

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO. 15014/SKT/IT/2026

Dated: 15.08.2026* R.O, Sialkot

Mr. Umair Aziz,

G. T. Road, Kamoke, Gujranwala.

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer	:	Mr. Rana Hassan Akhtar, Advisor,
Appraised by	:	Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	:	Syed Murtaza Haider Shah, Advocate
Departmental Representative	:	Mr. Hassan Sultan Raja, ACIR, RTO, Gujranwala
Date of Hearing	:	14.09.2026

FINDINGS/RECOMMENDATIONS

The complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance 2000 (FTO Ordinance) and the case was fixed for comments on 25.08.2026. The department filed parawise comments, which were examined and placed on file. The AR of the complainant and DR attended. Arguments were heard and record perused. The complaint is disposed of on the basis of available record as under.

2. Brief facts of the case as stated in the complaint are that the Complainant having NTN No.4496461 is engaged in the business of processing of 'Rice' and carrying on its business under the name and style M/s. Amir Rice Mills (Pvt) Ltd. The complainant filed return of income / statement of taxation by claiming refund amounting to Rs.1.909 million & Rs.16.712 million on account of excess deduction of withholding tax under Section 147(6C), 148, 151, 153(1)(a), 153(1)(b), 154(1), 235, 236(1)(a) & 236H of the Income Tax Ordinance, 2001 (the Ordinance) for Tax Years 2024 & 2025,

*Date of Registration in FTO Sectt.



respectively. The Complainant also e-filed refund applications on 11.03.2026 & 02.03.2026. The Deptt has failed to pass order within the stipulated time, hence this complaint.

3. The Department submitted parawise comments dated 03.09.2026 & 25.09.2026, wherein it is admitted that the taxpayer e-filed refund applications on 11.03.2026 & 02.03.2026, claiming refundable income tax of Rs.1.909 million & Rs.16.712 million for tax years 2024 & 2025, respectively and, that the refund applications shall be processed as per FIFO list in due course of time.

4. The departmental objection that refund claim will be processed on a First-In, First-Out (FIFO) basis is rebutted as under:

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Objection raised by FBR	Rebuttal
In the light of FBR's Instructions vide letter No.4(10)Rev.Bud/2024-25/205-490-R dated 17.10.2024, the taxpayer's refund applications are at FIFO S.#.935 & 907 and shall be processed as per FIFO list in due course of time.	- Board's notification dated 17.10.2024 itself excludes Court/FTO cases from the operations of said circular. - Statutory timelines 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.



5. The department informed that;

- Rs.0.616 million & Rs.0.747 million income tax demand is outstanding against order passed u/s 161/2025 of the ITO, 2001 dated 13.05.2026 & 14.05.2026 for the Tax Years 2023 & 2024, respectively.
- Rs.38.909 million sales demand is outstanding against

order passed u/s 11E of sales tax Act, 1990 dated 29.05.2026.

- c. Sales Tax Arrears of Rs.0.979 million is outstanding against ONO No.84/ST/2024 dated 27.06.2024 and the learned ATIR has upheld the order.
- d. The department has pointed out certain discrepancies in the declarations of tax year 2025 contending that the withholding tax deducted/paid u/s 154(1) of the Ordinance is minimum tax for the tax year 2025. Whereas, the complainant has not included exports receipts of Rs.1827.270 million in the total turnover to compute turnover tax u/s 113 of the Ordinance. Resultantly, the complainant has charged less tax Rs.4.568 million for the tax year 2025.

The department informed that no assessment proceedings are pending against the complainant for the tax years 2024 & 2025.

6. The taxpayer claimed tax credit for tax collected/deducted under different Sections as under: -

Section	Tax Claimed	Nature of Tax	Tax verified	External Verification required.
Tax Year 2024				
151	1,919,330	Adjustable Tax for companies	1,919,330	No
154(1)	16,907,788	Final Tax	16,907,788	No
235	9,222,451	Adjustable Tax for companies	0	Yes; GEPCO electricity bills required
236(1)(a)	96,051	Adjustable Tax	96,051	No
Tax Year 2025				
148	33,889	Adjustable Tax for companies	33,889	No
153(1)(b)	1,463,303	Adjustable Tax	1,463,303	No
153(1)(a)	30,075	Adjustable Tax	30,075	No



235	9,802,571	Adjustable Tax	0	Yes: GEPCO electricity bills required
236(1)(a)	105,760	Adjustable Tax	105,760	No
236H	99	Adjustable Tax	99	No
147(6C)	14,573,559	Adjustable Tax	14,573,559	No
154(1)	14,573,559	Adjustable Tax	14,573,559	No

7. The learned AR submitted rebuttal on 29.09.2026 contending therein that during the proceedings before the Hon'ble FTO, the FBR has pointed out outstanding Income Tax demands at Rs. 616,112/- and Rs. 747,237/- against Orders passed under Section 161/205 of the Income Tax Ordinance, 2001, for Tax Year 2023 & 2024, respectively. The Complainant, in order to resolve the matter, has no objection to adjustment of the above two Income Tax demands from the refundable amount, subject to verification and adjustment according to law. However, the FBR has also referred to a Sales Tax demand of Rs. 38,909,045/- arising out of Order dated 29.05.2026 under Section 11E of the Sales Tax Act, 1990. The said demand is pending before the Commissioner (Appeals) RTO Gujranwala and covered by a stay order. Therefore, the same cannot be treated as recoverable demand for withholding or adjustment against the Complainant's legitimate Income Tax refund. The Complainant is ready to cooperate with the department and has voluntarily agreed to adjustment of the aforesaid Income Tax demands. However, withholding the entire refund on account of a disputed Sales Tax demand presently protected by stay would cause undue prejudice to the Complainant.

8. Admittedly, the Complainant e-filed refund applications on 11.03.2026 & 02.03.2026 for Tax Years 2024 & 2025, respectively. The Deptt: was required to have disposed of the refund applications within 60 days of its filing, in terms of Section 170(4) of the



Ordinance. But till filing of instant complaint, the Deptt failed to dispose of refund applications. Thus, delay in disposal of refund applications for Tax Years 2024 & 2025, within the stipulated time under Section 170(4) of the Ordinance is evident.

9. **FINDINGS:**

- (i) While pending refund claims are there to be disposed of, simultaneously substantial tax demand is also outstanding against the Complainant. In such circumstances the department must dispose of pending refund claims after adjustment of collectable tax demand and subject to adjudication of ST appeal.
- (ii) Inordinate delay in disposal of refund applications for the Tax Years 2024 & 2025 is manifestation of Departmental neglect, inattention and inaptitude in discharge of its duties and the same tantamount to maladministration in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.

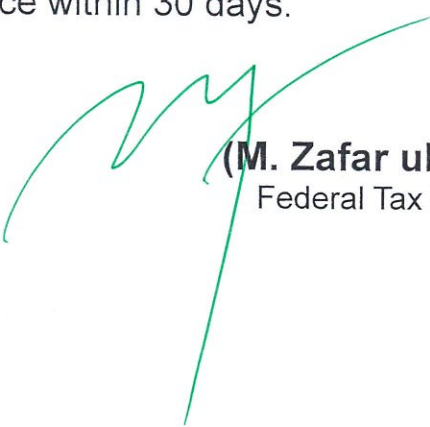
RECOMMENDATIONS:

10. FBR to direct-

- (i) The Commissioner-IR, (Refunds), RTO, Gujranwala to dispose of complainant's refund applications for Tax Years 2024 & 2025 as per law, after necessary adjustments and subject to adjudication of ST appeals; and
- (ii) report compliance within 30 days.



Dated: **14 OCT 2026**


(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

