

**BEFORE
THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.2862/KHI/ST/2022

Dated: 01.07.2022* R.O. Karachi

Mr. Sher Muhammad,
Jamia Masjid Sunehri (Trust),
Patel Para,
Karachi

... *Complainant*

Versus

The Secretary,
Revenue Division,
Islamabad

... *Respondent*

Dealing Officer	:	Mr. Manzoor Hussain Memon, Advisor
Appraising Officer	:	Dr. Sarfraz Ahmad Warraich, Advisor
Authorized Representative	:	Complainant-in-Person
Departmental Representative	:	Mr. Waqas Maqsood, DCIR, LTO, Karachi

ORDER

This Complaint was filed against M/s K-Electric, Karachi, in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance), for charging and collecting sales tax and advance income tax on Masjid through electric bill since last two months.

2. Precisely, Mr. Sher Muhammad, one of trustee of Jamia Masjid Sunehri (Trust), Opposite QRT No. F/377, Jehangir West, Patel Para Karachi, complained that M/s K-Electric Karachi was charging and collecting sales tax and advance income tax through bill of electricity for the Masjid.

3. Since K-Electric, Karachi falls within the jurisdiction of LTO, Karachi, therefore, Complaint was forwarded to Chief Commissioner-IR, LTO, Karachi, for comments, in terms of Section

* Date of registration in FTO Sectt

10(4) of the FTO Ordinance, read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. In response thereto, Chief Commissioner-IR, LTO, Karachi, vide letter dated 02.08.2022, forwarded comments of Commissioner-IR, Enf-II, LTO, Karachi, vide letter dated 01.08.2022, wherein it was averred that Jamia Masjid Sunehri, is not registered as trust with them. M/s K-Electric, Karachi is charging sales tax on consumption of electricity by the Mosque; as consumption of electricity by any entity is not exempt from payment of sales tax, therefore, its charging and collection through bill for the Mosque is legal. In so far as the income tax is concerned, Section 235 of the Income Tax Ordinance, 2001 provides for mechanism of advance income tax collection on the amount of electricity bills of industrial or commercial or domestic consumers. Since the Mosque is not covered under any three kinds of consumers, hence, charging of income tax by M/s K-Electric, Karachi, through bill from the Mosque, is not in accordance with income tax law. It was requested to advise Complainant to get it rectified from local office of M/s K-Electric, Karachi and explain them the situation that Mosques are exempt from collection of income tax under Section 235 of the Income Tax Ordinance, 2001.

4. Hearing was held on 01.08.2022. DR was directed to issue letter to M/s K-Electric, Karachi intimating them the legal position so that they facilitate Complainant accordingly. On 11.08.2022, DR produced a copy of letter dated 03.08.2022, addressed to Principal Officer, M/s K-Electric, Karachi Ltd., wherein legal position was intimated. He provided copy to Complainant, advising him to visit office of M/s K-Electric, Karachi and submit LTO's letter to them for not charging and collecting income tax from them in future. Complainant agreed that sales tax is chargeable but they had

objection on income tax. He expressed satisfaction over the issuance of letter by Deputy Commissioner-IR, LTO, Karachi to M/s K-Electric, Karachi clarifying the legal position to them and thanked this Forum for redressal of their grievance.

5. Since the issue was resolved, therefore, case is closed. File is consigned to record.

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

Dated: 26:8: 2022
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Approved for reporting