

**THE FEDERAL TAX OMBUDSMAN  
ISLAMABAD**

**COMPLAINT NO. 17342 /KHI/IT/2026**

Dated: 01.10.2026\* RO, Karachi

**M/s. Karachi Institute of Kidney  
Diseases Associations, NTN  
8223627**

Plot No. ST-45, Block-7,  
FB Area, Karachi.

...Complainant



**Versus**

The Secretary,  
Revenue Division,  
Islamabad.

...Respondent

|                             |   |                                       |
|-----------------------------|---|---------------------------------------|
| Dealing Officer             | : | Mr. Badruddin Ahmad Quraishi, Advisor |
| Appraising Officer          | : | Mr. Muhammad Tanvir Akhtar, Advisor   |
| Authorized Representative   | : | Mr. Zahid Akhter, ITP                 |
| Departmental Representative | : | Syed Usman Shah, DCIR, CTO-II Khi     |
| <b>Date of hearing</b>      | : | <b>12.10.2026</b>                     |

**FINDINGS/RECOMMENDATIONS**

This complaint has been filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against delay in deciding the application dated 01.07.2026 filed online through IRIS for:



- i. renewal/grant of NPO u/s 2(36) (c) of the Income Tax Ordinance, 2001 (The Ordinance).
- ii. issuance of Income Tax Exemption Certificates u/s 151, 153 & 236H read with Section 159(1) of the Ordinance.
- iii. Failure to allow grant of NPO status & exemption certificates earlier for three years in compliance with the prescribed validity period of three years under Rule 215 of the Income Tax Rules 2002 read with FTO recommendations in complaint # 1556/KHI/IT/2024 dated 12.06.2024.
- iv. During the hearing, the AR of the complainant inserted an additional ground of complaint for illegal change of jurisdiction from CTO-1 Karachi to CTO-II Karachi in violation of the recent

\* Date of registration with FTO Secretariat

FBR jurisdiction order F. No. 1(48) Jurisdiction/CTO-1  
KHI/2026/77470-R dated 16.07.2026.



2. Briefly stated, the Karachi Institute of Kidney Diseases Association (KIKDA) a **public sector medical facility** operates as a prominent non-profit, philanthropic medical institution dedicated to provide free-of-charge specialized healthcare and life-saving treatments for underprivileged kidney patients. It operates on a strict "**no cash counter, zero hidden charges**" model, funded largely through Zakat and charitable donations. Established in 2009 and functional since 2017, it ranks as the second-largest public-sector kidney care institution in Karachi after SIUT.

3. As per complaint, the Complainant submitted its online application through IRIS for renewal/grant of NPO status and for issuance of Income Tax Exemption Certificates u/s 151, 153 & 236H read with Section 159(1) of the Ordinance supported with requisite documentary evidence on 01.07.2026; but did not get a response. The Complainant has already enjoyed the said status previously, and there has been no fundamental change in its non-profit character, objectives or legal status. The application is therefore essentially for continuation/renewal of an already recognized status, subject to compliance with the applicable requirements. The continued non-disposal of the application has placed the Complainant in a position of considerable uncertainty, and the gap between expiry of the existing approval and disposal of the pending application has exposed the Complainant to avoidable tax and withholding-tax consequences; hence this complaint.

4. The complaint was referred to the Secretary Revenue Division, Government of Pakistan for comments and hearing by the Departmental Representative (D.R.), 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, the CIR Zone-IV, CTO-II, Karachi, submitted that the application dated 01.07.2026 filed by the complainant, Karachi Institute of Kidney Diseases Association, for approval as a Non-Profit Organization (NPO) under section 2(36)(c) of the Income Tax Ordinance, 2001, could not be disposed of within the prescribed period due to the complainant's failure to respond to departmental queries.

An assignment was issued on 17.08.2026, requiring the complainant to submit the requisite details and documents by 31.08.2026; however, the complainant failed to comply, preventing further processing of the application. Regarding the earlier exemption approval dated 11.08.2025, granted for less than one year despite the prescribed three-year validity under Rule 215 and the FTO recommendations in Complaint No. 1556/KHI/ST/2024 dated 13.06.2024, the Department stated that the predecessor officer had approved. The Department, therefore, requested that the complaint be disposed of in accordance with law and justice.

5. During the hearing, the DR representing CTO-II Karachi submitted that the jurisdiction of the complainant lies with CTO- 1 Karachi. In terms of the latest FBR jurisdictional order F. No. 1(48) Jurisdiction/CTO-1 KHI/2026/77470-R dated 16.07.2026, but the PRAL erroneously transferred the jurisdiction of the complainant to CTO-II Karachi, and the case is presently appearing in CTO-II Karachi. The CIR, Zone-IV, CTO-II Karachi, vide letter dated 21.08.2026, has already submitted a report for transfer of cases of NPOs back to CTO-1 Karachi. In terms of the latest FBR jurisdictional order, F. No. 1(48) Jurisdiction/CTO-1 KHI/2026/77470-R dated 16.07.2026.



6. Moreover, the AR submitted the latest data for September 2026, providing health care to a number of patients as follows:

**KARACHI INSTITUTE OF KIDNEY DISEASES ASSOCIATION MONTHLY**  
**REPORT FOR THE MONTH OF SEPTEMBER, 2026**

| Sr.No | Services                            | Numbers |
|-------|-------------------------------------|---------|
| 1     | Dialysis                            | 4640    |
| 2     | Lithotripsy Treatment               | 108     |
| 3     | Urology Procedures                  | 824     |
| 4     | General Surgeries                   | 109     |
| 5     | Vascular Procedure                  | 39      |
| 6     | Interventional Radiology Procedure  | 23      |
| 7     | OPD: Vascular                       | 133     |
| 8     | OPD: Urologist                      | 4626    |
| 9     | OPD: General Surgery                | 776     |
| 10    | OPD: Nephrologist                   | 1965    |
| 11    | OPD: Filter Clinic                  | 2259    |
| 12    | OPD: Cardiologist                   | 692     |
| 13    | OPD: Infectious Diseases            | 18      |
| 14    | Nephrologist D/L Operation          | 35      |
| 15    | ICU/WARD (DC) Patients              | 722     |
| 16    | Echo                                | 317     |
| 17    | Ultrasound                          | 2600    |
| 18    | CT Scan                             | 436     |
| 19    | Xray                                | 1419    |
| 20    | Mammography                         | 49      |
| 21    | Laboratory Test                     | 27152   |
| 22    | Medicine given to Dialysis patients | 286     |

The AR also offered the department to conduct discreet check any day, any time to confirm the authenticity of free health care services, claiming to be the second after Indus Hospital. As regards the issue of non-compliance with the submission of the requisite documents, the AR submitted evidence of filing online documents on 15.10.2026. The documents are as follows:

- C-2-List of Donors.Pdf,
- C-4-Bank-Statement-1.Pdf,



- D-1-Exemption-236-H.Pdf,
- A-1-Memorandum and Articles.Pdf,
- A-4-Certificate of Registration.Pdf,
- C-4-Bank-Statement-2.Pdf,
- C-5-Statement of Wht.Pdf,
- C-7-Previous Approval Order. Pdf,
- D-1-Bank-Exemption-151.Pdf,
- A-7-Details of Promoters Members. Pdf,
- A-2-Details of Members. Pdf,
- A-5-Accounts of Organization. Pdf,
- A-6-Audited Accounts. Pdf,
- B-1-Section 213 Clauses A To J. Pdf,
- C-1-Income Tax Return-2025.Pdf



## **7. FINDINGS**

- i. The material placed on record indicates that KIKDA operates as a philanthropic healthcare institution providing specialized treatment to kidney patients, including dialysis, lithotripsy, urology, vascular procedures, surgery, intensive care, diagnostic services, and laboratory testing. Its September 2026 monthly report records, inter alia, 4,640 dialysis sessions, 27,152 laboratory tests, 4,626 urology OPD visits, 1,965 nephrology OPD visits and 722 ICU/ward patients. These figures demonstrate the substantial scale of its healthcare activities free of charge under a no-cash-counter model and have offered to facilitate independent verification. The continued uncertainty concerning NPO approval and exemption certificates may expose the complainant to withholding-tax deductions and associated cash-flow pressures, potentially affecting its ability to maintain charitable healthcare services. The matter therefore requires expeditious attention, particularly in view of the institution's stated reliance on donations and Zakat.

- ii. **ISSUE OF JURISDICTION**

It is an undeniable fact that the jurisdiction of the complainant, being an NPO, rests with the Zone-IV,



CTO-1 Karachi, in terms of the latest FBR jurisdictional order, F.No. 1(48) Jurisdiction/CTO-1 KHI/2026/77470-R dated 16.07.2026. But in IRIS, it presently lies with CTO-II Karachi in violation of the Board Jurisdiction order dated 16.07.2026. The CIR, Zone-IV, CTO-II Karachi, vide letter dated 21.08.2026, has already submitted a report for transfer of cases of NPOs back to CTO-1 Karachi. The complainant has also submitted an online application for transfer of jurisdiction on 14.10.2026. Therefore, the first priority should be to transfer the Jurisdiction of the complainant from CTO-II Karachi to Zone IV, CTO-1 Karachi immediately.



- iii. As discussed supra, the Complainant submitted its online application through IRIS for renewal/grant of NPO status and for issuance of Income Tax Exemption Certificates u/s 151, 153 & 236H read with Section 159(1) of the Ordinance, supported with requisite documentary evidence on 01.07.2026. The complainant has also submitted additional online documents on 15.10.2026 as discussed in para 7. In terms of Rule 215 of the Income Tax Rules, 2002 reproduced below, the CIR should have finalized the online application within two months i.e., by 31.08.2026.

***“Rule 215. Finalization of applications.-***

***The Commissioner shall finalize applications under rule 211 within two months of their receipt”***

Similarly, the application for issuance of Income Tax Exemption Certificates u/s 151, 153 & 236H read with Section 159(1) of the Ordinance should have been disposed of within fifteen days of filing of the application. The Commissioner shall be deemed to have issued the exemption certificate upon the expiry of fifteen days from filing of the application, and the certificate shall be automatically processed and issued by Iris. The said provision, Section 159 of the Income Tax Ordinance 2001, is reproduced below:

***“Section 159. Exemption or lower rate certificate.— (1)  
Where the Commissioner is satisfied that an amount 1 [ ]***

to which Division II or III of this Part 2 [or Chapter XII] applies is –

(a) exempt from tax under this Ordinance; or

(b) subject to tax at a rate lower than that specified in the First Schedule 3; or

(c) is subject to a hundred percent tax credit under 4 [under this Ordinance],] the Commissioner shall, upon application in writing by the person, 5 [in the prescribed form] issue the person with an exemption or lower rate certificate

Provided that in case of a company, the Commissioner shall issue exemption or lower rate certificate under this section within fifteen days of filing of application by the company:

Provided further that the Commissioner shall be deemed to have issued the exemption certificate upon the expiry of fifteen days from filing of application by the aforesaid company and the certificate shall be automatically processed and issued by Iris.”

- iv. As regards the validity of the approval as NPO, it is for three years under Rule 215 of Income Tax Rules, 2002 read with FTO recommendations in complaint no. 1556/KHI/ST/2024 dated 13.06.2024. Moreover, the DR during the hearing has stated that IRIS, though it provides validity for three years, but at the time of filing the online application raises queries about the tax year and gives the option of only one tax year. As a result, a taxpayer can claim approval for one tax year only while filing an online application. This limitation allegedly prevents applicants from obtaining approval covering the prescribed period. If verified, the restriction represents a system-design deficiency that may frustrate the implementation of Rule 215 of the Income Tax Rules, 2002. The matter warrants referral to PRAL and the competent FBR authority for correction of the application workflow and approval-generation functionality. The issue must be corrected by the PRAL to keep it in conformity of Rule 215 of the Income Tax Rules, 2002.

The combined inaction of the Department, administrative deficiencies in the handling of the complainant's application, particularly the unresolved jurisdictional discrepancy, procedural bottlenecks, systemic glitches in IRIS (PRAL), and



illegal jurisdictional mapping constitute maladministration under Section 2(3)(i)(a), (b) & (ii) of the FTO Ordinance, 2000.

**RECOMMENDATIONS:**

8. FBR to direct:

- (i) the Chief Formation / Secretary Jurisdiction to immediately rectify the jurisdictional mapping in IRIS and transfer the Complainant's profile from CTO-II Karachi back to Zone-IV, CTO-1, Karachi, in strict compliance with FBR jurisdictional order, F. No. 1(48) Jurisdiction/CTO-1 KHI/2026/77470-R dated 16.07.2026;
- (ii) the DG (IT & DT) / CEO PRAL to update and modify the IRIS application portal for NPO renewals under Rule 215 to enable tax-exempt entities to apply for and receive approval for the statutory three-year validity period instead of limiting selection to a single tax year. PRAL shall ensure that the tax-year selection, approval-generation and validity fields operate consistently with the governing rules
- (iii) the Commissioner IR, Zone-IV, CTO-1, Karachi to:
  - (a) Immediately process and finalize the Complainant's application dated 01.07.2026 for grant/renewal of NPO status under Section 2(36)(c) of the Ordinance for the full statutory validity period of three (3) years, taking into account the comprehensive compliance documents uploaded on 15.10.2026, within 15 days of transfer of jurisdiction.
  - (b) process the required Tax Exemption Certificates under Sections 151, 153, and 236H read with Section 159(1) of the Ordinance without further delay, giving full effect to the statutory deeming provision; and
- (iv) report compliance within 30 days.

Dated: 22 OCT 2026  
Azeem

(M. Zafar ul Haq Hijazi)  
Federal Tax Ombudsman

