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Mr. Rashid Mahmood Langrial,
Hon'ble Chairman,
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Subject: Statutory Ambiguity in the Application of Section 175C

Dear Rashid Sahib, اَلسَّلَامُ عَلَيْكُمْ

Section 175C is a newly inserted provision in the Income Tax Ordinance, 2001 introduced through the Finance Act 2025. The provision states that:

> *"Subject to such conditions and restrictions, as deemed fit to be imposed, the Board or the Chief Commissioner may post an officer of Inland Revenue or such other officials with any designation working under the control of the Board or the Chief Commissioner, to the business premises of any person or class of such persons, to monitor production, supply of goods or rendering of services and the stock of goods not sold at any time for determining tax payable under this Ordinance".*

The legal provision empowers the Board or Chief Commissioner to post officials at the business premises of the taxpayers for monitoring purposes.

The law clearly states that such powers shall be exercised subject to conditions and restrictions deemed fit however it is sans underlying rules or guidelines from the Board. In absence thereof the powers thereunder being exercised in discretionary and inconsistent manner is to the detriment of the policy objectives and operations of the taxpayers.

The Bar appreciates the legislative move as an attempt to curb tax evasion, however, strongly urge the following aspects to be addressed.

Basis of selecting a taxpayer
There is a dire need to spell the basis and criteria on which taxpayers are to be subject to this action as per law. It is a trite law that the quasi-judicial authorities should act on cogent and objective basis. The taxpayers stand an opportunity to explain his position against any action from the functionaries.

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Section 175C does not clarify provide for a prior notice before invocation of this provision. This is against natural justice and right to free trial as per article 10A to the constitution. Specific guidelines should be issued in this regard.

Absence of Parameters Regarding Duration and Frequency of Posting

The provision fails to prescribe any limits on the duration for which an officer may remain posted or the frequency with which such postings may be ordered whilst pro-longed postings have been observed which are severely prejudicing the taxpayer operational affairs not serving any policy objectives either.

Concerns Relating to Privacy and Confidentiality

The taxpayers have complained deployment of officials at the areas involving customer interface.
It is strongly urged that Board issue proper guidelines and rules that official posted shall in no way inface or interface in the operations. The officials should not be deployed in the areas which are customer-facing as this hamper privacy and the constitutional rights.

Conclusion

The Government has consistently emphasized a faceless, technology-driven interface between taxpayers and tax authorities to enhance transparency and reduce discretion. The insertion of Section 175C, which authorizes the physical posting of tax officers at business premises, runs contrary to this stated objective.

In view of the foregoing, it is respectfully submitted that Section 175C, in its present form, requires the issuance of clear guidelines, defined limits, and robust safeguards to ensure that the power is exercised in a fair, transparent, and proportionate manner, in consonance with settled principles of law.

Yours truly,

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