THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NO. 8069/LHR/IT/2024
Dated: 16.09.2024*RO, Lahore

Mr. Najam Amin, ...Complainant
House No.40, Street No.60,
Mohallah Doaba Street, Gowal Mandi,
Lahore

Versus

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

Dealing Officer	:	Mr. Abdur Rehman Dogar, Advisor
Appraised by	:	Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	:	Complainant in person
Departmental Representative	:	Mr. Ahmed Mohy-ud-Din, ACIR, RTO Lahore

FINDINGS

The above-mentioned complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against issuance of incorrect tax deduction certificate by M/s. Wateen Telecom Ltd.

2. Statedly, the complainant is a salaried person and filer and using M/s. Wateen Telecom Ltd internet since last many years. He receives every year tax deduction certificate from M/s. Wateen Telecom Ltd. according to the Income Tax Ordinance, 2001 which is 15% of the whole amount he paid to the M/s. Wateen Telecom Ltd. But this year M/s. Wateen Telecom Ltd are failed to provide him income tax certificate as per his payment deposited to the company i.e. M/s. Wateen Telecom Ltd. The complainant has approached the FBR/department for redressal of his grievance but all in vain. He needs the correct tax deduction certificate to file his tax return, hence this complaint.

*Date of registration with FTO Secretariat

3. The complaint was sent for comments to the Secretary, Revenue Division, Islamabad in terms of section 10(4) of the FTO Ordinance read with section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. In response thereto, the Commissioner-IR, Zone-V RTO, Lahore vide letter dated 16.10.2024 submitted parawise comments. It has been contended that FBR has no detail of the usage of internet and billing information of the taxpayer. It is prayed that there is no malafide intention involved on the part of the department so complaint be filed.

4. During the course of hearing, both complainant and DR reiterated the stance taken in complaint and parawise comments respectively. Complainant stated that M/s. Wateen Telecom Ltd, company usually provides a 15% tax deduction certificate annually, but this year company did not provide tax deduction certificate according to previous years. He provides copies of correspondence with company which is reproduced hereunder: -

> *"Najam Amin Aug 22, 2024, 3:15 AM*
>
> *A.A. Hope this email finds you well. I have been a Wateen user for the last many years. My Wateen ids are "104040 and 106275" I am a filer and have to submit*
>
> *Najam Amin <najam.amin83@gmail.com> Aug 22, 2024, 5:27 PM to Customer*
>
> *Kindly read carefully my email and consider attached files which are being issued me last year by your office from july 2022 to june 2023 the tax amount is RS.17347 against Id 1040401 file is attached herewith for ur reference.*
>
> *I am paying the same amount and same id how you the people are deducting my tax more than 300 percent lesser than before. Furthermore, i have attached the tax ref. Image. Guide me the exact percentage you are deducting tax. Thanks*
>
> *Customer Care/Contact Center/Lahore <customercare@wateen.com> Aug 23, 2024, 11:57 AM*
>
> *to me*
>
> *Dear Sir,*

The change is due to a structural adjustment we implemented in September 2023. Specifically, we separated the Internet Monthly Line rent (MLR) into two distinct components: Internet and Infrastructure (Infra). It is important to note that the infrastructure component is not subject to Withholding Tax (WHT).

As a result of this separation, the taxable amount has decreased, leading to a lower total on your Tax Certificate for FY-24.

Regards,

Shamaila Rasheed -Assistant Manager CC Correspondence."

FINDINGS:

4. Though the queries raised by the complainant have been replied by the telecom company and reason of billing difference has also been explained, yet the Telecom Company has failed to cite the law which allowed this sudden change and separation of Internet Monthly Line Rent into two components and suo motto exclusion of one component from the ambit of tax withholding. Similar patterns may also be evolved by other TELCOS. FBR's naivety and ineptitude is equally visible as the taxpayer is highlighting incidence of lesser tax deduction but FBR's field formation is indifferent to the said alert. Such a behavior tantamounts to maladministration in terms of section 2(3)(ii) of FTO Ordinance, 2000.

5. **RECOMMENDATIONS:**

(i) Members IR- Operations and Policy, are directed to look into the explanation filed by the respondent Company and give their findings in the light of relevant law; and

(ii) report compliance in 45 days.

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

Dated: 5.11.2024
Akif

Approved for reporting