THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NO.10983/KHI/ST/2024
Dated 09.12.2024 * R.O. Karachi

Mr. Saeed Alam, CNIC 42201-1467084-9
House # B-207, Block-7,
Gulishtan-e-Jauhar, Scheme 36
Karachi. ...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad. ...Respondent

Dealing Officer	: Mr. Badruddin Ahmad Quraishi Advisor
Authorized Representatives	: Mr. Sohaib Alam, AR
Departmental Representatives	: Mr. Wali Muhammad Shaikh, CIR, Zone-IV, LTO, Lahore Mr. Umair Malik, DCIR, LTO Karachi Mr. Abdullah Zulfiqar, DCIR, LTO, LHR Mr. Hafiz M. Qasim, ACIR, LTO, LHR Mr. Ghias Ahmed Khilji, SAIR, LTO, LHR
K-Electric Representatives	: Mr. Adnan Mufti, Consultant, K.E Mr. Pervez Musani, Director Taxation Mr. Zeeshan Rehman, General Manager Mr. Taha Khalid, Tax DGM, K.E Mr. Inam Ul Aleem, Manager, K.E Mr. Muhammad Tariq, E. Director, K.E
DISCOs Representatives	Mr. Irfan Mehmood, Director, IESCO Mr. Altaf Hussain, D.D, IESCO Mr. Mian Ansari Mahmood, CFO, MEPCO Mr. M. Usman Khan, Consultant, MEPCO Mr. Kashif Rajwana, Tax Consultant, GEPCO, MEPCO, LESCO, IESCO Mr. Iyaz Ahmad, CFO, GEPCO Mr. Usman Ali, D. Manager (Tax), GEPCO Mr. Atif Khan, Manager (CA), LESCO Mr. Imtiaz Ch. CFO, LESCO Mr. Ali Raza, Tax Consultant, GEPCO Mr. Sheraz Butt, Consultant PESCO

FINDINGS/RECOMMENDATION

The instant complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000, wherein the complainant, a consumer of K-Electric, alleged that sales tax and withholding income tax are being charged on net metering electricity bills in a manner which, according to him, results in financial burden and unequal treatment when compared with the practice reportedly prevailing in other DISCO jurisdictions.

2. The matter was earlier decided by this Office on 21.02.2025. Subsequently, on representation, the Honourable President of Pakistan was pleased to remand the case back with directions to decide the matter afresh after providing opportunity of hearing to all concerned stakeholders.

3. In compliance thereof, notices were issued to FBR, K-Electric and other DISCOs. Written comments were received and hearings were conducted. The record has been carefully perused.

4. **Preliminary Objections**

During proceedings, DISCOs raised preliminary objections regarding jurisdiction, inter alia, that issues involving determination of tax liability, interpretation of fiscal law, regulatory policy under NEPRA framework, and public revenue estimates fall outside the mandate of this Office in view of Section 9 of the FTO Ordinance.

5. **Consideration by this Office**

This Office notes that the present controversy involves the interface of fiscal provisions and the regulatory net metering framework. At the same time, under Section 9 of the FTO Ordinance, this Office is not to undertake determination of tax liability, nor to issue directions that may be construed as departure from NEPRA's mandated billing structure or broader regulatory policy.

6. The core issue emerging from record is that different practices appear to be prevailing in different parts of the country with respect to treatment of net metering bills, whereby one distribution company is charging taxes in a particular manner while others are reportedly not adopting the same approach. This divergence has understandably generated grievances among consumers of K-Electric.

7. The complainant's plea of discrimination, in the strict legal sense, has not been substantiated as a deliberate discriminatory act attributable to the tax administration. Rather, the grievance primarily stems from lack of uniform implementation and clarity at the national level.

8. It is also observed that DISCOs/K-Electric function essentially as billing and collecting agents within the statutory framework. Matters requiring national uniformity in fiscal treatment cannot be left to fragmented regional practices, nor can such stakeholders seek extraordinary remedies in isolation on issues requiring policy-level determination.

9. The record further reflects that FBR had issued clarification/instructions in the past regarding tax treatment of net metering bills. However, the same does not appear to have been implemented uniformly by all field formations across jurisdictions, for reasons not fully explained.

10. Since the matter involves questions of uniform application, administrative coherence, and coordination with other concerned Government/regulatory quarters, it requires authoritative resolution at the level of FBR, rather than continued inconsistency at the operational level.

11. **RECOMMENDATIONS**

Accordingly, the complaint is disposed of with the following recommendations:

i. FBR shall take up the matter at the appropriate policy and administrative level, in consultation with relevant stakeholders, to ensure clarity and uniformity regarding the tax treatment applicable in net metering cases across all jurisdictions.

ii. FBR shall ensure that any clarification/instructions issued by the Board are effectively communicated and implemented by all concerned field formations so that inconsistent practices do not persist in different parts of the country.

iii. A compliance report, along with copies of instructions issued for uniform implementation, shall be submitted to this Office within 60 days.

Federal Tax Ombudsman Secretariat HQs Islamabad FTO

12. This Office reiterates that it is not adjudicating upon tariff/regulatory policy under NEPRA, nor determining substantive tax liability, but is referring the matter for uniform administrative resolution to avoid inconsistent treatment and recurring grievances.

(M. Zafar-Ul-Haq Hijazi)
Federal Tax Ombudsman

Dated: 09 FEB 2026

Approved for reporting