Tax Authorities

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1. **Section 207. Income Tax Authorities**

(1979: Sec 3(1) & 1(A))

(1) There shall be the following income tax authorities for the purposes of this Ordinance, namely:-

(a) Central Board of Revenue;

(b) Regional Commissioners of Income Tax;

(c) Commissioners of Income Tax;

(d) Commissioners of Income Tax (Appeals); and

(e) taxation officers.

(2) The Central Board of Revenue shall exercise the general administration of this Ordinance.

(3) The Regional Commissioners of Income Tax and the Commissioners of Income Tax (Appeals) shall be subordinate to the Central Board of Revenue and the Commissioners of Income Tax shall be subordinate to the Regional Commissioners.

(4) Subject to sub-section (5), the taxation officers shall be subordinate to the Commissioners of Income Tax.

(5) A taxation officer invested with the powers and functions of the Commissioner, under sub-section (2) of section 209, shall be subordinate to the Regional Commissioner of Income Tax.

1.1 **Section 2(2). Appellate Tribunal**

(1979: Sec 2(3))

“Appellate Tribunal” means the Appellate Tribunal established under section 130;

1.2 **Section 2(11). Central Board of Revenue**

(1979: Sec 2(13))

“Central Board of Revenue” means the Central Board of Revenue established under the Central Board of Revenue Act, 1924 (IV of 1924);
1.3 **Section 2 (13) Commissioner**

(1979: Sec 2(15))

“Commissioner” means a person appointed as a Commissioner of Income Tax under section 208, and includes a taxation officer vested with all or any of the powers and functions of the Commissioner;

1.4 **Section 2 (13A) Commissioner (Appeals)**

(New)

“Commissioner (Appeals)” means a person appointed as a Commissioner of Income Tax (Appeals) under section 208;

1.5 **Section 2 (48A) Regional Commissioner**

(1979: Sec 2(37A))

“Regional Commissioner” means a person appointed as a Regional Commissioner of Income Tax under section 208 and includes a Director-General of Income Tax and Sales Tax;

1.6 **Section 2(65) Taxation Officer**

(1979: Sec 2(17A))

“taxation officer” means any Additional Commissioner of Income Tax, Deputy Commissioner of Income Tax, Assistant Commissioner of Income Tax, Income Tax Officer, Special Officer or any other officer however designated appointed by the Central Board of Revenue for the purposes of this Ordinance;

2. **Section 208. Appointment of income tax authorities**

(1979: Sec 4)

(1) The Central Board of Revenue may appoint as many Regional Commissioners of Income Tax, Commissioners of Income Tax, Commissioners of Income Tax (Appeals), taxation officers and such other executive or ministerial officers and staff as may be necessary.
(2) Subject to such orders or directions as may be issued by the Central Board of Revenue, any income tax authority may appoint any income tax authority subordinate to it and such other executive or ministerial officers and staff as may be necessary.

(3) All appointments, other than of valuers, chartered accountants or experts, made under this Ordinance, shall be subject to rules and orders of the Federal Government regulating the terms and conditions of persons in public services and posts.

3. Section 130. Appointment of Appellate Tribunal

(1979: Sec 133)

(1) There shall be established an Appellate Tribunal to exercise the functions conferred on the Tribunal by this Ordinance.

(2) The Appellate Tribunal shall consist of a chairperson and such other judicial and accountant members as are appointed by the Federal Government having regard to the needs of the Tribunal.

(3) A person may be appointed as a judicial member of the Appellate Tribunal if the person –

(a) has exercised the powers of a District Judge and is qualified to be a Judge of a High Court; or

(b) is or has been an advocate of a High Court and is qualified to be a Judge of the High Court.

(4) A person may be appointed as an accountant member of the Appellate Tribunal if the person is an officer of the Income Tax Group equivalent in rank to that of a Regional Commissioner.\(^1\)

(5) The Federal Government shall appoint a member of the Appellate Tribunal as Chairperson of the Tribunal and, except in special circumstances, the person appointed should be a judicial member.

(6) The powers and functions of the Appellate Tribunal shall be exercised and discharged by Benches constituted from members of the Tribunal by the Chairperson of the Tribunal.

\(^1\) The words “of Income Tax” omitted by the Finance Act, 2002
(7) Subject to sub-section (8), a Bench shall consist of not less than two members of the Appellate Tribunal and shall be constituted so as to contain an equal number of judicial and accountant members, or so that the number of members of one class does not exceed the number of members of the other class by more than one.

(8) The Federal Government may direct that all or any of the powers of the Appellate Tribunal shall be exercised by –

(a) any one member; or

(b) more members than one, jointly or severally.

(9) Subject to sub-section (10), if the members of a Bench differ in opinion on any point, the point shall be decided according to the opinion of the majority.

(10) If the members of a Bench are equally divided on a point, they shall state the point on which they differ and the case shall be referred by the Chairperson for hearing on that point by one or more other members of the Appellate Tribunal, and the point shall be decided according to the opinion of the majority of the members of the Tribunal who have heard the case including those who first heard it.

(11) If there are an equal number of members of the Appellate Tribunal, the Federal Government may appoint an additional member for the purpose of deciding the case on which there is a difference of opinion.

(12) Subject to this Ordinance, the Appellate Tribunal shall have the power to regulate its own procedure, and the procedure of Benches of the Tribunal in all matters arising out of the discharge of its functions including the places at which the Benches shall hold their sittings.
4. **Section 177. Audit**

   (1979: Sec 4A)

   (3) The Central Board of Revenue shall keep the criteria confidential.

   (4) In addition to the selection referred to in sub-section (2), the Commissioner may also select a person for an audit of the person’s income tax affairs having regard to -

   (a) the person’s history of compliance or non-compliance with this Ordinance;

   (b) the amount of tax payable by the person;

   (c) the class of business conducted by the person; and

   (d) any other matter which in the opinion of Commissioner is material for determination of correct income.

5. **Section 222. Appointment of expert**

   (1979: Sec 4A)

   The Commissioner may appoint any expert as the Commissioner considers necessary for the purposes of this Ordinance, including for the purposes of audit or valuation.

6. **Section 209. Jurisdiction of income tax authorities**

   (1979: Sec 5)

   2[(1) Subject to this Ordinance, the Regional Commissioners, the Commissioners and the Commissioners (Appeals) shall perform all or such functions and exercise all or such powers under this Ordinance as may be assigned to them in respect of such persons or classes of persons or such areas as the Central Board of Revenue may direct.]

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2 Substituted by the Finance Act, 2003. The substituted sub-section (1) read as follows:

"(1) Subject to this Ordinance, the Regional Commissioners, the Commissioners and the Commissioners (Appeals) shall perform all or such functions and exercise all or such powers, under this Ordinance, in respect of such persons or classes of persons or such areas, as may be assigned to them by orders or directions issued by the Central Board of Revenue."
The Central Board of Revenue or the Regional Commissioner may, by an order, confer upon or assign to any taxation officer all or any of the powers and functions conferred upon or assigned to the Commissioner, under this Ordinance, in respect of any person or persons or classes of persons or areas \(^3\) [as may be specified in the order].

An order under sub-section (2) by the Regional Commissioner shall be made only with the approval of the Central Board of Revenue.

The taxation officer referred to in sub-section (2) shall, for the purposes of this Ordinance, be treated to be the Commissioner.

Within the area assigned to him, the Commissioner shall have jurisdiction,-

(a) in respect of any person carrying on business, if the person’s place of business is within such area, or where the business is carried on in more than one place, the person’s principal place of business is within such area; or

(b) in respect of any other person, if the person resides in such area.

Where a question arises as to whether a Commissioner has jurisdiction over a person, the question shall be decided by the Regional Commissioner or Regional Commissioners concerned and, if they are not in agreement, by the Central Board of Revenue.

No person shall call into question the jurisdiction of a Commissioner after that person has furnished a return of income to the Commissioner or, where the person has not furnished a return of income, after the time allowed by any notice served on the person for furnishing such return has expired.

Notwithstanding anything contained in this section, every commissioner shall have all the powers conferred by, or under, this Ordinance on him in respect of any income arising within the area assigned to him.

\(^3\) Inserted by the Finance Act, 2003.
(8A) The power to confer jurisdiction under this section shall include the power to transfer jurisdiction from one income tax authority to another.]

(9) Where, in respect of any proceedings under this Ordinance, an income tax authority is succeeded by another, the succeeding authority may continue the proceedings from the stage it was left by that authority’s predecessor.

7. **Section 210. Delegation**

(1979: Sec 5(1)(c))

(1) The Commissioner \(^5\)[subject to sub-section (1A).] may, by an order in writing, delegate to any taxation officer all or any of the powers or functions conferred upon or assigned to the Commissioner under this Ordinance, other than the power of delegation.

(1A) The Commissioner shall not delegate the powers of amendment of assessment contained in sub-section (5A) of section 122 to a Taxation Officer below the rank of Additional Commissioner of Income Tax.

(2) An order under sub-section (1) may be in respect of all or any of the persons, classes of persons or areas falling in the jurisdiction of the Commissioner.

(3) The Commissioner shall have the power to cancel, modify, alter or amend an order under sub-section (1).

8. **Section 211. Power or function exercised**

(1979: Sec 6)

(1) Where, by virtue of an order under section 210, a taxation officer exercises a power or performs a function of the Commissioner, such power or function shall be treated as having been exercised or performed by the Commissioner.

\(^4\) Inserted by the Finance Act, 2003.

\(^5\) Inserted by the Finance Act, 2004.

\(^6\) Added by the Finance Act, 2004.
(2) The exercise of a power, or the performance of a function, of the Commissioner by a taxation officer shall not prevent the exercise of the power, or the performance of the function, by the Commissioner.

9. **Section 212. Authority of approval**  
   *(1979: Sec 165A)*

   The Central Board of Revenue may, by a general or special order, authorise the Regional Commissioner or the Commissioner to grant approval in any case where such approval is required from the Central Board of Revenue under any provision of this Ordinance.

10. **Section 203. Trial by Special Judge**  
    *(1979: Sec 127)*

    (1) Notwithstanding anything contained in the Code of Criminal Procedure, 1898 (Act V of 1898) or in any other law, an offence punishable under this Part (other than an offence referred to in section 198) shall be tried exclusively by a Special Judge appointed by the Federal Government under the Pakistan Criminal Law (Amendment) Act, 1958 (XL of 1958), as if such offence were an offence specified in the Schedule to that Act.

    (2) A Special Judge shall take cognisance of, and have jurisdiction to try, an offence triable under sub-section (1) only upon a complaint in writing made by the Commissioner.

11. **Section 215. Furnishing of returns, documents etc.**  
    *(New)*

    (1) Where, by virtue of an order under section 210, the Commissioner has delegated to any taxation officer the function and power to receive, or to call for and receive, any returns of income, certificates, documents, accounts and statements from any person or persons or class of persons (hereinafter called ‘filer’), the filer shall furnish such returns, certificates, documents, accounts and statements to that taxation officer and, when furnished, shall be treated as having been furnished to the Commissioner.
(2) where a person is allowed, under any provision of this Ordinance, to make an application to the Commissioner and the Commissioner has delegated to any taxation officer the function or power to receive the application, such application, when made, shall be treated as having been made to the Commissioner.

12. Section 213. Guidance to income tax authorities
(1979: Sec 7)

In the course of any proceedings under this Ordinance, the Commissioner or any taxation officer may be assisted, guided or instructed by any income tax authority to whom he is subordinate or any other person authorised in this behalf by the Central Board of Revenue.

13. Section 214. Income tax authorities to follow orders of the Central Board of Revenue
(1979: Sec 8)

(1) Subject to sub-section (2), all income tax authorities and other persons employed in the execution of this Ordinance shall observe and follow the orders, instructions and directions issued by the Central Board of Revenue.

(2) No orders, instructions or directions shall be given by the Central Board of Revenue that will interfere with the discretion of the Commissioner (Appeals) in the exercise of his appellate function.

14. Directorate-General Of Inspection

14.1 Section 228. Appointment of Directorate-General of Inspection
(1979: Sec 138L)

7 Substituted by the Finance Act, 2005. The substituted section 228 read as follows:

“228. Appointment of Directorate-General of Inspection.- (1) The Federal Government shall appoint a Directorate-General of Inspection to exercise the powers and discharge the functions conferred on it under this Part.

(2) The Directorate-General shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors, Extra-Assistant Directors and Inspectors, as the Director-General may consider necessary to be appointed from among the officers of the Income Tax Group.”
(1) The Directorate General of Inspection and Internal Audit shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate General of Inspection and Internal Audit.

14.2

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14.3

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14.4

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8 Omitted by the Finance Act, 2005. The omitted section 229 read as follows:
“229. Inspection authorities.- (1) There shall be the following classes of inspection authorities for the purposes of this Ordinance, namely:-
(a) The Director-General of Inspection; and
(b) Directors of Inspection.

(2) The Directors of Inspection shall be subordinate to the Director-General of Inspection.”

9 Omitted by the Finance Act, 2005. The omitted section 230 read as follows:
“230. Jurisdiction of Inspection Authorities.- (1) Subject to the provisions of this Chapter, the Directors of Inspection shall perform their functions in respect of such persons or classes of persons or such areas as may be assigned to them by the Director-General.

(2) The Director-General or a Director of Inspection may assign any function in respect of any area, or office or offices located within an area, case, class of cases, person or classes of persons to any inspection officer working under his control.

(3) In this section, “inspection officer” means an Additional Director of Inspection, a Deputy Director of Inspection, an Assistant Director and an Extra-Assistant Director.”

10 Omitted by the Finance Act, 2005. The omitted section 231 read as follows:
“231. Functions and Powers of Directorate.- (1) The functions of the Directorate-General of Inspection shall be, namely:-
(a) To carry out inspections of income tax cases and offices;
(b) to investigate or cause investigation to be carried out in respect of –
(i) cases involving leakage of revenue or evasion of taxes; and
(ii) Regional Commissioners of Income Tax, Commissioners of Income Tax, taxation officers and any other staff of income tax offices allegedly involved in corruption and malpractice, and recommend to the competent authority appropriate disciplinary action;
(c) to carry out audit of cases or offices involving income tax revenues;
(d) to recommend to the Central Board of Revenue in matters of tax policy, tax administration and tax operations;
(e) to furnish an annual report about the workings of Income Tax Offices to the Central Board of Revenue by the thirty-first day of December, following the end of the financial year to which it relates; and
(f) to carry out any other work or function that may be assigned to it by the Federal Government.

(2) In discharge of its functions under sub-section (1), the Directorate-General shall have the powers specified in section 176.”