

THE FEDERAL TAX OMBUDSN ISLAMABAD

COMPLAINT NO. 15551/LHR/IT/2026

Dated: 25.08.2026 RO Lahore*¹

Mr. Farooq Hassan, CEO,
M/s Batala Steel Mills,
35 Empress Road, Lahore,
Data Gunj Bukhsh 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. Muhammad Kashif Siddique, ITP
Departmental Representative	:	Ms. Ayesha Ahmad, DCIR, CTO, Lahore
Date of hearing	:	22.09.2026

FINDINGS/RECOMMENDATIONS

The above-mentioned online complaint was filed under Section 10(4) of the Federal Tax Ombudsman Ordinance, 2001 (the Ordinance) against delay in issuance of refund for tax year 2025.

2. Brief facts of the case are that Complainant is an Association of Persons (AOP), e-filed income tax return for tax year under Section 114(1) which was deemed to be assessed under Section 120(1) of the Income Tax Ordinance, 2001 (The Ordinance), claiming refund amounting to Rs.32,112,114/-. The refund arose on account of excess tax deducted at source under Sections 148, 231AB, 231B(1), 231B(2), 231B(3) and 235 of the Ordinance. The Complainant e-filed refund application for Tax Year 2025 on 09.06.2026. Nevertheless, despite repeated efforts of the Complainant,



¹ Dates of Registration with FTO Sectt.

the Department failed to pass orders under Section 170(4) of the Ordinance, within the stipulated time period, hence this complaint.

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 Commissioner-IR Refund Zone CTO, Lahore submitted revised parawise comments through letter dated 22.09.2026. It was contended that:

- (i) The Complainant filed online refund application on 09.06.2026 for tax year 2025. The application filed was not on the prescribed format as required under Section 170(2)(c) of the Ordinance and as laid out in Part VI of First Schedule to the Income Tax Rules 2002.
- (ii) The limitation of 60 days from the filing of refund applications was expired.
- (iii) As per available record, no outstanding current or arrear demand (Income Tax/Sales Tax /FED/Custom Duty) is recoverable.
- (iv) As per available record, no tax demand is under stay by any appellate forum.
- (v) The Complainant claimed tax deductions as per income tax return:

Tax Year 2025		
Tax Deduction u/s	Amount Claimed (Rs)	Nature of withholding tax
148	63,381,373	Nature to be decided after verification of GDs Complainant.
148@5.5%	287,092	
231AB	57,304	
231B(1)	20,000	
231B(3)234	1,799,370	
231B(3)	30,450	
235	49,162,035	
Total	116,375,354	

- (vi) Tax deductions were partially verifiable from FBR's internal portal. External verification was also required.
- (vii) The refund claim is based on return filed. No appeal effect or rectification involved.
- (viii) As per available record, there is no penency regarding audit/super tax u/s 4C.
- (ix) The Complainant filed refund application and made partial compliance. No record in respect of withholding tax deducted u/s 235 in the form of original electricity bills etc was submitted. As the requisite documents as required under Rule 71 of Income Tax Rules, 2002 were not submitted by the Complainant, therefore, question of maladministration does not arise.



4. Arguments heard and available record perused.

5. It is an admitted fact that the Complainant's refund application were e-filed as per format prescribed under Rule 71 read with Part-VI of the First Schedule to Income Tax Rules 2002, but remained unattended in terms of limitation u/s 170(4) of the Ordinance. The Department was required to have disposed of refund application either way within sixty days of the filing, after providing opportunity of hearing. From the respective dates of filing of instant complaint i.e. 25.08.2026 for Tax Year 2025, it is apparent that even after lapse of due dates apart from expiry of limitation period as provided u/s 170(4) of the Ordinance, the Department did not issue a single letter asking the Complainant to submit the requisite evidence. Thus, delay in disposing of refund application, is evident as discussed above.

6. **FINDINGS:**

- i. The bulk of tax deductions relate to imports (u/s 148). GDs need to be examined to ascertain the nature of business processes & products vis-à-vis imports of the Complainant.
- ii. Nevertheless, the delay in disposal of refund application within the statutory 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 direct-

- (i) the Commissioner-IR, Refund Zone, CTO Lahore to dispose of Complainant's refund application for Tax Year 2025 after providing opportunity of hearing to the Complainant, as per law; and
- (ii) report compliance within 30 days.



Dated: 14 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

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