

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.18258/KHI/ST/2026

Dated 19.10.2026 * R.O. Karachi

Mr. Faizan Kirmani, CNIC 4240118712369,
Flat # 401, Decent Homes, Phase -II,
Sector 11-H, North Karachi,

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer : Mr. Badruddin Ahmad Quraishi, Advisor
Authorized Representatives :
Departmental Representatives :

FINDINGS

The above-mentioned complaint has been filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against K-Electric for charging sales tax on Fixed Charges, Uniform Quarterly Adjustments (UQAs), Fuel Charge Adjustments (FCA), Additional Surcharge (PHL), and Electricity Duty in violation of Section 3(1) of the Sales Tax Act, 1990 (the Act).

2 This is a repetition of earlier complaint no. 17273/KHI/ST/2026, which was dismissed in limine vide order dated 08.10.2026. The only difference is that the earlier complaint was lodged against SSGC and the instant complaint has been lodged against K-Electric on the same issue of charging sales tax on various fixed charges. As already discussed in the earlier complaint, in terms of charging Section 3(1) of the Act, sales tax is charged, levied and paid on the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him. Whereas the value of supply" in terms of Section 2(46) of the Act means: in case

Date of registration in FTO Secretariat





of supply of electric power and gas by a distribution company, the total amount billed including price of electricity and natural gas, as the case may be, charges, rents, commissions and all duties and taxes local, provincial and federal but excluding the amount of late payment surcharge and the amount of sales tax.

3. As can be observed, only two values are excluded for the calculation of "value of supply"

- i. the amount of late payment surcharge and
- ii. the amount of sales tax

All the rest of the charges are taxable under the Sales Tax Act 1990. Therefore, the sales tax is being charged in accordance with the provisions of the Sales Tax Act 1990. Hence, the instant complaint is dismissed in limine, and the case is consigned to record.

Dated: 22 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

