

Islamabad, the 5<sup>th</sup> May, 2016.

### NOTIFICATION

S.R.O.398(I)/2016.- In exercise of the powers conferred by sections 237 of the Income Tax Ordinance 2001 (XLIX of 2001), section 50 of the Sales Tax Act, 1990 and section 40 of the Federal Excise Act 2005, the Federal Board of Revenue is pleased to make the following rules, namely:-

**1. Short title and commencement.**- (1) These rules may be called the Inland Revenue Reward Rules, 2016.

(2) They shall come into force at once.

**2. Definitions.**- In these rules, unless there is anything repugnant in the subject or context,-

(a) "Board" means the Federal Board of Revenue established under the Federal Board of Revenue Act, 2007;

(b) "field offices" means all Inland Revenue offices including all Directorates, Directorate Generals, Commissionerates, data processing centres or units, etc;

(c) "Informer" means any person, a group of persons or a company who provides any original information in the shape of concrete evidence, which conclusively leads to detection of tax evasion, formulation of assessment, and eventual recovery of the evaded tax and includes a whistleblower as defined under the tax laws;

(d) "meritorious conduct" means a performance falling in one or more of the following categories, namely:-

(i) extraordinary contribution, to the satisfaction of the sanctioning authority defined in rule 10, in detection, assessment and recovery of the evaded amount of tax in the manner and mode provided under various provisions of the tax laws;

- (ii) rendering extraordinary legal assistance to the Supreme Court, High Courts and Appellate Tribunals Inland Revenue in litigation cases resulting in decisions favourable to the department; and
  - (iii) extraordinary meritorious conduct exhibited by the officers and officials of Inland Revenue in all field offices and Board (HQ), duly approved by the respective head of the field offices and wings.
- (e) "tax" means all types of taxes and duties levied and collected under the tax laws; and
- (f) "tax laws" means the Income Tax Ordinance, 2001 (XLIX of 2001), the Sales Tax Act, 1990 and the Federal Excise Act, 2005;

**3. Persons qualified to be registered as informer.** (1) A person, other than a lunatic or idiot, may be registered as informer, if he fulfills the criteria of whistleblower as defined in the tax laws.

(2) Notwithstanding anything contained in sub-rule (1), a registered informer shall be liable to de-registration on such condition to be recorded in writing and as may be deemed fit by Chief Commissioner, member or Director General, as the case may be.

**4. Registration of informer.** (1) Subject to section 227B of the Income Tax Ordinance 2001 (XLIX of 2001), section 72D of the Sales Tax Act, 1990 and section 42D of the Federal Excise Act, 2005, as the case may be, any person desirous of getting himself registered as an informer may make an application to the Chief Commissioner for registration under this rule.

(2) The application under sun-rule (1) shall be in the prescribed form and shall be verified in the prescribed manner.

(3) The application shall be accompanied by the following documents, namely:-

- (a) copy of the Computerized National Identity Card of the applicant;
- (b) copy of national tax number (NTN) certificate; and
- (c) a duly sworn in affidavit stating therein that the information being provided is correct and nothing has been concealed there from and that in case any incorrect information is provided or any information is concealed he shall be liable to penal action under the laws for the time being in force.

**5. Submission of information and further action thereupon.**-(1) An informer shall submit any information regarding concealment or evasion of tax leading to detection or collection of taxes, fraud, corruption or misconduct that is in his possession to the Chief Commissioner giving precise details of the alleged act along with all supporting evidences that are in his possession:

Provided that no information shall be entertained unless it gives precise details of the alleged act and is accompanied with the supporting evidences.

(2) On receipt of the information, the Chief Commissioner shall scrutinize the information and forward it to the concerned Commissioner.

(3) On receipt of the information from the Chief Commissioner, the concerned Commissioner shall conduct such further enquiry as he may deem fit and submit his report to the Chief Commissioner.

(4) On completion of the enquiry, the concerned Commissioner shall take such further action as may be required under the tax laws or any other law for the time being in force, as may be necessary on the basis of the facts of the case, and furnish his report to the Chief Commissioner.

(5) Notwithstanding anything contained in these rules, an informer, who –

(a) has knowingly provided false information under these rules; or

(b) has provided the information under these rules with the intention to intimidate or blackmail a person, or to bring him into disrepute, or to otherwise cause him financial loss, shall be liable to punishment and fine under the tax laws and other laws for the time being in force.

**6. Eligibility for reward.**- Cash reward shall be sanctioned under these rules to the following categories of persons for having meritorious conduct, namely:-

- (a) officers and officials of Inland Revenue; and
- (b) informers.

**7. Determination of reward.**- (1) The amount of reward as specified in column (2) of the Table below, in cases of exhibiting meritorious conduct relating to detection, assessment and recovery of tax evaded to the extent specified in column (1) of the said Table, shall be admissible, namely:-

**TABLE**

Amount of tax evaded (1)	Amount of reward (2)
Rs. 500,000 or less	Twenty per cent of the tax, duty and other taxes
More than Rs. 500,00 but not more than 1,000,000	Rs. 100,000 plus ten percent of the tax in excess of Rs. 500,000
Over Rs. 1,000,000	Rs. 150,000 plus five per cent of the tax in excess of Rs. 1,000,000

(2). The amount of reward shall be sanctioned after realization of the whole amount of the tax involved.

(3). In cases of meritorious conduct, the amount of reward shall be such as determined by the sanctioning authority, provided that the total amount of reward paid to an officer or official during one financial year shall not exceed thirty six months' basic pay.

**8. Establishment of Inland Revenue Welfare fund.-** (1) A fund, to be known as Inland Revenue Welfare Fund, shall be established for welfare of the officers and officials of Inland Revenue Service, this fund shall be operated by Member Operations of the Inland Revenue.

(2) The welfare fund established under sub-rule (1) shall be utilized for the general welfare of the officers and officials of Inland Revenue Service in the manner as may be prescribed under the Inland Revenue Welfare Fund Rules, 2016.

(3) Twenty-five percent of the reward money shall be remitted to such fund for the welfare of officers and officials of Inland Revenue.

**9. Payment of reward.-**(1) The amount of reward determined under rule 7, in cases of exhibiting meritorious conduct relating to recovery of tax evaded or refund unlawfully paid, shall be apportioned, as under:-

(a) where no informer is involved, the apportionment of the reward shall be as under:-

The officers and officials specified in rule 6	50%
Supervising officers who write performance evaluation reports (PERs)	10%
Supporting staff of officers	15%
Inland Revenue Welfare Fund	25%

- (b) where informer is involved, the apportionment of the reward shall be as under:-

The officers and officials specified in rule 6	30%
Supervising officers who write performance evaluation reports (PERs)	10%
Supporting staff of officers	15%
Inland Revenue Welfare Fund	25%
Informer or informers	20%

(2) The amount of reward as determined under this rule relating to officers and officials in the case where more than one individual is involved shall be distributed in proportion of their basic pay.

**10. Reward sanctioning authorities.**—The authorities specified in column (2) of the Table below shall be competent for sanctioning of reward under these rules to the respective categories of officers and officials and informers specified in column (1) of the said Table, namely:-

**TABLE**

<b>Officers &amp; officials of Inland Revenue</b>	<b>Sanctioning Authority</b>
<b>(1)</b>	<b>(2)</b>
BS-1 to BS-19 in RTOs/LTUs	Chief Commissioner
BS-20 and BS-21 in RTOs/LTUs	Member (Inland Revenue) Operations Federal Board of Revenue
BS-1 to BS-20 in FBR (HQ)	Relevant Member/DG
BS-21 to BS-22 in FBR (HQ)	Chairman FBR
BS-1 to BS 20 of other field offices	Head of the Office concerned
BS-21 to BS-22 of other field offices	Chairman FBR
Informers	Chief Commissioner, DG or Member (Inland Revenue) Operations, as the case may be

**11. Sanction of reward amount.**—(1) The reward sanctioning authority in the field offices shall constitute a committee consisting of at least one BS-20 and two BS-19 officers to examine the cases and make recommendations for sanction of reward:

Provided that the beneficiary of reward shall not become member of the committee entrusted with examination of reward cases and formulation of recommendations thereof.

(2) On the basis of recommendations of the committee under sub-rule (1), the sanctioning authority shall decide the eligibility of reward to be sanctioned.

(3) The reward sanctioning authority shall ensure that the reward amount is apportioned on the basis of basic pay amongst the case instituting team as well as the officers and staff making meaningful efforts in the case till such stage that recovery of the duties and other taxes was effected.

**12. Redressal of grievances.**-(1) Any officer, official or informer who has claimed a reward under these rules and is aggrieved by a decision of the reward sanctioning authority, may request for copy of the said decision in writing, which shall be provided within fifteen days.

(2) The aggrieved person may thereafter file appeal in writing, within sixty days, for redressal of the grievance, to the Chief Commissioner or the Member or the Director General concerned, who shall decide the appeal within thirty days, through an order in writing.

(3) If the aggrieved person is not satisfied with such an order or in case the appeal is not decided within thirty days for any reason, the aggrieved person may file an appeal to the Chairman, FBR who shall be the final authority.

**13. Periodic review of reward sanctioning process and allied matters.**-The Board shall, every two years, invite suggestions, opinions and proposals for improvement in the reward sanctioning process to make it more just, fair, transparent and equitable. This periodic review shall be publicized, in order to have the widest participation for value addition through the review process.

---

[F.No. 4(44) IT-Budget/2016]

  
(Syed Hassan Sardar)  
Secretary (Rules & SROs)