is direct in charge of their cases and is creating problem for him, and about 38.8% go to FTO offices. Nearly one fifth of persons lodge complaints with FBR offices or its tax departments but rarely go to Courts or Trade body. Percentage distribution is shown in Table 5.8 and Fig. 5.8.

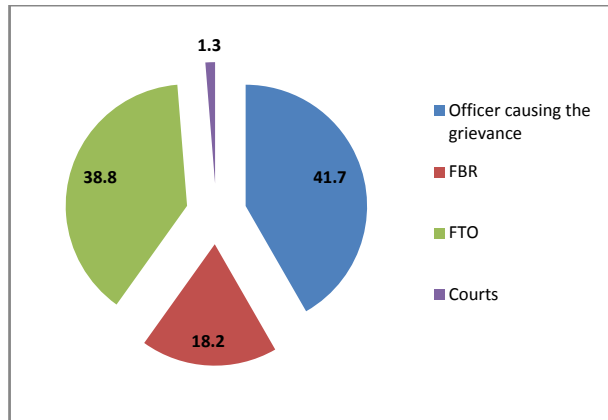


Fig. 5.8: First Contact for Redress of Grievances

5.9 Last Filing before FTO

36.6 % percent of the taxpayers lodged their complaint in the year 2009 and 63.75% in 2010 (Table 5.9)

Table 5.9: Filing the Last Complaint before FTO for the Sample

Year	Percentage (%)
2009	36.3
2010	63.7
Total	100

5.10 FTO Station Contacted by the Taxpayers

20.6 % of the taxpayers filed their complaints with FTO Islamabad, 50.8 % with FTO Lahore, 28.2 % with Karachi and only 0.4 % filed their complaints with FTO Quetta (Table 5.10 and Fig 5.10).

Table 5.10: FTO Station Contacted by the Taxpayers

The Station	Percentage (%)
Islamabad	20.6
Lahore	50.8
Karachi	28.2
Quetta	0.4
Total	100

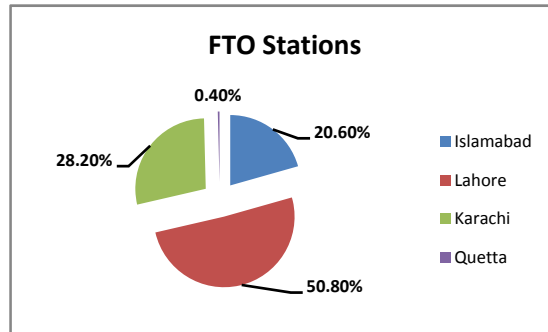


Fig 5.10: FTO Station Contacted by the Taxpayers

5.11 Person Contacted at FTO by the Taxpayers

A vast majority of the taxpayers (62.4%) contacted the respective advisors at FTO offices. The remaining 37.6 % taxpayers contacted other FTO official as shown in Table 5.11 and Fig 5.11

Table 5.11: Person Contacted at FTO by the Taxpayers

The Contact	Percentage (%)
Advisor	62.4
Registrar/Director	6.5
Deputy Registrar/DD	1.6
Staff	23.7
Others	5.8
Total	100

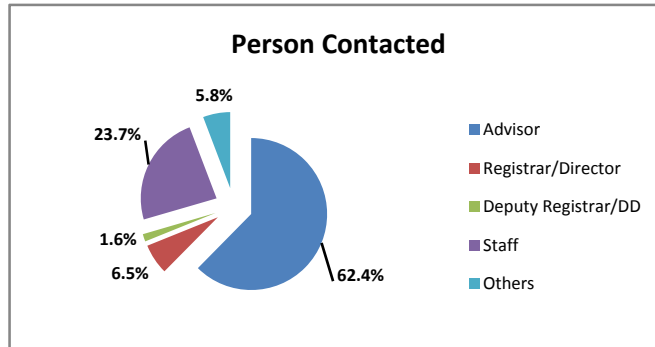


Fig 5.11: Person Contacted at FTO by the Taxpayers

5.12 Response Rating of the Person Contacted at FTO Offices

Good and satisfactory response quality accounts for 93.5% cases. Only 6.5% taxpayers are not satisfied with FTO (Table B-48 of Appendix-B). This Response quality reflects the interest of FTO officials in solving the cases. Table 5.12 and Fig. 5.12 show the taxpayer’s satisfaction with FTO working:

Table 5.12: Response Quality at FTO to the Taxpayers

Quality	Percentage (%)
Good	61.9
Satisfactory	31.6
Non-Satisfactory	6.5
Total	100

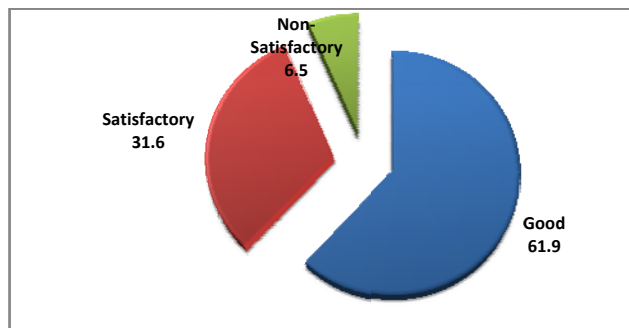


Fig. 5.12: Percentage of Response Quality at FTO to the Taxpayers

5.13 Response Time of the Concerned Authority

FTO takes three different steps to take decisions on the complaints; the first step is registration of complaints, second step is investigation and third step is solving the problems through hearing the parties by FTO.

Table B-13a: Time Taken by FTO to Give Findings - Yearly Comparison

Time to Give Findings (in Weeks)	2009	2010	Total
	(N = 84)	(N = 146)	(N = 230)
Average Time	10.68	9.52	9.94

Table B-13b: Province-wise Time Taken by FTO to Give Findings

Province	N	Mean (Weeks)
Baluchistan	6	12.6
Khyber Pakhtunkhwa	7	7.7
Punjab	158	8.7
Sind	59	13.4
All Provinces	230	9.9

5.14 Lack of Interest by FTO Offices

In case of question about FTO office interest in taxpayers' complaints, the taxpayers are highly satisfied with FTO working and confirmed that FTO does not show lack of interest in their cases. Table 5.14 and Fig. 5.14 show the taxpayer's opinion on FTO's interest in solving taxpayers' problems.

Table 5.14: FTO Office Interest in Solving Taxpayers' Problems

FTO Interest	Percentage (%)
No	13.9
Yes	86.1
Total	100

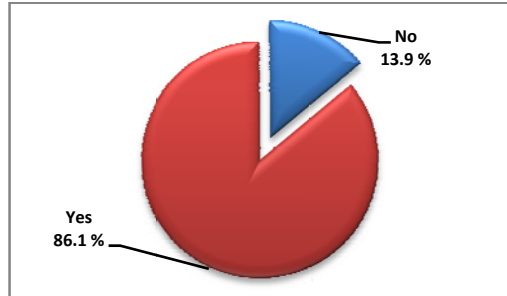


Fig. 5.14: Percentage of Interest in Solving Taxpayers' Matters by FTO Office

Very few taxpayers complain for lack of interest of FTO officials (13.9%; Table 5.14 and Fig. 5.14).

5.15 Taxpayers Problems–FTO Stations

A small number (about 14%) of taxpayers faced the following types of problems at FTO offices: absence of the staff, no proper guidance to the taxpayers or others. However, most of the taxpayers (about 86 %) do not face any problem at FTO. Table 5.15 and Fig. 5.15 show the details of the problems.

Table 5.15: Problems faced by the Taxpayers at FTO

Problem	Percentage (%)
Didn't lodge the complaint	0.0
Staff was not present	1.9
Didn't guide properly	6.6
Others	5.6
No Problem / NA	85.9
Total	100

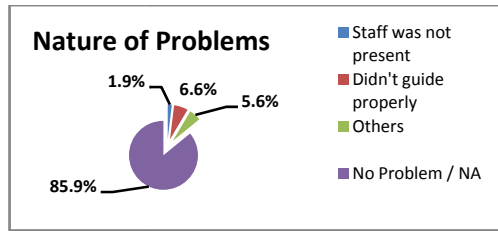


Fig. 5.15: Percentage of Problem faced by the Taxpayers at FTO

5.16 Reference used by the taxpayers within FTO

87.4% of the taxpayers did not use any references within FTO (Fig 5.16). However some of the taxpayers reported that they used references on their own.

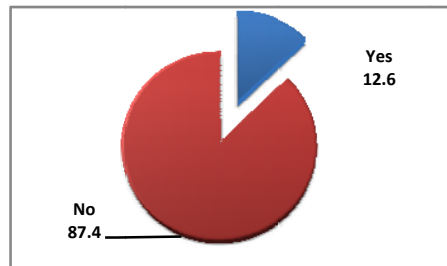


Fig. 5.16: Reference used by the taxpayers within FTO

5.17 Taxpayers Complaint Forwarding Help – Trade Bodies

The taxpayers were asked in case of trouble whether Trade Bodies like Chambers of Commerce and Industries or Tax Bar Association helped them in resolving their complaints. Only 17.4% of trade bodied helped the taxpayers (Table 5.17 and Fig. 5.17). In 42%, the help was not applicable as 48.3% of companies are not members of Chambers / Trade Bodies (See Table B-17 of Appendix-B).

About 40.6% of taxpayers expressed their opinion that no one helped them in the time of distress. Trade bodies did help only 17.4% of taxpayers. If N/A is added to 'No', then 82.6% did not get help from any trade body.

Table 5.17: Help Provided by the Trade Bodies

Trade Body Helped	Percentage (%)
Yes	17.4
No	40.6
N/A	42.0
Total	100

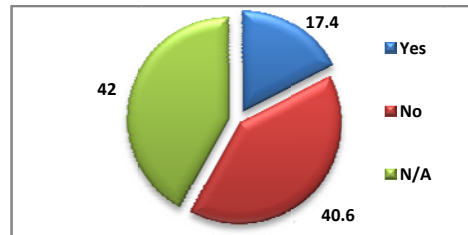


Fig. 5.17: Percentage of Help Provided by the Trade Bodies

5.18 Agent or Broker used by the taxpayers at FTO

85.8% did not use any agent or broker at FTO (Table B-34 of Appendix-B and Fig. 5.18).

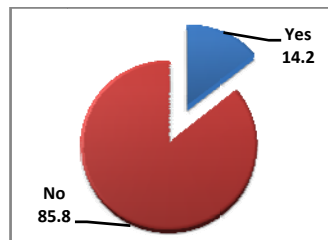


Fig. 5.18: Agent or Broker used by the taxpayers at FTO

5.19 FTO asked favour from the Taxpayers

Taxpayers consider FTO officials have high integrity by not asking for any favour from the taxpayers. About 83.5% complainants were not asked for undue favor though 16.5% of the complainants were asked for the favours from FTO offices (B-35 of Appendix-B and Fig. 5.19).

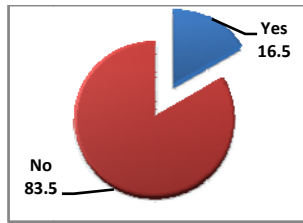


Fig. 5.19: Contact person at FTO asked favour from the Taxpayers

5.20 Taxpayers Complaint Results – Summary

It is the opinion of taxpayers that FTO solved more than 76% of complaints within the average time period less than three months. However only 5.0% complaints are pending and proceedings of 11.3% complaints are under way and may lie with active consideration of the FTO officials (Table 5.20 and Fig. 5.20).

NOTE: FTO reported that ‘there is no pendency of complaints belonging to 2009 and 2010. Pendency pertaining up to 2008 was specifically eliminated in 2009 under a crash program’.

Table 5.20: Final Results of the Taxpayers’ Complaints

Complaints Final Results	Percentage (%)
Pending	5.0
Proceedings underway	11.0
Matter solved	76.0
Others	8.0
Total	100

Source: Table B-36 of Appendix-B

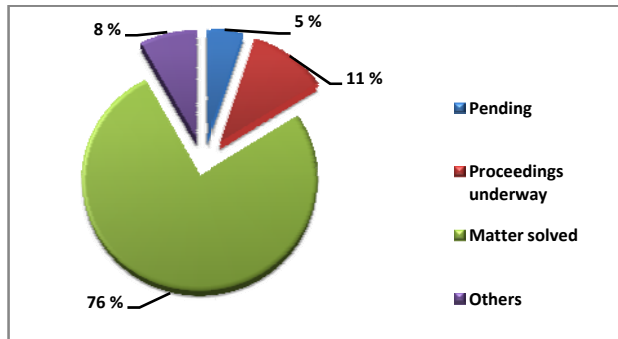


Fig. 5.20: Percentage of Final Results of the Taxpayers’ Complaints

5.21 FTO Solution Time

The solution time to about 9% of the taxpayers' complaint was one week, while the solution time of 60.6 % of the taxpayers was less than three month (Table 5.21a and Fig 5.21a).

Table 5.21a: Time Taken by FTO to Solve the Taxpayers' Problem

No of Weeks	Percentage (%)
In a week	8.7
1-3 months	60.6
4-5 months	7.9
Between 6 months and a year	22.8
Total	100

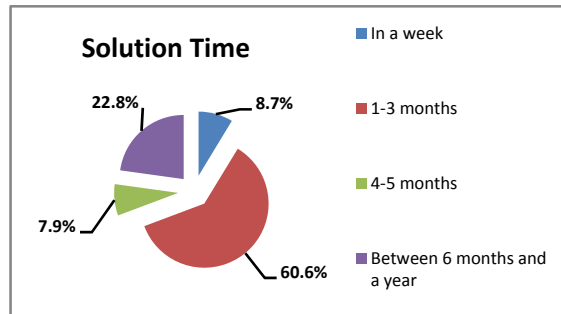


Fig 5.21a: Time Taken by FTO to Solve the Taxpayers' Problem

The mean solution time of the concerned authority to the taxpayers' complaints comes to 13.2 weeks for Baluchistan, 17.6 weeks for Khyber Pakhtunkhwa, 11.9 weeks for Punjab and 24.1 weeks for Sindh Province (Table 5.21b and Fig. 5.21b).

Table 5.21b: Province-wise Time Taken by FTO to Solve Problem

Province	Mean (Weeks)
Baluchistan	13.2
Khyber PakhtunKhwa	17.6
Punjab	11.9
Sind	24.1

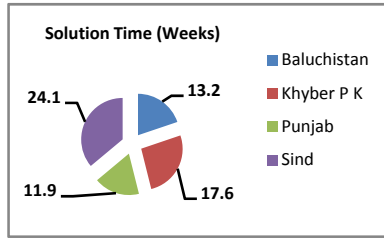


Fig 5.21b: Province-wise Time Taken by FTO to Solve Problem

The average solution time for the year 2009 is 123 days and that of the year 2010 is 99 days. The solution time has been reduced. (Table 5.21c)

Table 5.21c: Time Taken by FTO to Solve the Taxpayers' Problem - Yearly Comparison

Time to Solve Problem (in days)	2009	2010
	(N = 86)	(N = 155)
Average Time	123	99

5.22 FTO Staff Behaviour

Over 90% of taxpayers are satisfied with the staff behaviour (Table 5.22 and Fig 5.22).

Table 5.22: The Taxpayers Rating about Staff Behaviour of FTO

Behaviour	Percentage (%)
Satisfactory	90.6
Non-satisfactory	9.4
Total	100

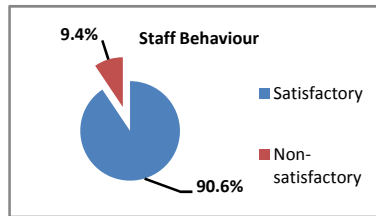


Fig 5.22: The Taxpayers Rating about Staff Behaviour of FTO

5.23 FTO Performance Rating

The candid opinion of taxpayers seems to be highly in favor of FTO's performance. 87% of taxpayers appreciated the performance of FTO, while 3.6% of taxpayers consider performance of FTO staff to be poor (Table 5.23 and Fig 5.23).

Table 5.23: The Taxpayers Rating about Performance of FTO

Rating	Percentage (%)
Excellent	47.6
Good	39.5
Average	9.3
Poor	3.6
Total	100

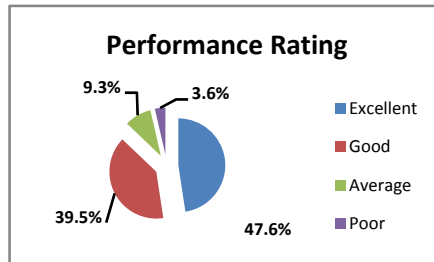


Fig 5.23: The Taxpayers Rating about Performance of FTO

5.24 Time Taken by FTO to Give Findings

The time taken by FTO to give its findings to about 36% of the taxpayers' complaint was less than two months, whereas 35.9 % of the taxpayers' complaints were decided in less than three months (Table 5.24a and Fig 5.24a).

Table 5.24a: Time Taken by FTO to Give Findings

Weeks	Percentage (%)
Less than 2 months	36.3
Less than 3 months	35.9
Less than 5 months	6.1
Less than 6 months	21.6

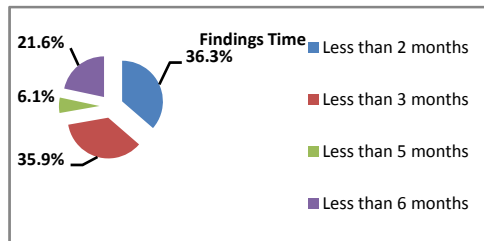


Fig 5.24a: Time Taken by FTO to Give Findings

The time taken by FTO to give finding to the taxpayers' complaints comes to 12.6 weeks for Baluchistan, 7.6 weeks for Khyber Pakhtunkhwa, 8.7 weeks for Punjab and 13.4 weeks for Sindh Province (Table 5.24b and Fig. 5.24b).

Table 5.24b: Province-wise Time Taken by FTO to Give Findings

Province	Mean (Weeks)
Baluchistan	12.6
Khyber Pakhtunkhwa	7.7
Punjab	8.7
Sindh	13.4

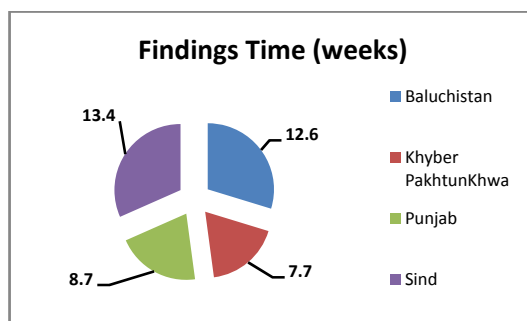


Table 5.24b: Province-wise Time Taken by FTO to Give Findings

The average time taken by FTO to give its finding for the year 2009 is 75 days and that of the year 2010 is 67 days. The solution time has been reduced. (Table 5.24c)

Table 5.24c: Time Taken by FTO to Give Findings - Yearly Comparison

Time to Give Findings (in days)	2009	2010
	(N = 84)	(N = 146)
Average Time	75	67

The difference between the total time taken after registration of a complaint by FTO till the final solution - which also includes referral to FBR - and the actual time taken by FTO office itself in giving the findings for the year 2009 is 48 days and that of 2010 is 32 days (Table 5.24d)

Table 5.24d: Difference between the FTO Solution and Final Solution (Days)

FTO Net Findings Time	Year	
	2009	2010
Solution time	123	99
Findings time	75	67
Difference (Time taken after FTO orders)	48	32

5.25 Hiring of Lawyer/Consultant for representation at FTO

More than 86% taxpayers have hired the services of lawyers or consultants to represent their cases before FTO (Fig 5.25, Table 5.25 and Table B-39 of Appendix-B).

Table 5.25: Hired Lawyer/Consultant for representation at FTO

Hired	Percentage (%)
Yes	86.2
No	13.8
Total	100

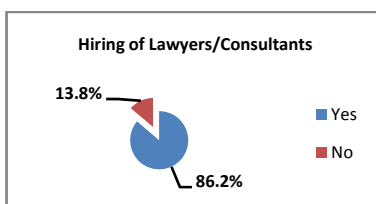


Table 5.25: Hired Lawyer/Consultant for representation at FTO

5.26 FTO Findings about Taxpayers' Complaints

FTO findings are of two types, the findings are against the taxpayers or it is against the department. FTO decides 89% of cases in favour of the taxpayers who appreciate the FTO performance. There are only 5.3% cases where FTO decision is in favour of FBR or its departments. (Table 5.26 and Fig. 5.26)

Table 5.26: Final Findings of FTO to the Taxpayers' Complaints

Finding	Percentage (%)
Decided the case in taxpayer favour	89.0
Decided the complaint in Dept. favour	5.3
Others	5.7
Total	100

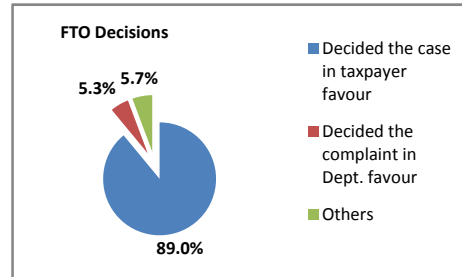


Fig. 5.26: Percentage of Final Findings of FTO to the Taxpayers' Complaints

5.27 Post Finding Scenario

Once the taxpayers receive final decision on their complaints, the results regarding implementation of findings are summarized in Table 5.27 and Fig. 5.27. In small and easy cases, implementation is done almost immediately according to small sized companies whereas implementation is delayed for years as FBR forward such cases to Government of Pakistan through Ministry of Finance for final decision on implementation of FTO decisions. According to stake holders, FTO should be authorized to ask FBR for immediate implementation of its decisions.

Table 5.27: What happened after receipt of FTO decision

After Findings	Percentage (%)
Tax departments implement findings	79.1
Taxpayers Filed Review	2.7
Dept. files review against FTO findings	8.2
Dept. implement the review decision	10.0
Total	100

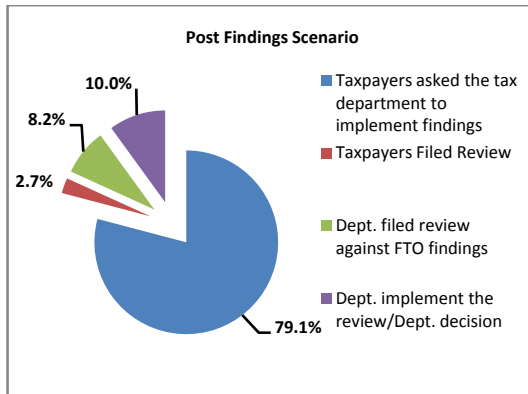


Fig. 5.27: Percentage of Post Findings Scenario

6. Citizen Report Card Analysis of FBR Offices

7. Citizen Report Card Analysis of FBR Offices

This Section discusses the analysis of the responses of the Government Officials regarding their department and FTO.

The questionnaire (Part B, Appendix-A) has been designed for this purpose by the TI-Pakistan. Table 6.1 shows the list of the Government Offices that responded to the survey questionnaire.

Table 6.1: List of the Responding Offices

S. No.	Name of the Office
1	Audit Division LTU Karachi
2	Audit-II LTU Karachi
3	Collector of Exports
4	Commissioner Legal LTU Karachi
5	Dir I + II LTU Karachi
6	PaCCS
7	Port Muhammad Bin Qasim
8	Regional Tax Office Abbotabad
9	Regional Tax Office Faisalabad
10	Regional Tax Office Gujranwala
11	Regional Tax Office Hyderabad
12	Regional Tax Office Karachi
13	Regional Tax Office Karachi-II
14	Regional Tax Office Karachi-III
15	Regional Tax Office Lahore-I
16	Regional Tax Office Lahore-II
17	Regional Tax Office Multan
18	Regional Tax Office Peshawar
19	Regional Tax Office Quetta
20	Regional Tax Office Rawalpindi
21	Regional Tax Office Sargodha
22	Regional Tax Office Sukkur

These departments deal with four types of taxes. In response to the question about the tax departments being headed by these offices, 17 out of the 20 offices responded in yes for both Income Tax and Sales tax and 16 of these offices responded in yes for Federal Excise Duty. The remaining 3 offices responded in Yes to only Customs. The detail is available in Table B-60 of Appendix-B.

The frequency function of the FBR department is shown in the Table 6.2 and graphically represented in Fig. 6.1. It may be noted that only 03 offices head the Customs Department.

Table 6.2: FBR Departments

FBR Departments	Frequency
Income Tax	17
Sales Tax	17
Customs	03
Federal Excise	16

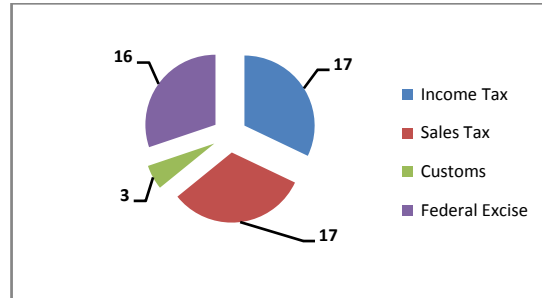


Fig. 6.1: FBR Departments

The information about the number of complaints filed before the FTO against maladministration of tax employees for the last three years is shown in the Table 6.3 and is also presented graphically in Fig. 6.2.

Table 6.3: Number of Complaints against Tax Employees

No of Complaints/Year	Frequency		
	2008	2009	2010
1 to 50	7	9	12
51 to 100	3	3	3
More than 100	2	1	3
None	9	8	3
Total	21	21	21

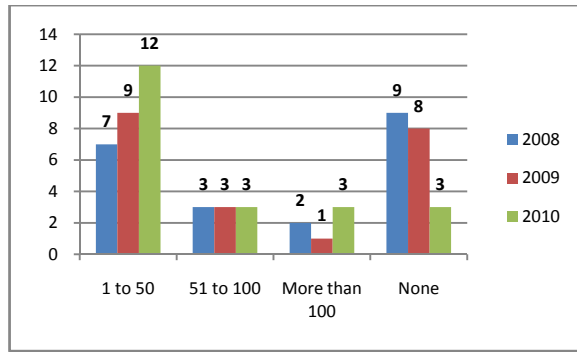


Fig. 6.2: Number of Complaints against Tax Employees

As per the figures provided by the responding offices, 2463 complaints were filed before FTO against maladministration of employees in the year 2008. This number for the year 2009 and 2010 is 522 and 1087 respectively. The total number of complaints filed before FTO for the three years is 4072. These numbers are graphically presented in Fig. 6.3. The office-wise detail is available in Table B-61 of Appendix-B.

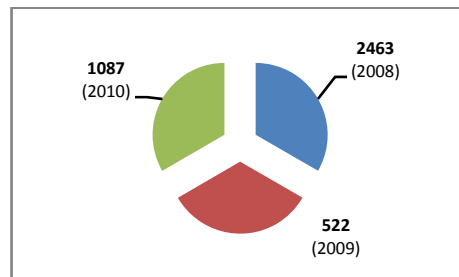


Figure 6.3: Number of Complaints filed before FTO against the maladministration of the tax employees

On average 145 complaints per office were filed in 2008. This average for 2009 and 2010 is 31 and 57 respectively (Fig. 6.4). The combined total of the complaints for the year 2009 and 2010 is less than 2008 (Table 6.4)

Table 6.4: Complaints filed before FTO against Tax Employees

Year	N	Total Complaints	Average Complaints per Tax Office
2008	17	2463	145
2009	17	522	31
2010	19	1087	57
Total	17	4072	238

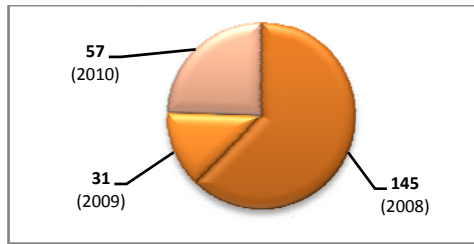


Fig. 6.4: Average Complaints per Tax Office

Many complaints filed before FTO may pertain to similar acts of maladministration. In order to investigate this issue, the responding offices were required to provide the percentage of complaints against frequent recurrence of similar acts of maladministration.

The percentage of complaints against frequent recurrence of similar acts of maladministration is presented in the Table 6.5 and graphically shown in Fig. 6.5.

Table 6.5: Complaints regarding similar acts of Maladministration

Similar acts of maladministration (Percentage %)	Frequency
0 to 25	04
26 to 50	04
51 to 75	00
76 to 100	04
None / N.A.	09

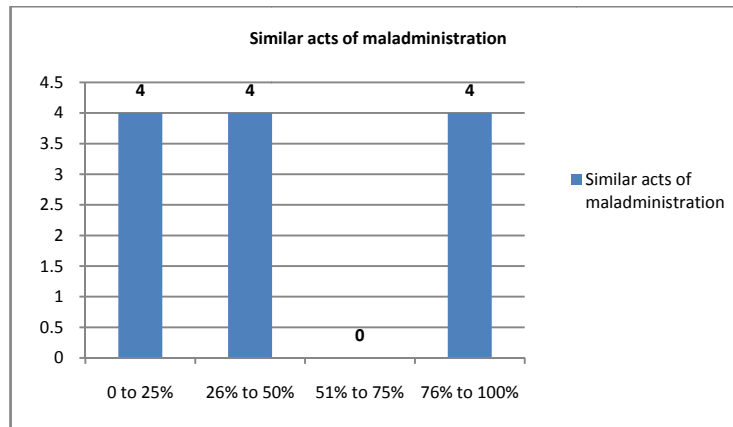


Fig. 6.5: Complaints regarding similar acts of Maladministration

Through the percentages provided by each of the office, the actual number of complaints can be estimated. Table 6.6 presents this estimation. It can be observed from this table that 2898 complaints out of the total 4072 complaints i.e. 71.18 percent pertains to similar act of maladministration. This is also shown graphically in Fig. 6.6.

Table 6.6: No. of Complaints Pertaining to Similar Acts of Maladministration

Name of the Office	Total Complaints	Similar Nature	
		%	Freq
Audit Division LTU Karachi	3		
Audit-II LTU Karachi	1		
Collector of Exports	15		
Commissioner Legal LTU Karachi	-	-	-
Dir I + II LTU Karachi	29	10	3
PaCCS	194	25	49
Port Muhammad Bin Qasim	3	25	1
RTO Abbotabad	39		
RTO Faisalabad	1103	45	496
RTO Gujranwala	116	87	101
RTO Hyderabad	49	50	25
RTO Karachi	247	49	121
RTO Karachi-II			
RTO Karachi-III			
RTO Lahore-I	1876	98	1838
RTO Lahore-II	124	96	119
RTO Multan	145	98	142
RTO Peshawar	100		
RTO Quetta	21	6	1
RTO Rawalpindi	2		
RTO Sargodha			
RTO Sukkur	5	50	3
Total	4072	71.18	2898

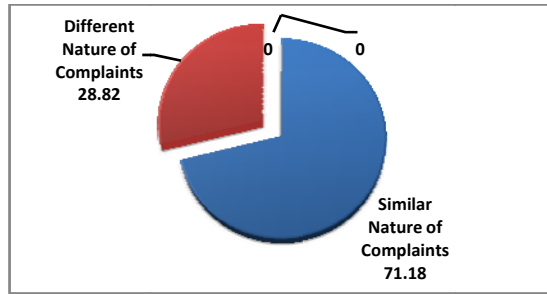


Fig. 6.6: No. of Complaints Pertaining to Similar Acts of Maladministration

In response to the question regarding the percentage of complaints decided against the Department, the information is presented in Table 6.7 and is also graphically shown in Fig. 6.7.

Table 6.7: Decisions against the Departments

Decisions against the Departments (Percentage %)	Frequency
0 to 25	04
26 to 50	04
51 to 75	04
76 to 100	05
None/N.A.	04

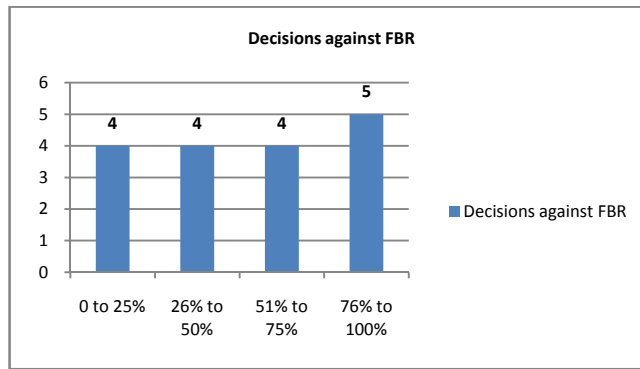
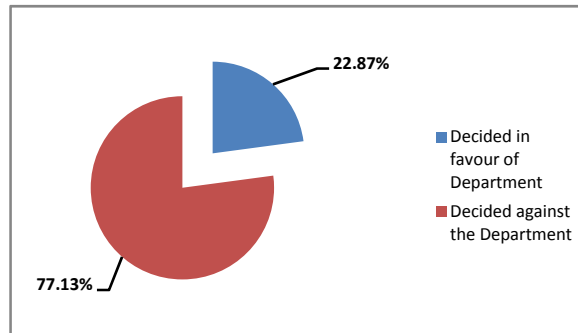


Fig. 6.7: Decisions against the Departments

The number of complaints can be similarly estimated. Table 6.8 presents this estimation and it can also be observed from the table that 3141 complaints out of the total 4072 complaints. In other words 77.13% of the complaints have been decided against the department (Table 6.8 and Fig. 6.8)

Table 6.8: Complaints Decided Against the Department

Name of the Office	Total Complaints	Decided Against the Department	
		%	Freq
Audit Division LTU Karachi	3	30	1
Audit-II LTU Karachi	1		
Collector of Exports	15	70	11
Commissioner Legal LTU Karachi			
Dir I + II LTU Karachi	29	45	13
PaCCS	194	95	184
Port Muhammad Bin Qasim	3	75	2
RTO Abbotabad	39	10	4
RTO Faisalabad	1103	55	607
RTO Gujranwala	116	10	12
RTO Hyderabad	49	20	10
RTO Karachi	247	55	136
RTO Karachi-II			
RTO Karachi-III			
RTO Lahore-I	1876	98	1838
RTO Lahore-II	124	96	119
RTO Multan	145	80	116
RTO Peshawar	100	80	80
RTO Quetta	21	29	6
RTO Rawalpindi	2	2	0
RTO Sargodha	0		
RTO Sukkur	5	43	2
Total	4072	77.13	3141



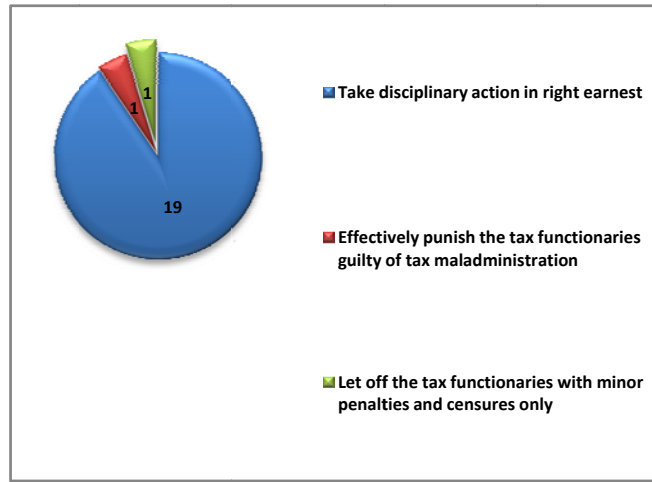


Fig. 6.8: Complaints Decided Against the Department

Similarly, when these offices are enquired about their response in case FTO office recommends disciplinary action against the tax functionaries working under them, almost all the offices claim that they would 'take disciplinary action in right earnest' (Table 6.10). The graphical representation is also shown in Fig. 6.10.

Table 6.9: Response in case FTO recommends disciplinary action against a tax functionary

Type of Response	No. of Responses	Yes	Percentage
Take disciplinary action in right earnest	19	19	100.00
Effectively punish the tax functionaries guilty of tax maladministration	1	1	5.26
Let off the tax functionaries with minor penalties and censures only	1	1	5.26
Dislike recommendations of disciplinary action against staff	19	0	0.00

Fig. 6.9: Response in case FTO recommends disciplinary action against a tax functionary

However, the above claims need to be validated by the actual action taken against the tax functionaries involved in maladministration causing grievances to the tax payers. There are 29 incidences during calendar year 2009 where FTO recommended disciplinary action against the staff. Table 6.10 shows the name of these offices along with the number of such recommendations. This is also graphically presented in Fig. 6.10.

Table 6.10: Case where FTO Recommends Disciplinary Action

Name of the Office	No of Cases
PaCCS	1
RTO Faisalabad	2
RTO Karachi	7
RTO Lahore-I	19
Total	29

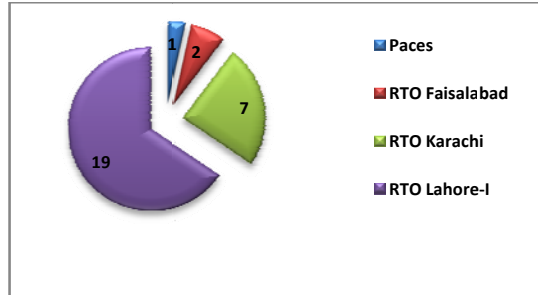


Fig. 6.10: Case where FTO Recommends Disciplinary Action

In response to the question about action taken against the staff reported guilty of tax maladministration by the FTO Office, there was hardly a case where they took serious action against the staff by awarding major penalties. Table 6.11 presents the action taken against the decisions. In one case review/representation against the FTO decision was filed. In 9 cases the tax officials were let off with minor penalty and there are 19 cases where no specific action has been reported. Rather than responding specifically; RTO Lahore-I, that reports 19 cases where FTO recommended disciplinary action, stated that they 'Award major/minor penalty under END Rules depending on circumstances of each case and extent of maladministration. The percentages of the offices taking various actions are graphically shown in Fig. 6.11.

Table 6.11: Response in case FTO Recommends Disciplinary Action against a Tax Functionary

Type of Responses (No. of decisions)	Name of Office	No. of Decision	Yes
Filed Review/Representation against the Findings	Paces	1	1
Let off your staff with minor penalties	RTO Faisalabad (2) RTO Karachi (7)	9	3
Took serious action against the staff and awarded major penalties of removal			0
Other	RTO Lahore-I	19	1
Not Applicable			17

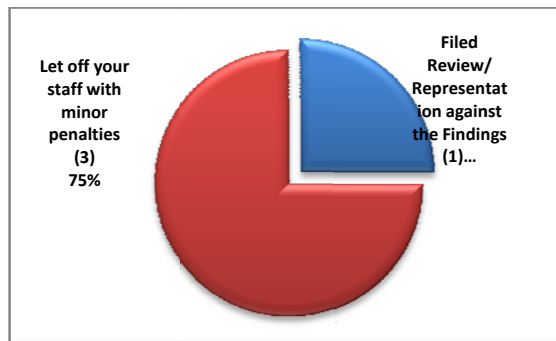


Fig. 6.11: Response in case FTO Recommends Disciplinary Action against a Tax Functionary

The last question of the survey was about the usefulness of FTO in rooting out the tax maladministration. The responses of the 19 offices responding to this question are presented in Table 6.12.

Table 6.12: Usefulness of FTO in Rooting out Tax Maladministration

Rating	Frequency	Percentage (%)
Highly useful	4	21.1
Useful	15	78.9
Not useful	0	-
Total	19	100

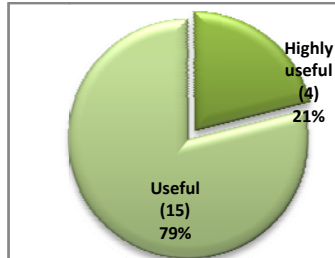


Fig. 6.12: Usefulness of FTO in Rooting out Tax Maladministration

None of the FBR offices thinks that FTO is not useful in rooting out the tax maladministration. In fact about 21 percent believe that FTO is highly useful and about 79 percent believe that FTO is useful in rooting out the maladministration in the Government offices (Fig. 6.12). The lack of action taken against tax functionaries may be due to some other factors that further needs to be investigated.

7. Citizen Report Card Analysis of the Chambers, Trade Bodies and Tax Associations

8. Citizen Report Card Analysis of the Chambers, Trade Bodies and Tax Associations

The questionnaire (Part-C, Appendix-A) includes the input of various organizations of Pakistan like Chambers of Commerce, Tax Bar Associations and other Trade Bodies. As per design of the survey, the response from the 28 such associations has to be obtained via email. The questionnaire was mailed to 24 associations, as 4 sales tax bars (for Islamabad, Lahore, Peshawar and Quetta) mentioned in the original list of 28 do not exist.

The list of the organizations to which the questionnaire has been mailed is presented in Table 7.1. There are twelve Chambers of Commerce, seven Tax Bars Associations and five trade bodies in this list.

Table 7.1: List of the Chambers or Associations targeted for the Survey

Sr.#	Name of Chamber / Association
1	FPCCI
2	KCCI
3	LCCI
4	FCCI
5	Quetta Chamber of Commerce and Industry
6	Sarhad Chamber of Commerce and Industry
7	Sukkur Chamber of Commerce and Industry
8	D.I. Khan Chamber of Commerce and Industry
9	Women's Chamber of Commerce and Industry Karachi
10	Women's Chamber of Commerce and Industry Lahore
11	Islamabad Chamber of Commerce and Industry
12	Rawalpindi Chamber of Commerce and Industry
13	Karachi Income Tax Bar Association
14	Pakistan Tax Bar Association
15	Karachi Sales Tax Bar Association
16	Lahore Income Tax Bar Association
17	Peshawar Income Tax Bar Association
18	Quetta Income Tax Bar Association
19	Islamabad Income Tax Bar Association
20	Karachi Customs Agents Association
21	Lahore Customs Agents Association
22	S.I.T.E Association of Industry
23	Korangi Association of Trade & Industry
24	Hub Association of Trade & Industry

The response rate for the email survey from the above organizations is very low. It may be concluded that without formal contact and physical /telephonic interaction there are less

chances to collect reasonable number of responses upon which a statistical analysis can be performed.

After several reminders only two responses, one from Islamabad Chamber of Commerce and Industry and one from Quetta Income Tax Bar Association have been received. Then after some telephonic contacts two more responses, one from Lahore Income Tax Bar and one from Karachi Custom Agents Associations were received. Three other associations promised to email the questionnaire, but did not do so.

However, on the basis of the four questionnaires received and the telephonic conversations with the Presidents / General Secretaries of the above associations; and by virtue of the findings of the main survey from taxpayers all over the country, following points are important:

1. We know that 48 % of the taxpayers complaining in FTO are not members of any trade/business association (Section 5.6). Out of the 52 % taxpayers having such membership, only 17.4 % (Section 5.17) admitted that their Trade Associations / Chambers help them in getting the matters solved.
2. The members of Tax Bar Associations are lawyers dealing with taxation matters. Therefore, they do not need guidance from the association. For the Chambers and Trade Associations there may be such guidance. Three of the four responded in yes to this question.

However, there is a very good perception of FTO among all the trade associations contacted. FTO being a relatively new forum is expected to become popular forum in resolving the tax related complaints.

8. Survey Key Findings

9. Survey Key Findings

STRUCTURAL

- FTO to take care of a large number of complaints from Hyderabad (Sindh), Faisalabad, Jhang (Punjab), Abbotabad and Peshawar (Khyber Pakhtunkhwa).
- FTO to encourage Trade Bodies and Chambers of Commerce and Industries to help Taxpayers in presenting their cases before FTO.
- Awareness required regarding FTO function for tax payers.

OPERATIONAL

- FTO resolves most of the cases within 60 days and very few cases remain pending.
- The key findings of the CRC analysis are that a majority of taxpayers are satisfied with FTO workings.
- FTO Karachi and Islamabad take much longer time in dealing with taxpayers' cases.
- FTO Lahore takes minimum time in deciding taxpayer's cases.
- There are a very few complaints registered with FTO Quetta Office.
- Complaint relevant data collection (taxpayer's address, contact etc.) process is not properly developed at FTO offices e.g. nature of complaints as recorded are not clear.
- All FTO offices operation time in deciding complaints has reduced in 2010.
- All FTO offices have become more efficient in 2010 as compared to 2009.

ANALYTICAL

- Highest ratio of complaints is generated by small sized businesses
- Lowest ratio of complaints is generated by retailers and exporters
- 56.7% complaints are related to delay in FBR decision making
- 24.3% complaints are related to inefficiency of FBR offices
- 32.4% respondents failed to respond due to complexity of the questionnaire
- 41.6% respondents first contact the tax official causing the grievance
- 48.3% of taxpayers are not members of any Trade Body / Association
- 87.1% of taxpayers give good rating to FTO performance
- 89% of complaints are decided by FTO in taxpayer's favour
- Taxpayers have high opinion (93.5%) about the FTO competency

in their responses regarding time to resolve their complaints, their excellent performance rating (87%) and deciding cases in their favour of (89%)

- Very few taxpayers complain for lack of interest of FTO officials (13.9%).
- About 24% of cases are pending or proceeding underway with FTO. Efforts can be made to improve the system to minimize to improve the system to minimize the pending cases.
- Taxpayers consider FTO officials have high integrity by not asking for any favour from the taxpayers (83.5%). However, a small number of officials are said to be asking for favours (16.5%).

KEY FINDINGS IN RESPECT OF FBR OFFICES

- FBR offices delays the implementation of FTO decisions as taxpayers ask tax departments to implement the FTO decisions.
- FBR officials receive 4072 complaints from FTO against their departments.
- Of 4072 complaints received by FBR, 2898 complaints are of similar nature.
- More than 77% of complaints are decided against the tax departments.
- About 68% of the cases are filed by FBR for review-representation before FTO-the President.
- In 100% cases (Table 6.10), FBR claims disciplinary action against tax functionaries involved in maladministration, but out of 29 cases of disciplinary actions recommended by FTO (Table 6.11), no serious disciplinary action was taken (Table 6.12).
- FBR officials consider FTO offices as very useful for tax departments in rooting out maladministration.

KEY FINDINGS IN RESPECT OF CHAMBERS / BARS / TRADE BODIES

- About 52% of the taxpayers have membership of a Chamber of Commerce and Industry or a Trade Body.
- The Chamber / Tax Bar Associations / Trade Bodies helped 17.4% of the taxpayers in solving their complaints.

APPENDICES

Appendix A:	Questionnaires
Appendix B:	Statistical Tables
Appendix C:	FTO Offices

QUESTIONNAIRES

Date: _____

Name of the Interviewer: _____
Nature of Complaints: _____

Name of Respondent: _____

Location of the Tax Payer: _____

Part A: (Questionnaire to be filled by Taxpayers)

Q1. Which category do the annual Returns of your business fall in?

- Large taxpayer
 Medium taxpayer
 Small taxpayer

Q2. Which is the type of your business?

- Manufacturer
 Service Provider
 Wholesale Dealer
 Retailer
 Importer
 Exporter

Q3. Mention the form of your business venture?

- Sole Proprietor
 Firm
 Association of Persons
 Private Limited Company
 Public Limited Company

Q4. For how many years have you been running this business?

- Less than one year
 More than a year but less than 5 years
 More than five years (Please specify the period)

- Q5. Mention the tax/duty that you pay:
- Income tax
 - Sales tax
 - Customs Duty
 - Federal Excise Duty
- Q6. Which trade body/business association/Chamber of Commerce and Industry are you member of:
- Please specify name of the Body/Association/Chamber
- Q7. Please specify the maladministration which caused grievances to you?
- Delay
 - Inefficiency
 - Arbitrariness
 - Harassment for corrupt motives
 - Other (Please specify.....)
- Q8. For redress of your grievances, whom did you contact first?
- Officer supervising the tax functionary responsible for causing the grievances
 - FBR
 - FTO
 - Courts
 - Other (Please specify.....)
- Q9. When did you last file a complaint before FTO?
- Q10. For lodged complaint, your contact at the FTO Office?
- Islamabad
 - Lahore
 - Karachi
 - Quetta
- Q11: For tax purposes, your contact person at the FTO Office holds which designation/rank?
- Advisor
 - Registrar / Director
 - Deputy Registrar/DD,

- Staff
- Other (Please specify.....)

- Q12. How will you rate the response you got from this person?
- Good
 - Satisfactory
 - Non-satisfactory
- Q13. What was the response time of the concerned authority?
- 1 week
 - 1 month or less
 - 2 months or less
 - 3 to 6 months
- Q14. Did the FTO Office show any lack of interest in getting the matter solved?
- Yes
 - No
- Q15. Please mention the problem faced at the FTO Office.
- Didn't lodge the complaint
 - Staff was not present
 - Didn't guide properly
 - Others
- (Specify.....)
- Q16. Did you use a contact or reference within the FTO Office who helped you in getting the problem solved?
- Yes
 - No
- Q17. Being a member of the trade body, did that agency help you in getting the matter resolved? (Answer this question only if you have answered "YES" for FTO for Q8).
- Yes
 - No
- Q18. In order to get the problem solved, did you use the help of some agent or broker?
- Yes
 - No

- Q19. Did the contact person of the FTO Office ever asked you for some undue favour?
 Yes
 No
- Q20. What was the final result of the lodged complaint?
 Pending
 Proceedings underway
 Matter solved
 Others (Specify.....)
- Q21. To be specific, in how many days your problem was resolved by the FTO Office?
 In a week time
 1 to 3 Months
 4-5 months
 Between 6 months and a year
- Q22. Based on your experience with the staff, how did you find their behaviour?
 Satisfactory
 Non-satisfactory
- Q23. Keeping your past experience in mind, how would you rate the performance of the FTO Office? (Please briefly specify reasons)
 Excellent
 Good
 Average
 Poor
 Reasons: _____

- Q24. Time taken by FTO Office to give its Findings:
 Less than two months
 Less than three months
 Less than six months
 Other (Please specify.....)

- Q25. Did you hire a lawyer/consultant for representation in FTO Office?
 Yes
 No
- Q26. What were the Findings of FTO Office in your complaint?
 Decided the complaint in your favour
 Decided the complaint in favour of the Department
 Other
(Specify.....)
- Q27. What happened after receipt of FTO's decision?
 You asked the Tax Department to implement the favourable Findings
 You filed Review in case the Findings were not in your favour
 The Department filed Review/Representation against Findings of the FTO
 The Department implement the decision in Review/Representation

Part B (Questionnaire to be filled in by Collectors/Commissioners on FTO)

- Q1. Which of the following Tax Departments are you heading?
- Income Tax
 - Sales Tax
 - Customs
 - Federal Excise
- Q2. How many complaints are annually filed before the FTO against maladministration of tax employees working under you? (Please give figures for the last three years beginning 2008)
- Q3. What is the percentage of complaints against frequent recurrence of similar acts of maladministration?
- Q4. What is the percentage of complaints decided against the Department?
- Q5. What do you do in case the complaint is decided in favour of the taxpayer?
- Implement the Findings
 - File Review Petition before FTO
 - File Representation before the President
 - Explain to the FTO Office the reasons for which the Findings cannot be complied with
- Q6. What is your response in case FTO Office recommends disciplinary action against tax functionaries working under you?
- Take disciplinary action in right earnest
 - Effectively punish the tax functionaries guilty of tax maladministration
 - Let off the tax functionaries with minor penalties and censures only
 - Dislike recommendations of disciplinary action against staff
- Q7. In how many complaints, the FTO recommended disciplinary action against your staff during calendar year 2009?
- Q8. What action did you take against the staff reported guilty of tax maladministration by the FTO Office?
- Filed Review/Representation against the Findings
 - Let off your staff with minor penalties
 - Took serious action against the staff and awarded major penalties of removal from service

Was that major penalty upheld by review I like Service Tribunal etc?

Q9. Do you find FTO Office useful to you in rooting out tax maladministration?

Highly useful

Useful

Not useful

Part C (to be filled in by President or his nominee)

Name of the Chamber/ Association _____

Name of the President: _____

Name of the Respondent: _____

Q1. Do your Chamber/ Association provide Tax submission or relevant guidance to members?

Yes

No

Q2. What priority does your Chamber/ Association attach to tax/ FTO –related complaints?

Top

Medium

Low

Q3. Does your Chamber/ Association approach the tax department/ FTO on behalf of the company?

Yes

No

Q4. Does your Chamber/ Association hire/affiliate with professional bodies to take up such matters to the relevant department?

Yes

No

Q5. How many tax related complaints your Chamber/ Association had submitted to relevant tax departments/ FTO on behalf of the companies in the last two years?

2009 _____

2010 _____

Q6. Through your Chamber/ Association, how many tax related complaints were resolved by relevant departments in the last two years?

2009 _____

2010 _____

- Q7. On the average, how much time tax department/ FTO takes to respond to such complaints?
- Less than a week
- Within Four weeks
- More than one month

- Q8. From which industrial sector, does your Chamber/ Association receive most complaints?
- _____
- _____
- _____
- _____

STATISTICAL TABLES.
Table B-1: Population Distribution by Cities

Province	City	Year		
		2009	2010	Total
Khyber Pakhtoonkhwa (52)	Abbottabad	4	7	11
	Attock	1	1	2
	Bannu	3	1	4
	Charsadda	1	0	1
	Haripur	4	1	5
	Kohat	0	5	5
	Landi Kotal	1	0	1
	Mansehra	2	2	4
	Mardan	0	2	2
	Nowshera	1	3	4
	Peshawar	4	7	11
	Sawabi	0	1	1
	Upper Dir	1	0	1
	Punjab (1398)	Bahawalnagar	1	1
Bkalwal		1	0	1
Bhakkar		1	1	2
Bahawalpur		0	3	3
Burewala		0	3	3
Chakwal		0	2	2
Chichawatni		2	1	3
Chiniot		3	6	9
Chunian		1	0	1
D.G. Khan		1	2	3
Daska		0	2	2
Depalpur		3	0	3
Faisalabad		69	113	182
Gojra		9	35	44
Gujranawala		11	7	18
Gujrat		12	4	16
Hafizabad		32	35	67
Islamabad		40	83	123
Jaranwala		0	1	1
Jhelum		1	2	3
Jhang		6	95	101
Kamalia		9	4	13
Kamonke		1	0	1
Kasur	13	6	19	

Province	City	Year		
		2009	2010	Total
Punjab (1398)	Khanewal	0	3	3
	Kharian	5	1	6
	Khushab	4	0	4
	Lahore	203	327	530
	Lodhran	1	2	3
	Mailsi	2	9	11
	Mandi Bahawal Din	0	1	1
	Mianwali	1	3	4
	Multan	9	7	16
	Muridkey	2	5	7
	Muzaffargarh	1	2	3
	Nankana Sahib	2	5	7
	Narowal	5	7	12
	Okara	4	3	7
	Pakpattan	1	0	1
	PindiBhattian	1	1	2
	Pirmahal	1	0	1
	Pottoki	0	1	1
	Rahim Yar Khan	5	0	5
	Rajanpur	1	1	2
	Rawalpindi	14	25	39
	Renala Khurd	1	0	1
	Sadiqabad	3	1	4
	Sahiwal	9	2	11
	Sailkot	5	11	16
	Sambrial	0	1	1
	Sargodha	8	7	15
	Shakargarh	4	0	4
	Sheikhupura	6	18	24
	Shorkot	0	3	3
	Tandianwala	1	0	1
	Toba Tek Singh	3	24	27
	Vehari	0	3	3
Wah Cantt	0	1	1	
Sindh (562)	Badin	1	0	1
	Dadu	1	4	5
	Hyderabad	1	24	25
	Karachi	255	267	522
	Khirpur	1	0	1
	Larkana	0	1	1
	Mirpur Khas	2	0	2
	Naushero Froz	0	3	3
	Sanghar	1	0	1
Tando Adam	1	0	1	

Province	City	Year		
		2009	2010	Total
Baluchistan (15)	Chaman	0	2	2
	Quetta	7	6	13
Total		810	1217	2027

Table B-2: Taxpayers Matrix by Province and FTO Offices

Province	2009					2010					Grand Total
	FTO-Stations					FTO-Stations					
	Karachi	Lahore	Islamabad	Quetta	Total	Karachi	Lahore	Islamabad	Quetta	Total	
Baluchistan	7	0	0	0	7	1	1	0	6	8	15
Khyber Pakhtunkhwa	0	0	22	0	22	0	0	30	0	30	52
Sindh	255	0	8	0	263	290	4	4	1	299	562
Punjab	10	329	179	0	518	34	735	111	0	880	1398
Total	272	329	209	0	810	325	740	145	7	1217	2027

Table B-3: Population Complaints by FTO Offices and Year

FTO Station	The Population (FTO Station Contacted)			
	2009	2010	Total	Percentage (%)
Islamabad	210	145	355	17.5
Lahore	328	740	1068	52.7
Karachi	272	325	597	29.5
Quetta	0	7	7	0.3
Total	810	1217	2027	100

Table B-4: The Sample Complaints by FTO Offices and Year

FTO Station	The Sample (including reserves)			
	2009	2010	Total	Percentage (%)
Islamabad	43	40	83	22.6
Lahore	41	118	159	43.3
Karachi	57	63	120	32.7
Quetta	0	5	5	1.4
Total	141	226	367	100

Table B-5: Population of FTO Complaints by Province and Year

FTO Station	The Population (Address of Complainants)			
	2009	2010	Total	Percentage (%)
Baluchistan	7	8	15	0.7
Khyber PakhtunKhwa	22	30	52	2.6
Punjab	518	880	1398	69.0
Sind	263	299	562	27.7
Total	810	1217	2027	100
Percentage (%)	40.0	60.0	100.0	-

Table B-6: The Sample of FTO Complaints by Province and Year

FTO Station	The Sample (including reserves)			
	2009	2010	Total	Percentage (%)
Baluchistan	8	7	15	4.1
Khyber PakhtunKhwa	12	14	26	7.1
Punjab	74	143	217	59.1
Sind	47	62	109	29.7
Total	141	226	367	100
Percentage (%)	38.4	61.6	100.0	-

Table B-7: Questionnaire Response Nature

Nature of Response	Freq	Percentage (%)
Received	248	67.6
Refusal or Denials	45	12.3
Untraceable*	74	20.2
Total	367	100

* Including a) Incomplete address or wrong names or
b) Shifted to unknown location or
c) Business closed or
c) Died

Table B-8: Survey Response Rate - FTO Offices

FTO Station	Year				Total	
	2009		2010			
	Sample	Percentage (%)	Sample	Percentage (%)	Sample	Percentage (%)
Islamabad	20	46.5	31	77.5	51	61.4
Lahore	35	85.4	91	77.1	126	79.2
Karachi	35	61.4	35	55.6	70	58.3
Quetta	0	-	1	20.0	1	20.0
Total	90	64	158	70	248	68

Table B-9: Survey Response Rate - Provinces

FTO Station	Year				Year	
	2009		2010			
	Sample	Percentage (%)	Sample	Percentage (%)	Sample	Percentage (%)
Baluchistan	4	50.0	2	28.6	6	40.0
Khyber Pakhtunkhwa	2	16.7	7	50.0	9	34.6
Punjab	52	70.3	114	79.7	166	76.5
Sind	32	68.1	35	56.5	67	61.5
Total	90	63.8	158	69.9	248	67.6

Table B-10: Response Rate for the proposed Sample

FTO Station	Target	Achieved	Percentage (%)
Islamabad	50	51	102.0
Lahore	125	126	100.8
Karachi	75	70	93.3
Quetta	50	1	2.0
Total	300	248	82.7

Table B-11: The Sample Distribution by Cities and Year

City	2009	2010	Total
Abbottabad	2	2	4
Attock	1	0	1
Bannu	2	0	2
Bahawalpur	0	1	1
Chaman	1	1	2
Charsadda	0	1	1
D.G. Khan	0	1	1
Dadu	0	1	1
Faisalabad	11	28	39
Gojra	0	11	11
Gujranawala	1	0	1
Gujrat	7	3	10
Hafizabad	7	5	12
Haripur	1	0	1
Hyderabad	1	8	9
Islamabad	7	11	18
Jhelum	1	0	1
Jhang	3	14	17
Karachi	46	52	98

City	2009	2010	Total
Kasur	0	1	1
Kharian	2	0	2
Kohat	0	5	5
Lahore	24	54	78
Landi Kotal	1	0	1
Larkana	0	1	1
Mailsi	0	1	1
Mansehra	2	1	3
Multan	3	1	4
Nankana Sahib	0	1	1
Narowal	0	1	1
Peshawar	2	5	7
Quetta	7	6	13
Rahim Yar Khan	1	0	1
Rawalpindi	2	3	5
Sahiwal	2	3	5
Sargodha	2	2	4
Shakargarh	1	0	1
Toba Tek Sin	0	2	2
Upper Dir	1	0	1
Total	141	226	367

Table B-12: Tax Category of Taxpayers

Category	Frequency	Percentage (%)
Large	39	16.1
Medium	75	30.9
Small	125	51.4
Not Applicable	4	1.6
Total	243	100

Table B-13: Type of Business of Taxpayers

Type of Business*	Response	
	Frequency	Percentage (%)
Manufacturer	113	46.1
Service Provider	86	35.1
Wholesale Dealer	15	6.1
Retailer	14	5.7
Importer	32	13.1
Exporter	14	5.7

* A Business may fall in more than one type

Table B-14: Form of Business of Taxpayers

Type of Ownership	Frequency	Percentage (%)
Sole Proprietor	128	52.2
Firm	10	4.1
Association of Persons	52	21.2
Private Limited Company	39	15.9
Public Limited Company	6	2.4
Not Applicable	10	4.1
Total	245	100

Table B-15: Age of the Companies of Taxpayers

Age Category	Frequency	Percentage (%)
Less than one year	1	.4
More than a year but less than 5 years	49	20.2
More Than five years	182	75.2
Not Applicable	10	4.1
Total	242	100

Table B-16: Type of Tax/Duty Paid by Taxpayers

Tax/Duty *	Response	
	Frequency	Percentage (%)
Income Tax	236	95.9
Sales Tax	135	54.9
Customs Duty	71	28.9
Federal Excise Duty	37	15.0

* A Taxpayers may be paying more than one tax

Table B-17: Membership of Chambers/Trade bodies

Membership	Frequency	Percentage (%)
No Association	102	48.3
Chambers of Commerce	99	46.9
Other Trade Bodies	10	4.7
Total	211	100

Table B-18: Membership of Chambers/Trade bodies – Taxpayer’s Category

Category of the Taxpayer	Membership							
	Chamber of Commerce		No Association		Trade Bodies		Total	
	No.	%	No.	%	No.	%	No.	%
Large	24	85.7	3	10.7	1	3.6	28	100
Medium	34	51.5	28	42.4	4	6.1	66	100
Small	38	34.9	67	61.5	4	3.7	109	100

Table B-19: Nature of Maladministration Faced by Taxpayers

Maladministration	Response	
	Frequency	Percentage (%)
Delay	140	56.7
Inefficiency	60	24.3
Arbitrariness	22	8.9
Harassment for corrupt motives	17	6.9
Others	35	14.2

* A Taxpayers may report more than one maladministration

Table B-20: Nature of Maladministration and Type of Business (Cross Tabulation)

Type of Business	Type of Maladministration				
	Delay	Inefficiency	Arbitrariness	Harassment for corrupt motives	Others
Manufacturer	64	25	5	8	19
Service Provider	54	19	5	2	6
Wholesale Dealer	11	4	1	3	2
Retailer	7	3	3	3	1
Importer	15	7	13	3	2
Exporter	10	1	0	2	3

Table B-21: Nature of Maladministration and Type of Taxes/Duty (Cross Tabulation)

Type of Tax	Type of Maladministration				
	Delay	Inefficiency	Arbitrariness	Harassment for corrupt motives	Others
Income Tax	134	56	21	17	34
Sales Tax	62	40	18	11	23
Customs Duty	38	23	16	7	10
Federal Excise Duty	19	14	12	6	4

Table B-22: Nature of Maladministration and Form of Business (Cross Tabulation)

Form of Business	Type of Maladministration				
	Delay	Inefficiency	Arbitrariness	Harassment for corrupt motives	Others
Sole Proprietor	79	30	13	11	9
Firm	6	2	2	1	1
Association of Persons	21	6	1	1	14
Private Ltd Company	25	14	5	4	3
Public Limited Company	2	3	1	0	2

Table B-23: Nature of Maladministration and Provinces (Cross Tabulation)

Province	Type of Maladministration				
	Delay	Inefficiency	Arbitrariness	Harassment for corrupt motives	Others
Baluchistan	6	1	0	0	0
Khyber Pakhtunkhwa	3	2	0	1	2
Punjab	97	32	5	7	27
Sind	34	25	17	9	6

Table B-24: Nature of Maladministration and FTO Station (Cross Tabulation)

FTO Station	Type of Maladministration				
	Delay	Inefficiency	Arbitrariness	Harassment for corrupt motives	Others
Islamabad	24	8	1	3	8
Lahore	77	25	4	6	20
Karachi	38	26	17	8	7
Quetta	1	1	0	0	0

Table B-25: First Contact for Redress of Grievances

The Contact	Frequency	Percentage (%)
Officer causing the grievance	101	41.7
FBR	44	18.2
FTO	94	38.8
Courts	3	1.3
Total	242	100

Table B-26: Filing the Last Complaint before FTO for the Sample

Year	Frequency	Percentage (%)
2009	90	36.3
2010	158	63.7
Total	248	100

Table B-27: FTO Station Contacted by Taxpayers

The Station	Frequency	Percentage (%)
Islamabad	51	20.6
Lahore	126	50.8
Karachi	70	28.2
Quetta	1	.4
Total	248	100

Table B-28: Person Contacted at FTO by Taxpayers

The Contact	Frequency	Percentage (%)
Advisor	153	62.4
Registrar/Director	16	6.5
Deputy Registrar/DD	4	1.6
Staff	58	23.7
Others	14	5.8
Total	245	100

Table B-29: Response Quality at FTO for Taxpayers

Quality	Frequency	Percentage (%)
Good	153	61.9
Satisfactory	78	31.6
Non-Satisfactory	16	6.5
Total	247	100

Table B-30: FTO Lack of Interest in Solving Taxpayers Matters

Lack of Interest	Frequency	Percentage (%)
Yes	34	13.9
No	210	86.1
Total	244	100

Table B-31: Problem Faced at FTO by Taxpayers

The Problem	Frequency	Percentage (%)
Didn't lodge the complaint	0	0.0
Staff was not present	4	1.9
Didn't guide properly	14	6.6
Others	12	5.6
No Problem / NA	183	85.9
Total	213	100

Table B-32: Reference Used by Taxpayers within FTO

Used Reference	Frequency	Percentage (%)
Yes	31	12.6
No	216	87.4
Total	247	100

Table B-33: Help Provided by the Trade Body to Taxpayers

Trade Body Help	Frequency	Percentage (%)
Yes	39	17.4
No	91	40.6
N/A	94	42.0
Total	224	100

Table B-34: Agent or Broker Used by Taxpayers at FTO

Used	Frequency	Percentage (%)
Yes	35	14.2
No	211	85.8
Total	246	100

Table B-35: Contact Person at FTO asked Favour from the Taxpayers

Asked	Frequency	Percentage (%)
Yes	40	16.5
No	202	83.5
Total	242	100

Table B-36: Final Result of the Complaint

Final Result	Frequency	Percentage (%)
Pending	13	5.0
Proceedings underway	26	11.0
Matter solved	188	76.0
Other	20	8.0
Total	247	100

Table B-37: The Taxpayers Rating about Staff Behaviour of FTO

Behaviour	Frequency	Percentage (%)
Satisfactory	222	90.6
Non-satisfactory	23	9.4
Total	245	100

Table B-38: The Taxpayers Rating about Performance of FTO

Rating	Frequency	Percentage (%)
Excellent	118	47.6
Good	98	39.5
Average	23	9.3
Poor	9	3.6
Total	248	100

Table B-39: Hired Lawyer/Consultant for representation at FTO

Hired	Frequency	Percentage (%)
Yes	213	86.2
No	34	13.8
Total	247	100

Table B-40: Final Findings of FTO to Complaints of Taxpayers

Final Finding of FTO	Frequency	Percentage (%)
Decided the case in your favour	219	89.0
Decided the complaint in favour of the Dept	13	5.3
Others	14	5.7
Total	246	100

Table B-41: Post-Findings Scenario Happening

After Findings	Frequency	Percentage (%)
Asked the tax department to implement findings	174	79.1
Filed Review	6	2.7
Dept filed review against FTO findings	18	8.2
Dept implement the review/representation decision	22	10.0
Total	224	100

Table B-42: Response Time of FTO for Taxpayers

Number of Weeks	Frequency	Percentage (%)
1 Week	28	11.4
1 Month or Less	127	51.8
2 Month or Less	26	10.7
3-6 Months	64	26.1
Total	245	100

Table B-43: FTO Response Time for Taxpayers - Yearly Comparison

Response Time (In Weeks)	2009	2010	Total
	(N = 87)	(N = 158)	(N = 245)
Average Time	7.82	6.89	7.22

Table B-44: Time Taken by FTO to Give Findings

Weeks	Frequency	Percentage (%)
Less than 2 months	89	36.3
Less than 3 months	88	35.9
Less than 6 months	53	21.6
Others	15	6.1
Total	245	100

Table B-45: Time Taken by FTO to Give Findings - Yearly Comparison

Time to Give Findings (in Weeks)	2009	2010	Total
	(N = 84)	(N = 146)	(N = 230)
Average Time	10.68	9.52	9.94

Table B-46: Province-wise Time Taken by FTO to Give Findings

Province	N	Mean (Weeks)
Baluchistan	6	12.6
Khyber Pakhtunkhwa	7	7.7
Punjab	158	8.7
Sind	59	13.4
All Provinces	230	9.9

Table B-47: Time Taken to Give Findings for the Four FTO Station

FTO Station	N	Mean (Weeks)
Islamabad	49	8.7
Lahore	118	8.5
Karachi	62	13.7
Quetta	1	4.0
All Stations	230	9.9

Table B-48: Quality of Response of FTO - Provinces

Province	The Response Quality (Percentage %)		
	Good	Satisfactory	Non-Satisfactory
Baluchistan	50.0	16.7	33.3
Khyber Pakhtunkhwa	37.5	62.5	0.0
Punjab	62.7	32.5	4.8
Sind	64.2	26.9	9.0
Total	61.9	31.6	6.5

Table B-49: Staff Behaviour at FTO - Provinces

Province	Staff Behaviour (Percentage %)	
	Satisfactory	Non-satisfactory
Baluchistan	100.0	0.0
Khyber Pakhtunkhwa	75.0	25.0
Punjab	89.7	10.3
Sind	93.9	6.1
Total	90.6	9.4

Table B-50: Performance Rating of FTO by Taxpayers - Provinces

Province	FTO Performance Rating (Percentage %)			
	Excellent	Good	Average	Poor
Baluchistan	33.3	66.7	0.0	0.0
Khyber Pakhtunkhwa	22.2	33.3	44.4	0.0
Punjab	42.8	44.6	10.2	2.6
Sind	64.2	25.4	3.0	7.5
Total	47.6	39.5	9.3	3.6

Table B-51: Response Quality Ratings of Taxpayers - FTO Offices

FTO Station	The Response Quality (Percentage %)		
	Good	Satisfactory	Non-Satisfactory
Islamabad	70.0	28.0	2.0
Lahore	57.9	36.5	5.6
Karachi	62.9	25.7	11.4
Quetta	100.0	0.0	0.0
Total	61.9	31.6	6.5

Table B-52: Staff Behaviour Rating of Taxpayers - FTO Offices

FTO Station	Staff Behaviour (Percentage %)	
	Satisfactory	Non-satisfactory
Islamabad	88.0	12.0
Lahore	89.6	10.4
Karachi	94.2	5.8
Quetta	100.0	0.0
Total	90.6	9.4

Table B-53: Performance Rating by Taxpayers - FTO Offices

FTO Station	FTO Performance Rating (Percentage %)			
	Excellent	Good	Average	Poor
Islamabad	43.1	31.4	25.5	0.0
Lahore	41.3	49.2	6.3	3.2
Karachi	61.4	28.6	2.9	7.1
Quetta	100.0	0.0	0.0	0.0
Total	47.6	39.5	9.3	3.6

Table B-54: FTO Response Quality - Taxpayers' Category

Category	The Response Quality (Percentage %)		
	Good	Satisfactory	Non-Satisfactory
Large	61.5	30.8	7.7
Medium	50.7	45.3	4.0
Small	71.0	24.2	4.8
Total	63.0	31.9	5.0

Table B-55: FTO Staff Behaviour - Taxpayers' Category

Category	Staff Behaviour (Percentage %)	
	Satisfactory	Non-satisfactory
Large	97.4	2.6
Medium	91.8	8.2
Small	90.3	9.7
Total	91.9	8.1

Table B-56: FTO Performance Rating - Taxpayers' Category

Category	FTO Performance Rating (Percentage %)			
	Excellent	Good	Average	Poor
Large	53.8	38.5	5.1	2.6
Medium	41.3	50.7	8.0	0.0
Small	51.2	34.4	11.2	3.2
Total	48.5	40.2	9.2	2.1

Table B-57: FTO Response Quality for Different Forms of Business

Form of Business	The Response Quality (Percentage %)		
	Good	Satisfactory	Non-Satisfactory
Sole Proprietor	70.1	26.8	3.1
Firm	60.0	30.0	10.0
Association of Persons	57.7	40.4	1.9
Private Ltd Company	51.3	38.5	10.3
Public Limited Company	50.0	33.3	16.7
Total	63.2	32.1	4.7

Table B-58: FTO Staff Behaviour for Different Form of Business

Form of Business	Staff Behaviour (Percentage %)	
	Satisfactory	Non-satisfactory
Sole Proprietor	92.9	7.1
Firm	90.0	10.0
Association of Persons	94.1	5.9
Private Ltd Company	89.7	10.3
Public Limited Company	83.3	16.7
Total	92.2	7.8

Table 59: FTO Performance Rating by the Taxpayers for Different Forms of Business

Form of Business	FTO Performance Rating (Percentage %)			
	Excellent	Good	Average	Poor
Sole Proprietor	56.3	35.9	6.3	1.6
Firm	70.0	10.0	20.0	0.0
Association of Persons	40.4	51.9	7.7	0.0
Private Ltd Company	38.5	41.0	15.4	5.1
Public Limited Company	0.0	60.0	40.0	0.0
Total	49.1	39.7	9.4	1.7

Table B-60: Govt. Offices Heading Tax Departments

Name of the Office	Income Tax	Sales Tax	Customs	Fed Excise
Audit Division LTU Karachi*				
Audit-II LTU Karachi	1	1	0	1
Collector of Exports	0	0	1	0
Commissioner Legal LTU Karachi	1	1	0	1
Dir I + II LTU Karachi*				
PaCCS	0	0	1	0
Port Muhammad Bin Qasim	0	0	1	0
RTO Abbotabad	1	1	0	1
RTO Faisalabad	1	1	0	1
RTO Gujranwala	1	1	0	1
RTO Hyderabad	1	1	0	1
RTO Karachi	1	1	0	1
RTO Karachi-II	1	1	0	1
RTO Karachi-III	1	1	0	1
RTO Lahore-I	1	1	0	0
RTO Lahore-II	1	1	0	1
RTO Multan	1	1	0	1
RTO Peshawar	1	1	0	1
RTO Quetta	1	1	0	1
RTO Rawalpindi	1	1	0	1
RTO Sargodha	1	1	0	1
RTO Sukkur	1	1	0	1
Total	17	17	3	16

* No Response

Yes = 1, No = 0

Table B-61: Number of Complaints filed before FTO against Tax Employees

Name of the Office	2008	2009	2010	Total
Audit Division LTU Karachi	0	0	3	3
Audit-II LTU Karachi	0	0	1	1
Collector of Exports	5	6	4	15
Commissioner Legal LTU Karachi				

Dir I + II LTU Karachi	2	20	7	29
Paces	48	54	92	194
Port Muhammad Bin Qasim	0	1	2	3
RTO Abbotabad	13	18	8	39
RTO Faisalabad	734	86	283	1103
RTO Gujranwala	23	43	50	116
RTO Hyderabad	8	5	36	49
RTO Karachi	85	79	83	247
RTO Karachi-II				
RTO Karachi-III				
RTO Lahore-I	1431	164	281	1876
RTO Lahore-II	0	0	124	124
RTO Multan	54	34	57	145
RTO Peshawar	59	10	31	100
RTO Quetta	0	0	21	21
RTO Rawalpindi	0	0	2	2
RTO Sargodha				
RTO Sukkur	1	2	2	5
Total	2463	522	1087	4072

Table B-62: Complaints filed before FTO against Tax Employees (Summary)

Year	N	Sum	Mean	sd
2008	17	2463	144.9	374.7
2009	17	522	30.7	44.2
2010	19	1087	57.2	87.0
Total	17	4072	238.2	495.9

Table B-63: Number of Complaints Pertaining to Similar Acts of Maladministration

Name of the Office	Total Complaints	Similar Nature	
		%	Freq
Audit Division LTU Karachi	3		
Audit-II LTU Karachi	1		
Collector of Exports	15		
Commissioner Legal LTU Karachi			
Dir I + II LTU Karachi	29	10	3
Paces	194	25	49
Port Muhammad Bin Qasim	3	25	1
RTO Abbotabad	39		
RTO Faisalabad	1103	45	496
RTO Gujranwala	116	87	101
RTO Hyderabad	49	50	25
RTO Karachi	247	49	121

RTO Karachi-II			
RTO Karachi-III			
RTO Lahore-I	1876	98	1838
RTO Lahore-II	124	96	119
RTO Multan	145	98	142
RTO Peshawar	100		
RTO Quetta	21	6	1
RTO Rawalpindi	2		
RTO Sargodha			
RTO Sukkur	5	50	3
Total	4072	71.18	2898

Table B-64: Complaints Decided Against the Department

Name of the Office	Total Complaints	Decided Against the Department	
		%	Freq
Audit Division LTU Karachi	3	30	1
Audit-II LTU Karachi	1		
Collector of Exports	15	70	11
Commissioner Legal LTU Karachi			
Dir I + II LTU Karachi	29	45	13
PaCCS	194	95	184
Port Muhammad Bin Qasim	3	75	2
RTO Abbotabad	39	10	4
RTO Faisalabad	1103	55	607
RTO Gujranwala	116	10	12
RTO Hyderabad	49	20	10
RTO Karachi	247	55	136
RTO Karachi-II			
RTO Karachi-III			
RTO Lahore-I	1876	98	1838
RTO Lahore-II	124	96	119
RTO Multan	145	80	116
RTO Peshawar	100	80	80
RTO Quetta	21	29	6
RTO Rawalpindi	2	2	0
RTO Sargodha	0		
RTO Sukkur	5	43	2
Total	4072	77.13	3141

Table B-65: Response in case the complaint is decided against the Department

Type of Response	No. of Responses	Yes
Implement the Findings	19	19
File Review Petition before FTO	19	6
File Representation before the President	19	7
Explain to the FTO Office the reasons for which the Findings cannot be complied with	19	1

Table B-66: Response in case FTO Recommend Disciplinary Action against a Tax Functionary

Type of Response	No. of Responses	Yes
Take disciplinary action in right earnest	19	19
Effectively punish the tax functionaries guilty of tax maladministration	19	1
Let off the tax functionaries with minor penalties and censures only	19	1
Dislike recommendations of disciplinary action against staff	19	0

Table B-67: Response in case FTO Recommended Disciplinary Action against a Tax Functionary

Type of Response (No of decisions)	Name of Office	No. of Decision	Yes
Filed Review/Representation against the Findings	Paces	1	1
Let off your staff with minor penalties	RTO Faisalabad (2) RTO Karachi (7)	9	3
Took serious action against the staff and awarded major penalties of removal			0
Other	RTO Lahore-1	19	1
Not Applicable			17

Table B-68: Usefulness of FTO in Rooting out Tax Maladministration

Rating	Frequency	Percentage (%)
Highly useful	4	21.1
Useful	15	78.9
Not useful	0	-
Total	19	100.0

Appendix-C

FTO OFFICES

ISLAMABAD

Federal Tax
Ombudsman
Secretariat
5-A, Constitution
Avenue Islamabad
Tel: 051-9211382
Fax: 051-9202235
E-mail:
ombudsman@fto.gov.pk

LAHORE

Regional Office,
Bungalow No.186-A
Scotch Corner,
Upper Mall, Lahore
Tel: 99201825,
99201895
Fax: 99201893
E-mail:
info@fto.gov.pk

KARACHI

Regional Office, 4th
Floor, Shaheen
Complex
M.R. Kayani Road,
Karachi.
Tel: 021-99213586-
90
E-mail:
info@fto.gov.pk

QUETTA

Regional Office,
House No. 141,
Shahbaz Town,
Phase-I, Samungli
Road, Quetta.
Fax: 081-2863261
E-mail:
info@fto.gov.pk

PESHAWAR

Regional Office, 46-
C/1, Sahibzada
Abdul Qayyum
Road,
University Town,
Peshawar

Appendix-D



**TRANSPARENCY
INTERNATIONAL-PAKISTAN**

5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII,
Defence Housing Authority, Karachi.
Tel: (92-21)-35390408, 35390409, Fax: 35390410
E-mail: ti.pakistan@gmail.com
Website: www.transparency.org.pk

August 17, 2010.

Dr Muhammad Shoaib Suddle,
Federal Tax Ombudsman,
Islamabad

Sub: Report Card Study on Effectiveness of the FTO.

Dear Dr Suddle Sahib,

During the seminar 'Measures to Enhance Transparency in Tax Collection and Role of FTO' on August 5th, 2010, you had offered TI Pakistan to carry out an independent evaluation of the effectiveness of the office of the FTO.

Transparency International Pakistan is prepared to carry out a report card study on this subject. TI Pakistan will contract a research organization to carry out the study that will include inputs from all stakeholders including the office of the FTO, various chambers of commerce and industry, trade associations and members of the tax bar association. The study will report on the effectiveness of the FTO office, shortcomings if any and recommendations from various stakeholders in how to improve it.

The Terms of Reference will be prepared in collaboration with the FTO office.

We would appreciate if you kindly inform us your acceptance of the proposal.

With Best Regards,


Syed Adil Gilani
Chairman

Appendix-E

F70

**FEDERAL TAX OMBUDSMAN SECRETARIAT
5-A, CONSTITUTION AVENUE, ISLAMABAD
PABX: (051) 9212316, 9212318, 9212321, 9212328
Fax: (051) 9205553**

F.No.7/2009-Senior Advisor

Dated:19.08.2010

Subject: **REPORT CARD STUDY ON EFFECTIVENESS
OF THE OFFICE OF THE FTO**

I write to acknowledge receipt of your letter dated 17.08.2010 on the subject and to convey Hon'ble FTO's thanks for accepting our proposal to carry out an independent evaluation of the effectiveness of the office of the FTO. The terms of reference to be prepared jointly by the FTO Secretariat and Transparency International will be finalized shortly. Please depute a focal person of TI to liaise with the undersigned in this regard

Yasin Tahir
(Yasin Tahir)
Senior Advisor
Ph: 051-9219687

✓
Syed Adil Gilani,
Chairman,
Transparency International-Pakistan,
5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII,
Defence House Authority,
Karachi.



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