

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NO.15831/KHI/IT/2026

Dated 31.08.2026¹ R.O Karachi

M/s. Union Steel Industries (AOP),
NTN 4108044
D-36, SITE, Manghoopir Road Karachi.

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer	: Mr. Badruddin Ahmad Quraishi Advisor
Appraisal Officer	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representatives	: Mr. Muhammad Junaid, Adv
	: Mr. Suneel Ali, Adv
Departmental Representatives	: Mr. Saad Ali, DCIR, LTO, KHI
Date of hearings	: 16.09.2026 & 24.09.2026

FINDINGS/RECOMMENDATIONS

The complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against the department (Deptt) for failing to process an income tax refund claim for tax year 2025 amounting to Rs.139,510,132/-.

2. Briefly, the complainant is an AOP, engaged in the business of manufacturing iron and steel products. The AOP specializes in manufacturing high-quality deformed steel bars (rebar) used to reinforce concrete foundations in construction, infrastructure, and commercial building projects. The complainant filed an income tax return for the tax year 2025 on 31.10.2025 claiming an income tax refund of Rs.139,510,132/- against adjustable tax deductions u/s 148, 151(I)(b), 231B(3) & 236(I)(a) of the Income Tax Ordinance 2001 (the Ordinance). The refund application was filed on

¹ Date of Registration in FTO Sectt:



03.12.2025. However, the Deptt failed to issue any refund order to date; hence this complaint.

3. The complaint was referred to the Secretary, Revenue Division for comments, 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 Commissioner-IR, Refund Zone, LTO Karachi, vide letter dated 23.09.2026, has submitted comments stating that the complaint is not maintainable under Section 9(2)(b) of the FTO Ordinance, 2000, as the complainant has an alternative legal remedy under sections 170(5)(b) and 127 of the Income Tax Ordinance, 2001. It states that the refund application was filed on 17.03.2025 and, since no refund order was passed within 60 days, the complainant could avail the statutory right of appeal. The Department relied on relevant judgments of the superior courts and requested dismissal of the complaint for want of jurisdiction, with a direction to the complainant to pursue the remedy available under the Income Tax Ordinance, 2001.

4. Argument heard, and record perused.

5. Briefly, the complainant is an AOP which e-filed his income tax return for tax year 2025 claiming an income tax refund amounting to Rs.139,510,132/- against excess adjustable tax deductions u/s 148, 151(I)(b), 231B(3) & 236(I)(a) of the Ordinance. The complainant e-filed a refund application for tax year 2025 on 31.12.2025. The Deptt is required to issue the refund within sixty days of the filing of the refund application in terms of section 170(4) of the Ordinance reproduced below:

"170(4). The Commissioner shall, within sixty days of receipt of a refund application under sub-section (1), serve on the person applying for the



refund an order in writing of the decision after providing the taxpayer an opportunity of being heard"



6. In cases of delay beyond statutory timelines, the Taxpayer has been given two options: to file an appeal or lodge a Complaint because such delay has been categorized as an act of maladministration u/s 2(3)(ii) of the FTO Ordinance, 2000. Fundamental rights under the Constitution of Pakistan ensure that citizens are dealt with in accordance with law, and the state cannot compel a person to surrender a legal right unless authorized by an act of parliament. Therefore, FBR cannot force a citizen to abandon one lawful choice for another arbitrarily.

7. **FINDINGS:**

- i. Tax deductions/collection listed by the department in this instant case are silent about withholding Income Tax under Section 153. This tax is warranted at source on commercial sales and supplies to corporate buyers or government entities, unless specifically exempted under tax schedules.
- ii. Failure of the Deptt to process the income tax refund claim for tax year 2025 within the prescribed period is tantamount to maladministration under section 2(3)(ii) of the FTO Ordinance.

RECOMMENDATIONS:

8. FBR to direct: -

- (i) the Commissioner-IR, Refund Zone, LTO Karachi to dispose of tax refund claim for tax year 2025 after affording a proper opportunity of hearing to the Complainant, in accordance with law; and
- (ii) report compliance within 30 days.

Dated: **13 OCT 2026**


(Mr. Zafar ul Haq Hijazi)
Federal Tax Ombudsman