

Islamabad, the 2<sup>nd</sup> April, 2020

**NOTIFICATION  
(Income Tax)**

**S.R.O. 274(I)/2020.-** In exercise of the powers conferred by sub-section (1) of section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Income Tax Rules, 2002, the same having been previously published vide Notification No. S.R.O.111(1)/2020, dated the 14<sup>th</sup> February, 2020, as required by sub-section (3) of the said section, namely:-

In the aforesaid Rules, after Chapter XVI, the following new Chapter shall be inserted, namely:-

**"CHAPTER XVIA  
RECOVERY OF TAX FROM PERSONS HOLDING MONEY ON BEHALF OF A  
TAXPAYER**

**210A. Definitions.-** For the purposes of this chapter, unless there is anything repugnant in the subject or context,-

- (a) "tax recovery" means recovery of debt due to the Federal Government under the Income Tax Ordinance, 2001;
- (b) "defaulter" means the taxpayer mentioned in the notice; and
- (c) "notice", means a notice under sub-section (1) of section 140 of the Income Tax Ordinance, 2001.

**210B. Notice of recovery to be issued by Commissioner.-** (1) Where any tax is due under section 137 of the Ordinance, the Commissioner may serve a notice upon any person mentioned in sub-section (1) of section 140 of the Ordinance in the form as prescribed under rule 69:

Provided that prior approval of the Chief Commissioner shall be obtained who shall satisfy himself as to the service of order and that no refund due to the defaulter

is available for adjustment against the tax demand. He shall also satisfy himself that no application for rectification or appeal effect which is likely to result in creation of refund is pending hearing before the Commissioner.

(2) No notice shall be issued before expiry of due date under section 137.

(3) Recovery under this chapter shall be independent of recovery under chapter XVI.

**210C. Service and compliance of notice.-** (1) The notice referred to in sub-rule (1) of rule 210B shall be served on the person in the manner provided in section 218 of the Income Tax Ordinance, 2001.

(2) The Commissioner shall also forward a copy of the notice to the defaulter at his last known address, and in case an account or money is held jointly, to all the joint-holders on their last known address.

(3) The person shall remit or send the money to the Commissioner through pay order or demand draft or through banking transfer or cheque for payment to the government treasury on the same day the notice is served, or, in case the money is to become due for payment to the defaulter at a future date, on the same day it becomes due:

Provided that where the person is liable to make a series of payments to the taxpayer, the Commissioner may specify the amount to be paid out of each payment until tax due has been paid.

(4) Recovery of tax shall be made only to the extent of tax due by the taxpayer:

Provided that in case the money is held jointly with any person other than the defaulter, the shares of the joint-holders in such account shall be presumed, until the contrary is proved, to be equal.

(5) Every person to whom a notice is issued shall be bound to comply with such notice.

**210D. Determination of disputes.-** (1) Any question, arising between the Commissioner and the defaulter or their representatives relating to the execution, discharge or satisfaction of a notice duly issued under these rules, shall be determined by order of the Commissioner before whom such question arises.

(2) The Commissioner shall decide the matter under this rule within thirty days of preference of claim or making of objection.

**210E. Appeal.-** (1) Where –

(a) the Commissioner passes any order under rule 210D, an appeal against such order shall lie to the Chief Commissioner, Regional Tax Office or Large Taxpayer Unit, as the case may be; and

(b) any officer of Inland Revenue to whom powers have been delegated passes any order under rule 210D, an appeal against such order shall lie to the Commissioner.

(2) Where an appeal is admitted for hearing under sub-rule (1), the authority hearing the appeal shall fix a date for hearing for which notice shall be served to the concerned parties.

(3) After hearing both the parties or their representatives or when the appeal is taken up for exparte order, the appellate authority may make an order, to confirm, modify, reverse or remand the case for fresh decision in the light of directions that the appellate authority may think appropriate, being not inconsistent with these rules.

**210F. Receipt to be given.-** If any amount is received by the Commissioner in pursuance of these rules, he shall issue a receipt of the amount so received and such amount shall be considered to have been paid under the authority of the taxpayer.

**210G. Withdrawal of notice.-** The notice shall remain in force until withdrawn by the Commissioner.

**210H. Failure to comply with notice.-** (1) Where a person fails to comply with a notice in the manner provided in rule 210C, the person shall be personally liable to pay the amount to the Commissioner who may pass an order under sub-section (5) of section 140 to that effect and seek to recover the same.

(2) No order under sub-section (5) of section 140 shall be made unless the person has been provided with an opportunity of being heard.

(3) A person personally liable for an amount of tax under sub-section (5) of section 140 as a result of failing to comply with notice shall be entitled to recover the tax from the defaulter.

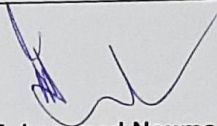
(4) An order under sub-section (5) of section 140 shall not absolve the defaulter and the Commissioner may proceed to recover the tax from the defaulter until the entire amount is recovered either from the person or the defaulter.

**210I. Board may issue instructions.-** (1) The Board may, from time to time, issue instructions, impose conditions, or limitations, or specify procedure to regulate recovery under this section.

(2) Any instructions, by the Board, issued earlier shall continue in force unless rescinded."

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