

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NOS.15797 & 15799/LHR/IT/2026

Dated: 31.08.2026 RO Lahore*¹

M/s Bin Dawood Flavours (Pvt) Limited,
1st Floor, Saleem Mention, 3-Fane Road,
Near Punjab Bar Council,
Lahore.

... Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officers : Mr. Ahmad Shuja Khan, Advisor
Appraised by : Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative : Ch. Muhammad Iqbal, Advocate
Departmental Representative : Ms. Ayesha Ahmad, DCIR CTO, Lahore
Date of Hearing : 14.09.2026

FINDINGS/RECOMMENDATIONS

The above-mentioned complaints were filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (The Ordinance) against non-issuance of refunds for tax years 2023, 2024 and 2025. The complaints having identical issues are disposed of through a single consolidated order.

2. Brief facts of the case are such that the Complainant is running the business by the name M/s Bin Dawood Flavours (Pvt) Ltd and is earning income from business having principal activity of manufacturing of beverages, distilling, and blending of spirit. The Complainant is registered as a manufacturer under the Income Tax Ordinance, 2001 claimed refunds as follows:

S.No.	Tax Year	Date of filing of Complaint	Date of Filing of Refund Application	Refund Amount (Rs)
1.	2023	31.08.2026	12.02.2026	37,734
2.	2024	31.08.2026	12.02.2026	1,833,552
3.	2025	31.08.2026	12.02.2026	6,150,407
			Total	8,021,693

¹Date of Registration in FTO Secttt.





Complainant e-filed returns of income for Tax Years 2023, 2024 and 2025 under Section 114(1) of the Income Tax Ordinance, 2001 (the Ordinance) which were deemed to be assessed under Section 120(1) of the Ordinance. The refunds arose on account of excess tax deducted at source under Sections 148, 153(1)(a), 235 and 154(1) of the Income Tax Ordinance, 2001(the Ordinance). Nevertheless, despite repeated efforts of the Complainant, the Department failed to pass orders under Section 170(4) of the Ordinance, within the stipulated time period, hence these complaints.

3. The complaints were sent for comments to the Secretary, Revenue Division, 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, Refund Zone, CTO, Lahore submitted revised para-wise comments dated 22.07.2026. It was contended that:

- (i) The Complainant filed online refund applications on 12.02.2026 for tax years 2023, 2024 and 2025. The applications filed were on the prescribed format as required under Section 170(2)(a) of the Income Tax Ordinance, 2001 and as laid out in Part VI of First Schedule to Income Tax Rules, 2002.
- (ii) Limitation of sixty days from the filing of refund applications was expired.
- (iii) As per available record, no outstanding current or arrear demand (Income Tax/Sales Tax /FED/Custom Duty) is recoverable.
- (iv) As per available record, no tax demand is under stay by any appellate forum.
- (v) The Complainant claimed tax deductions as per income tax returns filed for tax years 2023, 2024 and 2025:

Tax Deductions u/s	Nature of withholding tax
148	Nature to be decided after verification GDs from Complainant.
153(1)(a)	Adjustable
154(1)	Minimum
235	Adjustable



- (vi) Tax deductions are partially verifiable from FBR's internal portal. External verification is also required.
- (vii) The refund claim is based on returns filed. No appeal effect or rectification was involved.
- (viii) No adjudication u/s 170(4) has been made as applications of the Complainant are pending.
- (ix) As per available record, there is no pendency regarding audit/super tax u/s 4C.
- (x) No legal issue is pending to the extent of refund applications whereas, the Complainant's refund applications lack mandatory supporting documents required under Rule 71((3) of the Income Tax Rules, 2002. Simply claiming a refund in a return does not establish its legitimacy as held by the Hon'ble Lahore High Court in CIR Vs M/s Chicago Metal Works Limited (Tax Reference No.48 of 2011). It has been held that determination of refund is not automatic; a separate application with all supportive documents must be filed under Section 170 of the Income Tax Ordinance read with Rule 71(3) of the Rules.
- (xi) Complainant filed refund applications without supporting documents as required under Rule 71(3) of the Income Tax Rules 2002. Therefore, refund applications for aforementioned tax years shall be processed after receiving requisite supporting documents from the Complainant.

4. Arguments heard and available record perused.

5. It is an admitted position that the Complainant e-filed refund applications for Tax Years 2023, 2024 and 2025 on 12.02.2026 within time and as per prescribed format. Nevertheless, till filing of the instant complaint the Department did not issue a single letter asking the Complainant to submit the requisite evidence nor any other details were sought. The Complainant agitated that as per law, Department was bound to issue the outstanding refund within 60 days after filing of refund application. It was further contended that the Complainant submitted all the relevant documents and details to the Commissioner-IR, Refund Zone, CTO, Lahore. The officer Incharge Refund Unit, CTO, Lahore was requested time and again but all in vein



and besides, the Complainant was apprised of the FIFO policy of FBR despite the fact that the same has already been rejected/refused by the Hon'ble President of Pakistan. Clear instructions have been issued to the Department "that taxpayer's legal right given by the substantive law/legislature cannot be restricted through any administrative circular". Whereas, the Department has not given any response to these directions which clearly falls in the definition of Maladministration under the FTO Ordinance, 2000. Apart from above no income tax/sales tax arrears have been reported. Thus, delay in disposing of refund applications for Tax Years 2023, 2024 and 2025 in terms of Section 170(4) of the Ordinance was evident.

FINDINGS

6. Nevertheless, the said delay in disposal of refund applications for Tax Years 2023, 2024 and 2025 within the stipulated time is manifestation of Departmental neglect, inattention and ineptitude in discharge of its duties and the same tantamount to Maladministration in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS

7. FBR to-

- (i) direct the Commissioner-IR, Refund Zone, CTO, Lahore to dispose of Complainant's refund applications for Tax Years 2023, 2024 and 2025 strictly as per law, after providing opportunity of hearing to the Complainant; and
- (ii) report compliance within 30 days.

Dated: 13 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman