THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NO. 18986/PWR/IT/2025

Dated: 22.08.2025 *R.O. Peshawar

Miss Nida Khan, ...Complainant
Law Code Advisors, Office No.8 1st Floor,
Tasneem Plaza, Peshawar Cantt.

Versus

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

Dealing Officer	: Mr. Sardar Ali Khawaja, Advisor
Appraisal by	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	: Ms. Nida Khan, Complainant
Departmental Representatives	: Mrs. Amna Sharif, DCIR, RTO, Peshawar Mr. Muhammad Yaqoob, DCIR, RTO, Peshawar

FINDINGS/RECOMMENDATIONS

The subject complaint has been filed under Section 10(1) of the Federal Tax Ombudsman, Ordinance, 2000 (FTO Ordinance) against the failure of the FBR to operationalize the provisions of clause 19, Part-III of the 2nd Schedule to the Income Tax Ordinance, 2001, in the IRIS return filing system, which states as under:

> *"The tax payable by woman enterprises on profit and gains derived from business chargeable to tax under the head "Income from Business" shall be reduced by 25%.Explanation: For the purpose of this clause a woman enterprise means a startup established on or after first day of July 2021 as sole proprietorship concern owned by a woman or an AOP all of whose members are women or a company whose 100% shareholding is held or owned by women: Provided that benefit of this clause shall not be available to a business that is formed by the transfer or reconstitution or reconstruction or splitting up of an existing business."*

2. The complaint was referred to the Secretary Revenue Division for departmental reply/comments in terms of Section 10 (4) of the FTO Ordinance read with Section 9 (1) of the Federal Ombudsmen

* Date of Registration in FTO Sectt:

Institutional Reforms Act, 2013. In response thereto, the Chief Commissioner IR, RTO, Peshawar vide letter No.679 dated 26.09.2025, submitted report, reproduced below:-

S.No	Complaint/Allegations	Reply/Comments
1	That the complainant is an Advocate High Court duly enrolled with Khyber Pakhtunkhwa Bar Council and registered with Federal Board of Revenue (FBR) under NTN No.7584088-4 since, 20 September, 2017 maintaining active filer status. The complainant is the sole proprietor of Law Code advisors engaged in rendering legal corporate, and tax advisor services (Copy of CNIC High Court License and Taxpayer profile inquiry are annexed herewith as Annex-A, A1, A2.	Admitted to the extent of record.
2	That the complainant is actively engaged in the advancement of women's rights by promoting economic empowerment advocating policy reforms and facilitating compliance with tax and trade laws. The complainant has inter alia, assisted numerous women led enterprises in obtaining registration and ensuring compliance.	Admitted to the extent of record.
3	That this representation is filed under section 10 read with section 2(3)(i)of the Federal Tax Ombudsman Ordinance, 2000 against the maladministration by the respondent in failing to operationalize the Clause 19 Part-III Second Schedule of the Income Tax Ordinance, 2001 in the iris system.	No any act of omission or commission has been carried out on part of this office to constitute maladministration.
4	That through Finance Act, 2021 Clause 19 was inserted in Part-III of the Second Schedule to the Income Tax Ordinance, 2001 which provides:	Admitted to the extent of legal applicability.

	The tax payable by woman enterprises on profit and gains derived from business chargeable to tax under the head "Income from business" shall be reduced by 25%. Explanation. For the purpose of this clause a woman enterprise means a startup established on or after first day of July 2021 as sole proprietorship concern owned by a woman or an AOP all of whose members are women or a company whose 100% shareholding is held or owned by women: Provided that benefit of this clause shall not be available to a business that is formed by the transfer or reconstitution or reconstruction or splitting up of an existing business.	
5	That FBR Circular No.2 of 2021-22 (Income Tax) dated 1st of July, 2021 reaffirmed the applicability of Clause 19 and confirmed the entitlement of eligible women enterprises to a 25% reduction in tax liability.	Admitted to the extent of legal applicability.
6	That despite this clear statutory mandate and administrative confirmation, the respondent has failed to incorporate the necessary mechanism in the IRIS return formats, thereby depriving eligible taxpayers of benefits envisaged under law. This omission has persisted across consecutive tax years namely Tax Years, 2022, 2023, 2024, 2025	In order to incorporate necessary changes in iris tab letter has been sent to the worthy Director General Information Technology & Digital Transformation, FBR headquarter Islamabad for necessary action. Copy of the letter is also enclosed.
7	That on June, 25 prior to the publication of the Tax Year, 2025 Return, the complainant lodged a formal complaint No.KP250625-91982956 through the Pakistan Citizen Portal requesting incorporation of a dedicated tab in IRIS to operationalized Clause 19. Despite expiry of the statutory redressal period of 41 days	N/A

	prescribed under the Pakistan Citizen Portal Unser Manual the said complaint remains undecided while the statutory return filing deadline of 30th September approaches imminently.	
8	That the non-implementation of Clause 19 undermines the legislative intent to incentivize imposes unjustified financial burdens upon eligible taxpayers discourages voluntary compliance and erodes public confidence in the tax system.	No comments
9	That the respondent's inaction squarely constitutes maladministration under Section 2(3)(i) of the Federal Tax Ombudsman Ordinance, 2000 being a. Contrary to law and statutory duty; b. Marked by neglect, delay and inaction; c. Discriminatory in effect, depriving women enterprises of lawful entitlements.	N/A
10	That the omission further violates constitutional guarantees, including Article 4, Article 8, Article 9, Article 18, Article 25	N/A
11	That the respondent's failure also undermines constitutional and policy commitments towards gender equality, financial inclusion and women's economic empowerment, repeatedly emphasized in the Prime Minister vision 2025 the Strategic Trade Policy Framework and in FBR's own public pronouncement.	N/A

3. The case was fixed for hearing. The complainant Miss Nida Khan & the Departmental representatives Mrs. Amna Sharif, & Mr.

Muhammad Yaqoob, Deputy Commissioners, RTO, Peshawar attended and the case was discussed as per written submissions. The complainant stated that the tab of reduction in tax liability @25% for women entrepreneurs as per clause 19 of Part-III of the 2nd Schedule to the Income Tax Ordinance, 2001 inserted through the Finance Act, 2021, has not been activated as yet, which is causing severe hardships to the business women of the country. The D/R stated that in order to incorporate necessary changes in IRIS tab, the matter has been taken up with the FBR & a letter has been sent to the DG (IT & DT) for necessary action. Copy of the letter bearing no.259 dated 24.09.2025 was submitted, the contents of which are reproduced as under:

> *"It is submitted that Miss. Nida Khan (Advocate High Court) has filed a complaint via No.18986/PWR/IT/2025 before the Honourable Federal Tax Ombudsman for operationalization of Clause 19 of Part-III of Second Schedule of the Income Tax Ordinance, 2001. The said clause was inserted through Finance Act, 2021, and according to this Clause the tax liability of eligible women enterprises on profit and gains derived from business chargeable to tax under the head "Income from Business" is reduced by 25%. However, according to the complainant the said changes have not been incorporated in the IRIS return form as of today, which deprived the eligible taxpayers of the benefits envisaged under the law.*
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> *It is therefore, requested that necessary instructions may kindly be issued to the concerned authorities to operationalize Clause 19 of Part-III of Second Schedule of the Income Tax Ordinance, 2001, enabling the eligible taxpayers of the benefits as per law, please."*

FINDINGS:

4. The complainant & The D/R heard and record perused. Plea of the complainant regarding insertion of Clause 19 in the Part-III of the 2nd Schedule to the Income Tax Ordinance, 2001, through the Finance Act, 2021 and not extending the benefit of 25% tax rebate to the women entrepreneurs since 2021 by the FBR clearly exhibits inefficiency, incompetence and ineptitude in the discharge of official duties & responsibilities and squarely falls under the category of

"Maladministration" under the provisions of Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

5. FBR is directed to:-

(i) Operationalize Clause 19 of Part-III of 2nd Schedule of the Income Tax Ordinance, 2001 by incorporating a dedicated tax code/tax/field in the IRIS return format to enable eligible women entrepreneurs to avail the facility of 25% reduction in the tax liability; and

(ii) report compliance within 30 days.

Approved for reporting

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

Dated: 10 OCT 2025
Akif