

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NO.15931/MLN/IT/2026

Dated: 02.09.2026* R.O. Multan

Mr. Abid Hussain,
Shiekh Cotton Factory, Grain Market,
Haroon Abad.

... Complainant

V e r s u s

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer : Dr. Khalil Ahmad, Advisor
Appraisement Officer : Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative : Mr. Zaka Ullah, Advocate
Departmental Representative : Ms. Mehak Fatima, DCIR, LTO, Multan
Date(s) of Hearing : 07.10.2026

FINDINGS / RECOMMENDATIONS

The complaint has been filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against un-due delay in issuance of refund for Tax Year 2020 amounting to Rs.15.665 million. According to the Complainant, refund application for the said tax year was e-filed on 29.01.2021. The Deptt failed to pass order under Section 170(4) of the Income Tax Ordinance, 2001 (the Ordinance) within the stipulated time. The taxpayer is a private limited company engaged in cotton ginning and allied business activity

2. The CCIR, LTO, Multan forwarded Para-wise comments of the Commissioner-IR, Refund Zone dated 16.09.2026 vide letter dated 18.09.2026.

3. Following Preliminary objection has been raised by the Deptt in its comments which are rebutted as under:

Objections	Rebuttal
That the refund application is in a queue as per Board's notification dated 17.10.2024	Board's notification dated 17.10.2024 itself excludes Court/FTO cases from the operations of said circular.

* Date of registration in FTO Sectt.



refund application shall be processed by following FIFO (First in-First Out) method.	Statutory timeline u/s 170(4) cannot be overturned/replaced through administrative instructions. This plea of FBR has already been dismissed by Presidency in a large number of representations filed by FBR on this account. Matter has attained finality.
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4. In parawise comments, the Deptt has contended that Complainant's refund will be processed as per FIFO principle. The Deptt has reported the following facts having direct impact on refund claim.

- Time limitation of 60 days from filing of refund application has expired.*
- Following tax liabilities are outstanding against the Taxpayer:*

ONO	Dsted	Amount (M)	Status
06/2025	31.10.2025	31.350	Pending before CIR(Appeals)
07/2025	29.11.2025	11.645	Pending before CIR(Appeals)
26/2026	27.06.2026	8.951	Pending before CIR(Appeals)

- Recovery proceedings u/s 161 are pending for Tax Years 2021 & 2022.*
- The tax has been withheld for Tax Year 2020 under the following provisions of the Ordinance.*

Sr. No.	Tax deducted / claimed on	Amount	Nature of Liability
1	profit on debt u/s 151	1,181,660	Adjustable
2	payment for goods u/s 153(1)(a)	13,358,968	Adjustable
3	electricity bills u/s 235	1,124,892	Adjustable

- The claimed refund has not already been adjusted.*
- Refund claim is not based on any appeal effect order.*

5. During hearing on 07.10.2026, the AR & DR attended. The Deptt has reported certain outstanding sales tax demand which is *sub judice* before CIR(Appeals). The AR on his part explained that the two appeals have been heard by CIR (Appeals) and one is yet to be heard but no stay order exists at this point of time. The AR also submitted written rejoinder in this context.



6. Admittedly, the Complainant e-filed refund application for Tax Year 2020 on 29.01.2021. In terms of Section 170(4) of the Ordinance, the Deptt was required to have disposed of refund application, either way, within 60 days of the filing, after providing opportunity of hearing. In the instant case, the matter, however, remained unattended. Thus, failure of the Deptt to dispose of Complainant's refund application for Tax Year 2020 within the time stipulated in terms of Section 170(4) of the Ordinance is established.

7. **FINDINGS:**

- i. There is outstanding Sales Tax demand of Rs. 51.946 whereas Income tax refund of Rs. 15.665 is being claimed for TY 2020. Neither the taxpayer tagged this demand as stayed nor the department offered any comments on this issue. It will be fair with both parties if oldest appeal involving ST demand Rs. 31.350 is adjudicated by CIR (A). Both parties can apply for early hearing.
- ii. CIR(A) is advised to adjudicate the pending appeals on priority basis.
- iii. Delay in disposal of refund claim for TY 2020 indicates maladministration u/s 2(3)(ii) of FTO Ordinance, 2000. The department shall dispose of the pending claim subject to the order by CIR(A).

RECOMMENDATIONS:

8. FBR to -

- (i) direct the Commissioner-IR, Refund Zone, LTO, Multan to issue / adjust the pending refund claim under Section 170(4) of the Ordinance for Tax Year 2020, as per law after providing opportunity of hearing to the Complainant and subject to decision of appeals; and
- (ii) report compliance within 30 days.

Dated:

13 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman



No. 17-100

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