

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO. 17037/ISB/IT/2026

Dated: 23/09/2026 - HQ* Islamabad

Mr. Bilal Abdul Nasir,
House 35, Road S, Block F,
Naval Anchorage, Islamabad.

...Complainant

V e r s u s

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer	:	Mr. Khalid Javed, Advisor
Appraised by	:	Mr. Muhammad Naseer Butt, Advisor
Authorized Representative	:	Complainant (V/Link)
Departmental Representative	:	Mr. Amjad Ali Khan, DCIR, Rawalpindi (V/Link)
Date of hearing	:	01.10.2026

FINDINGS/RECOMMENDATIONS

This complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against non-issuance and delay in processing of income tax refund claim of Rs. 1,532,514/- for Tax Year 2022. Briefly, an assessment order u/s 121/4C of the Income Tax Ordinance, 2001 was passed creating a super tax demand of Rs. 1,532,614/-, against which the complainant filed an appeal before the learned Commissioner (Appeals-III), Inland Revenue, Rawalpindi. The learned CIR (Appeals-III) vide Appellate Order No. 01/2023-24 dated 04.07.2023 deleted the entire super tax demand and annulled the impugned assessment order. Consequently, the Complainant e-filed an electronic refund application u/s 170 of the Ordinance on 10.09.2023. However, despite the lapse of a considerable time period, no order u/s 170(4) was passed nor was the refund issued.



2. In response to the notice issued u/s 10(4) of the FTO Ordinance, 2000 read with section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013, the Chief Commissioner IR, RTO Rawalpindi, submitted parawise comments dated 30.09.2026 raised by the CIR (Cantt Zone), RTO Rawalpindi vide letter No. 580 dated 30.09.2026.



The department raised preliminary legal objections alleging that the refund claim is sub-judice as the department filed a second appeal before the Appellate Tribunal Inland Revenue (ATIR) on 29.08.2023 against the order of CIR (Appeals-III). On merits, the department contended that till the final outcome of the matter before the ATIR, appeal effect order cannot be issued.

FINDINGS:

3. At the outset, the department has raised objection regarding the jurisdiction of this forum on the plea that matter is subjudice at the present before the ATIR. It is clarified here that the subjudice matter pertains to the computation of income under section 4C. This forum is not deciding the same issue of what constitutes income for calculation of tax under section 4C of the ordinance, but rather to investigate any maladministration associated with the non-passing of Appeal Effect Order u/s 124/129, consequent to the CIR (Appeals) order dated 04.07.2023. As such the issue under consideration before this forum and the subjudice matter are entirely different domains. As a corollary to above, the preliminary objection raised by the department is misconceived and therefore the same is overruled.

4. Admittedly, the departmental order u/s 121/4C dated 16.03.2023 was annulled by the Commissioner, Appeals vide his order dated 04.07.2023. However, the department has filed appeal before the ATIR against the order of Commissioner, (Appeals). According to the available record, there is no restraining order issued by the ATIR against the operation of the CIR's (Appeals) order for annulment of the demand. The CIR (Appeals), provided direct relief to the complainant/taxpayer and according to the provision of section 124(4) of the Income Tax Ordinance 2001, department was legally obligated to give appeal effect to the order of the CIR (Appeals) within a time period of two months from the receipt of the appeal order. However, the



department has not passed the appeal effect order so far. The filing of appeal before ATIR, automatically, does not debar the department to pass Appeal Effect Order unless there has been any restraining order in this regard. Further, the perusal of CIR (Appeals) order dated 04.07.2023 reveals that the departmental order u/s 121/4C was annulled on the ground that the Assessing Officer wrongly included the salary and pension receipts in the Income for calculation of tax under section 4C which according to the appellate order do not fall within the scope of taxable income for the purpose of computing the super tax as defined in section 4C.

5. The primary grievance of the complainant is non-issuance of refund. However, prior to that the department has to give Appeal Effect u/s 124(4) of the Ordinance 2001. The CIR's (Appeals) order is dated 04.07.2023. A huge time gap has been elapsed ever since. According to the provision of section 124(4) of the Ordinance, the department was to give appeal effect within 02 months of receipt of order of CIR (Appeals). However, appeal effect is still pending. The delay in giving appeal effect manifests department inaction, ineptitude in discharge of its legal obligations and the same is tantamount to maladministration in terms of section 2(3)(ii) of the FTO Ordinance 2001.

RECOMMENDATIONS:

6. FBR to direct:

- (i) The CIR (Cantt Zone), RTO Rawalpindi, to give appeal effect to the order of CIR (Appeals) dated 04.07.2023 and thereafter, CIR (Refund Zone) to settle the claim of consequential refund of the complainant as per facts of the case, as per law; and
- (ii) report compliance within 45 days.

Dated: 13 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman



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