

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO. 17270/ISB/IT/2026

Dated: 29/09/2026 - HQ* Islamabad

Mr. Nisar Ahmed Khan,
House 06, street 19, G13-3,
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	: Mr. Nisar Ahmad Khan.
Departmental Representative	: Mr. Inayatullah Khattak, (AD-Audit), RTO, Islamabad.
Date of hearing	: 08.10.2026

FINDINGS/RECOMMENDATIONS

This complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) regarding non-issuance and delay in processing of income tax refund claim of Rs. 1,348,978/- for tax year 2018. The complainant, a salaried individual, submitted that an amended assessment creating tax demand was annulled by CIR (Appeals-II), Islamabad vide order dated 27.11.2025, pursuant to which an Appeal Effect Order u/s 124/129 of the Income Tax Ordinance, 2001 (the Ordinance) was issued on 20.01.2026 granting tax credit recovered u/s 140. The complainant subsequently filed an electronic refund application u/s 170 on 02.02.2026 (IRIS Barcode No. 100000270199306). However, despite the lapse of over seven months, the department failed to process or finalize the refund application, forcing the complainant to approach this forum.

2. The complaint was referred to the Secretary, Revenue Division, Islamabad for comments under Section 10(4) of the FTO Ordinance read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. In response, reply/comments were submitted by the Additional Commissioner-IR, Refund Zone, RTO Islamabad vide letter

*date of registration in FTO Sectt..



No. 296 dated 07.10.2026, forwarded by the Additional Commissioner (HQrs), RTO Islamabad vide letter No. 434 dated 07.10.2026. The department confirmed that the refund claim of Rs. 1,348,978/- for Tax Year 2018 arises out of an appeal effect order dated 20.01.2026 and that no tax demand is outstanding against the taxpayer. It was further reported that the claim is currently under process and will be disposed of strictly in accordance with law upon verification.

3. Hearing in this case was conducted on 08.10.2026, both the Complainant and DR/Deptt joined the proceedings.

4. Perusal of the case record confirms that the complainant submitted the electronic refund application u/s 170 on 02.02.2026 following the Appeal Effect Order dated 20.01.2026. According to the provision of Section 170(4) of the Ordinance, the department was legally obligated to dispose of the refund claim, in either way, within the stipulated statutory time period of 60 days. The department did not dispose of the matter till 07.10.2026 i.e., date of filing of parawise comments. The prolonged retention of money legally due to the taxpayer following an appeal effect order manifests departmental inaction, delay, and ineptitude, which constitutes maladministration in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.



RECOMMENDATIONS:

5. FBR to direct:

- (i) the CIR (Refund Zone), RTO Islamabad to dispose of the pending refund application of the complainant for Tax Year 2018 in accordance with law, after providing an opportunity of hearing; and
- (ii) report compliance within 30 days.

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: **13 OCT 2026**