

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NO.16073/LHR/IT/2026

Dated: 04.09.2026 RO Lahore*¹

M/s Mcolson Research Laboratories (Private) Limited,
194, Block-B, BOR Society, Johar Town,
Lahore.

... Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer	: Mr. Ahmad Shuja Khan, Advisor
Appraised by	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	: Mr. Ali Saif Cheema, FCA
Departmental Representative	: Ms. Ayesha Ahmad, DCIR, CTO, Lahore
Date of hearings	: 15.09.2026 30.09.2026

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (The Ordinance) against delay in disposal of refund for Tax Year 2025.

2. Brief facts of the case are that Complainant is a Private Limited Company, e-filed return of income for Tax Year 2025 under Section 114(1) of the Income Tax Ordinance, 2001 which was deemed to be assessed under Section 120(1) of the Income Tax Ordinance 2001 (the Ordinance), claiming refund amounting to Rs.16,882,312/- for Tax Year 2025 .The refund arose on account of excess tax deduction under Sections 148, 151(1)(d), 153(1)(a), 235, 236(1)(a), 236CB, 236G, 147(6C) etc. of the Ordinance. The Complainant e-filed refund application for Tax Year 2025 on 24.01.2026. Nevertheless, the Department failed to pass order under Section 170(4) of the Ordinance, within the stipulated time, hence this complaint.



¹ Complaint Registered with FTO Sectt.

3. The complaint was 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 DCIR, Refund Zone, CTO, Lahore submitted parawise comments through letter dated 25.09.2026. It was contended that:

- (i) As per rule 71 of the Income Tax Rules, 2002 a refund application must be submitted on the prescribed performa provided in Part VI of First Schedule to the Rules. Whereas, Complainant's application was not on the prescribed performa.
- (ii) Limitation of sixty days from the filing of refund application was expired.
- (iii) As per available record no outstanding current or arrear tax demand (Income Tax/Sales Tax/FED/Custom Duty was recoverable.
- (iv) As per available record, no tax demand was under stay by Apex Courts/Tribunals.
- (v) Proceeding of Audit u/s 177 for the tax year 2024 were reported to be pending.
- (vi) Complainant claimed tax deductions as per income tax return for tax year 2025 as detailed below:

Tax Year 2025		
Tax Deduction u/s	Amount Claimed	Nature of withholding tax
148 @2%	6,465,997	Subject to verification of GDs
151(1)(d) @ 15%	213,806	Adjustable
153(1)(a) @1%	1,384,597	Adjustable
153(1)(a) @ 5%	23,109,577	Adjustable
235	901,798	Adjustable
236(1)(a)	2,630	Adjustable
236CB	110,028	Adjustable
236G	35,430	Adjustable
147(6C)	91,692	Adjustable
150 @15%	495,165	Final
154(1) @1%	91,694	Minimum
Total	32,902,414	

- (vi) The deductions are partially verifiable from FBR's internal portal. External verification is also required.



- (vii) As per IRIS/ITMS, no refund application of the Complainant was processed.
- (viii) It is respectfully submitted that there was no delay nor any maladministration in processing of refund applications for aforementioned tax years which was attributable to the Department. Complainant filed refund application without supporting documents as required under Rule 71(3) of the Income Tax Rules, 2002. Therefore, refund application for aforementioned tax year 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 application for Tax Year 2025 on 24.01.2026. In terms of Section 170(4) of the Ordinance, the Department was required to have disposed of refund application, either way within sixty days of filing, after providing opportunity of hearing. It is a matter of record that the Department did not take any action on the refund application and no effort was made to resolve the issue, resultantly statutory time of sixty days lapsed. On the other hand, Complainant had submitted letter/reminder request addressed to Commissioner-IR, Refund Zone, CTO, Lahore mentioning that despite lapse of statutory time period, the orders under Section 170(4) could not be issued. The said reminder was duly received on the TFC counter of CTO, Lahore on 23.07.2026 but remained unattended. Thus, delay in disposing of refund application for Tax Year 2025 within the stipulated time in terms of Section 170(4) of the Ordinance, is evident.

FINDINGS:

6. Delay in disposal of Complainant's refund application for Tax Year 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 (Refunds) CTO Lahore to dispose of Complainant's refund application for Tax Year 2025 after providing opportunity of hearing to him, as per law; and
- (ii) report compliance within 30 days.

Dated: **13 OCT 2026**

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

