

**THE FEDERAL TAX OMBUDSMAN  
ISLAMABAD**

**COMPLAINT NOS. 0130 TO 0138/INFRML/2023**

Dated: 18.08.2023\* R.O. Multan

1. **Mr. Sami Ullah**
2. **Mr. Ammat Haider Shah**
3. **Mr. Zaib Hassan Niazi**
4. **Mr. Muhammad Waris**
5. **Mr. Maqbool Ahmad Mughal**
6. **Ms. Sahibzadi Saira Saleem**
7. **Mr. Muhammad Ishaq**
8. **Ms. Rabbania Chaudhry**
9. **Ms. Aamna Qamar**  
University of Education Lahore,  
Multan Campus, Multan.

...Complainants

**Versus**

The Secretary,  
Revenue Division,  
Islamabad.

... Respondent

Dealing Officer : Dr. Khalil Ahmad, Advisor  
Appraisal Officer : Mr. Muhammad Tanvir Akhtar, Advisor

**INFORMAL RESOLUTION OF DISPUTES**  
**(SECTION-33)**

2

This order caters to extend relief in tax deduction in terms of Section 153(1)(b) of the Income Tax Ordinance, 2001 (the Ordinance) of low paid employees allowed on the strength of decisions in C. No.2538/ISB/IT/2021, 0032 to 0043, 0045, 0047, 0048 & 0052 to 0069/ Infrml/2022, 1631, 1633 to 1636, 1654, 2419-2421, 2423, 2428 & 2430/PWR/IT/2022 which have been upheld by the Hon'ble President of Islamic Republic of Pakistan vide orders dated 15.08.2022 on identical issue.

2. The alleged Departmental practice to subject the

remuneration of low paid adhoc / temporary employees has been examined in these orders in the light of relevant legal provisions i.e. Sections 12 and 149 of the Ordinance as under:

*Section 12. Salary- (2) Salary means any amount received by an employee from any employment, whether of a revenue or capital nature, including—*

*(a) any pay, wages or other remuneration provided to an employee, including leave pay, payment in lieu of leave, overtime payment, bonus, commission, fees, gratuity or work condition supplements (such as for unpleasant or dangerous working conditions).*

*Section 149. Salary. — (1) Every [person responsible for] paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee chargeable under the head "Salary".*

3. The above Legal provisions govern "Salary Taxation" Section 12 and withholding of tax thereupon under Section 149 of Ordinance only the equation of **employer-employee** based on "**Master-Servant Relationship**" is material. This **criterion** forms the basic parameter for any employment: Regular/Adhoc/Temporary/ Hired / Daily Wages which are different shades & forms of employment and law doesn't create any distinction among all the above forms.

4. These decisions attracted attention of identical stakeholders and some of the employees engaged in teaching on part time basis as visiting faculty members in University of Education Lahore, Multan Campus, Multan(UEL) approached this office and claimed that they are also entitled to benefit from these decisions because they meet the criteria of being low paid employees working with any organization and are being subjected to monetary hardship through deductions @ 10-20% at source in terms of Section 153(1)(b) of the Ordinance. It is an anomaly that regular employees earning salary up to Rs.600,000/annum pay no tax whereas they are taxed heavily.

5. In order to examine the bonafides of their claim, the Principle,

UEL, Multan Campus, Multan vide letter No.140/2023/UE/MUL dated 27.01.2023 was asked to provide a list of adhoc/temporary teachers engaged in teaching on semester basis. He has responded by providing a list of teachers alongwith their annual receipts and tax deducted thereon during tax year 2020-2021. Proceeding further, a 'Questionnaire' was circulated to these employees in order to ensure their eligibility for the said benefit on the same analogy.

6. The following teachers from the UEL, Multan Campus, Multan have responded to the Questionnaire, affirming that they are exclusively engaged in the teaching activity on semester basis with the University as temporary / visiting faculty and their annual receipts did not exceed Rs.600,000 in Tax Year 2021. Besides, their receipts are not likely to exceed this threshold during 2022-23 as well.

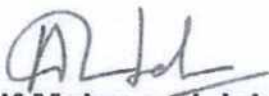
S. No.	Name	CNIC
1	Mr. Sami Ullah	32203-2463035-9
2	Mr. Ammat Haider Shah	36302-6628830-3
3	Mr. Zaib Hassan Niazi	36302-6141673-3
4	Mr. Muhammad Waris	36103-5706453-5
5	Mr. Maqbool Ahmad Mughal	36302-1440188-7
6	Ms. Sahibzadi Saira Saleem	36302-5867157-8
7	Mr. Muhammad Ishaq	32302-7163111-1
8	Ms. Rabbania Chaudhry	36104-7774191-6
9	Ms. Aamna Qamar	36101-0859788-0

7. As discussed in para (1) the employees listed above fully meet the criteria of being low paid employees working on temporary/adhoc basis having a relationship of an employee with institution in terms of Section 12 of the Ordinance and their aggregate remuneration received per annum from this profession are below the tax exempt threshold of Rs.600,000 for salary income. Petitioners' cases, when compared with the regular faculty members of the institute in question, the deductions being made from regular faculty vis-à-vis the petitioners there is a visible incidence of discrimination despite the fact that nature

of job remains the same in both categories. Persons falling in the former category are getting more but paying less taxes u/s 149 of the Ordinance, whereas the later category is subject to higher tax deductions (@ 10/20 percent) in terms of Section 153(1)(b) of the Ordinance.

**RECOMMENDATIONS:**

8. It is recommended that:
- (i) the CCIR, RTO, Multan is directed to ensure that section 148 is strictly applied in the cases of these low paid employees working on temporary / adhoc basis, as has been ordained by the Hon'ble President of Islamic Republic of Pakistan vide orders dated 15.08.2022 in similar cases of teaching community;
  - (ii) the Treasure University of Education Lahore (Multan Campus) Multan to ensure that from now onwards tax withholding on the payments made to these temporary / visiting faculty teachers are subjected to section 149 of the Ordinance in future; and
  - (iii) report compliance within 45 days.

  
(Dr. Asif Mahmood Jah)  
(Hilal-i-Imtiaz)(Sitara-i-Imtiaz)  
Federal Tax Ombudsman

Dated: 23:6: 2023

*Approved for reporting*