

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.16692/KHI/IT/2026

Dated: 16.09.2026* RO, Karachi
(Tax Year 2026)

**Ms. NADYA QAMAR CHISHTY
MUJAHID**

...Complainant

Registration # 4200062552810
House No.24 – B/2, 23rd Street
Phase-V, Khayaban-e-Tanzeem DHA
Karachi.

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer	:	Mr. Sahibzada Abdul Mateen, Advisor
Appraised by	:	Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	:	Moinul Hassan Adv
Departmental Representative	:	Mr. Muhammad Waseem, ACIR, RTO-II, Karachi.
Date(s) of Hearing	:	24.09.2026, 30.09.2026 & 12.10.2026

FINDINGS

The complaint has been filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) for non-allowing of 25% rebate in terms of clause 2 Part-III of 2nd Schedule to the Income Tax Ordinance, 2001 for tax year 2026.

2. Brief facts are that the Complainant is a full time teacher and researcher employed with Institute of Business Administration (IBA) affiliated with Karachi University on salary basis and assessed to tax with RTO-II, Karachi. It has been stated that the Complainant is a fulltime teacher and researcher employed with Institute of Business Administration (IBA) affiliated with Karachi University on salary basis. The complainant uses to avail 25% rebate in terms of Clause 2, Part-III of 2nd Schedule in the past. The provision of law exists in



*Date of registration in FTO Sectt.

Tax Year 2025 applicable for tax year 2026 stand as;

"(2) The tax payable by a full time teacher or a researcher, employed in a non-profit education or research institution duly recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government research institute, shall be reduced by an amount equal to [25%] of tax payable on his income from salary [Provided that this clause shall not apply to teachers of medical professional who derive income from private medical practice or who receive share of consideration received from patients."



3. The complaint further stated that she is not teaching to the medical professionals students. The similar provision of law exists for the tax year 2027 as well (As per Finance Act, 2026). That while filing the tax Return for the tax year 2026, the Return form available on IRIS system do not allow such rebate. That complainant made a complaint online to the FBR, Islamabad dated 12.09.2026 but no response as yet.

4. The complaint was referred to 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 Ombudsman Institutional Reforms Act, 2013.

5. The Commissioner-IR, Refund Zone-II, RTO, Karachi submitted Para-wise comments, which are placed on record, stating therein as follows;

"Preliminary Submissions

At the outset, it is respectfully submitted that the grievance raised by the complainant has been examined with reference to the provisions of the Income Tax Ordinance, 2001, particularly Part III of the Second Schedule thereto, as amended through the Finance Act, 2025.

The complainant has claimed a reduction of 25% in tax liability on salary income on the ground that she is employed as a full-time teacher/researcher at the Institute of Business Administration (IBA), Karachi. The Department does not dispute that a

concession of this nature existed under the Income Tax Ordinance, 2001. However, entitlement to any exemption, reduction, rebate or concession is necessarily governed by the specific tax year for which the relevant statutory provision remains in force.

Through the Finance Act, 2025, Clause (3A) was inserted in Part III of the Second Schedule to the Income Tax Ordinance, 2001. The provision allowed a 25% reduction in tax payable on salary income of an eligible full-time teacher or researcher, subject to the prescribed conditions. Importantly, the Legislature itself placed an express temporal limitation upon the concession by providing that it "shall cease to have effect after tax year 2025."

Consequently, for Tax Year 2026, there is no subsisting statutory entitlement under the said clause for allowance of the claimed 25% reduction. The non-availability of the rebate in the IRIS return for Tax Year 2026 therefore appears to be consistent with the applicable statutory position rather than an omission in implementation.

Para-wise Comments

Para No. 1: The contents regarding the identity, employment and professional status of the complainant are matters of record and may be verified from the relevant documents. The complainant has stated that she is a full-time teacher and researcher employed with the Institute of Business Administration (IBA), Karachi. The Department has no objection to verification of her employment status from the relevant record. However, the status of a taxpayer as a full-time teacher/researcher, by itself, does not create an entitlement to a tax rebate unless the relevant statutory concession is operative for the tax year concerned.

Para No. 2: The contents are not admitted to the extent that the complainant claims availability of the 25% rebate for Tax Year 2026. The relevant provision introduced through the Finance Act, 2025 was contained in Clause (3A), Part III of the Second Schedule to the Income Tax Ordinance, 2001, which provided, inter alia, for reduction by an amount equal to 25% of tax payable on salary income of an eligible fulltime teacher or researcher. I however, the same provision further expressly stipulated:

"Provided further that the provision of this clause shall be deemed to have been in force with effect from the first day of July, 2022 and shall cease to have effect after tax year 2025."

Accordingly, the statutory concession stood restricted up to Tax Year 2025 and does not extend to Tax Year 2026. This interpretation is also reflected in published professional analyses of the Finance Act, 2025.

Para No. 3: The contention of the complainant that she is not a





teacher of the medical profession is noted. The proviso excluding certain teachers of the medical profession was relevant while the concession itself remained operative. However, for Tax Year 2026, the primary issue is not whether the complainant falls within the medical-profession exclusion; rather, the decisive issue is that Clause (3A) itself ceased to have effect after Tax Year 2025. Therefore, even if the complainant otherwise fulfilled all eligibility conditions, the claimed reduction cannot be extended beyond the period prescribed by the Legislature.

Para No. 4: The contention that a similar provision continues to exist for Tax Year 2027 is respectfully not admitted on the basis of the material presently placed before this office. The applicable statutory provision introduced through the Finance Act, 2025 expressly ceased to have effect after Tax Year 2025. Any entitlement for a subsequent tax year would require a fresh or extended statutory provision enacted by the competent Legislature. The complaint itself does not identify any subsequent enacted provision overriding the express cessation applicable after Tax Year 2025.

Para No. 5: The complainant's contention that the return form available on the IRIS system for Tax Year 2026 does not allow the claimed rebate is noted. However, the mere non-availability of a field or option in IRIS does not, in the present circumstances, establish maladministration. Since the statutory concession ceased to have effect after Tax Year 2025, non-provision of the corresponding rebate facility for Tax Year 2026 is consistent with the applicable legal position.

Para No. 6: The contents regarding the online complaint/representation allegedly submitted to FBR and subsequent reminders are matters of record and may be verified from the relevant system. Nevertheless, an administrative or system-related representation cannot confer a tax concession that is not available under the substantive provisions of the Income Tax Ordinance, 2001 for the relevant tax year.

Para No.7: The apprehension of the complainant regarding an alleged additional tax burden of Rs. 921,277/- is noted. However, tax liability is required to be determined strictly in accordance with the law applicable to the relevant tax year. Where a concession has statutorily ceased to operate, the resulting tax liability cannot be treated as an unlawful burden merely because the taxpayer was entitled to such concession in an earlier tax year.

FINDINGS:

6. Both the parties attended the hearings and made submissions, which were considered and record perused. After the investigation carried out by this office and examination of the details



available on record, the issue involved is that the complainant being a full-time teacher and researcher at the Institute of Business Administration (IBA), Karachi wanted to avail 25% rebate in terms of Clause 2, Part-III of 2nd Schedule in the past but the electronic tax filing system (IRIS) did not allow her to claim the 25% tax reduction on salary income for Tax Year 2026. The Complainant stated that she had availed of this rebate in the past and asserted that the concession remains valid.

7. The Respondent Department (RTO-II, Karachi) in their para-wise comments stated that this concession previously existed under Part III of the Second Schedule to the Income Tax Ordinance, 2001, the Legislature introduced an amendment through the Finance Act. This clause specifically mandated that the rebate would cease to operate after Tax Year 2025. Consequently, the non-availability of this rebate in the IRIS portal for Tax Year 2026 does not constitute maladministration by the Federal Board of Revenue (FBR). In order to ascertain the legal position it will be appropriate to reproduce the relevant clause 3A of Part-III Second Schedule as under:

3A) The tax payable by a full-time teacher or a researcher, employed in a nonprofit education or research institution duly recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government research institution, shall be reduced by an amount equal to 25% of tax payable on his income from salary:

Provided that this clause shall not apply to teacher of medical profession who derive income from private medical practice or who receive share of consideration received from patients:

Provided further that the provision of this clause shall be deemed to have been in force with effect from the first day of July, 2022 and shall cease to have effect after tax year 2025.]

It is evident from the perusal of second proviso of the above Clause 3A that the rebate amount equal to 25% has not been given for the

tax year 2026. Therefore the return for the tax year 2026 does not contain specific column for the claim of this rebate amount.

8. No 'Maladministration' is involved in this case being a policy matter and barred by jurisdiction of this office u/s 9(2)(b) of the FTO Ordinance 2000 as the issue requires the interpretation of law. The complaint is accordingly closed and file is consigned to record.

Dated: 20 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

