

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NO.16421/MLN/IT/2026

Dated: 10.09.2026* R.O. Multan

M/s Abdullah Fibers (Pvt) (Ltd),

Rafique Barki Market, Gali Wakilan Wali,
Faisalabad.

... Complainant

V e r s u s

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer	:	Dr. Khalil Ahmad, Advisor
Appraisal Officer	:	Muhammad Tanvir Akhtar, Advisor
Authorized Representative	:	Mr. Basit Ali, ITP
Departmental Representative	:	Ms. Mehak Fatima, DCIR, LTO, Multan
Date(s) of Hearing	:	07.10.2026

FINDINGS / RECOMMENDATIONS

The complaint has been filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) for issuance of refund for TYs 2022, 2023 and 2025.

2. The Complainant Company Abdullah Fibres Private Limited according to its profile, is one of the leading manufacturer and exporter of best quality knitting yarns and cotton yarn in Pakistan. It deals in all types of silk yarn knitting, acrylic knitting yarn, wool knitting yarn and acrylic cotton yarn. The instant Complainant has been filed against un-due delay in issuance of refund for Tax Years 2022, 2023 & 2025 amounting to Rs.32.272, Rs.45.345 & Rs.11.007 million respectively. According to the Complainant, refund applications for Tax Years 2022, 2023 & 2025 were e-filed on 02.04.2024, 30.12.2023 & 23.04.2026 respectively. The Deptt failed to pass order under Section 170(4) of the Income Tax Ordinance, 2001 (the Ordinance) within the stipulated time.

* Date of registration in FTO Sectt.



3. In response to the notice by this forum the CCIR, LTO, Multan forwarded Para-wise comments of the Commissioner-IR, Refund Zone dated 25.09.2026 vide letter dated 29.09.2026. Following Preliminary objection has been raised by the Deptt in its comments which are rebutted as under:

Objections	Rebuttal
That the refund application is in a queue as per Board's notification dated 17.10.2024 refund application shall be processed by following FIFO (First in-First Out) method.	- Board's notification dated 17.10.2024 itself excludes Court/FTO cases from the operations of said circular. - Statutory timeline 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.
The taxpayer has not submitted refund application on prescribed format as specified under Rule 71 at Part VI of the First Schedule of the Income Tax Rules, 2002.	The Deptt may ask the Complainant to file the required application in the prescribed manner. The refund application cannot be held as premature because Deptt has never intimated the Complainant to make up the deficiency.

4. In parawise comments, the Deptt has contended that Complainant's income tax returns for Tax Years 2022 & 2023 are invalid as the taxpayer has failed to attach copies of audited accounts along with income tax returns for the relevant years. Refund application for Tax Year 2025 will be processed as per FIFO principle. The Deptt has reported the following facts as well:

- Time limitation of 60 days from filing of refund application has expired.*
- Following tax demands are outstanding against the Taxpayer:*

ONO	Dsted	Amount (M)	Status
04/2024-25	18.10.2024	23.598	Pending in 1 st appeal
05/2024-25	30.12.2024	3.921	Pending in 1 st appeal

- Recovery proceedings u/s 161/205 are pending for Tax Year 2025.*



- The tax has been withheld under the following provisions of the Ordinance.

Sr. No.	Tax deducted / claimed on	Amount			Nature of Liability
		2022	2023	2025	
1	import u/s 148 @ 01%	22,490,409	27,070,399	29,212,828	Subject to verification
2	import u/s 148 @ 02%	401,158	-	-	Subject to verification
3	profit on debt u/s 151(1)(b)	329,973	455,938	352,626	Adjustable
4	payment for goods u/s 153(1)(a)	22,077,457	20,996,312	23,488,676	Adjustable
5	payment for services u/s 153(1)(b)	-	262,912	-	Minimum
6	Sales goods to exporter u/s 154(3)	-	1,144,640	-	Final
7	private motor vehicle u/s 234	209,450	534,500	349,400	Adjustable
8	electricity bills u/s 235	34,392,652	50,848,172	34,141,356	Adjustable

- The claimed refund has not already been adjusted.
- Refund claim is not based on any appeal effect order.

5. During hearing on 07.10.2026, the AR & DR attended. Case was discussed. The DR argued that:

- Audited accounts for Tax Years 2022 & 2023 have not been appended with the returns. The AR admitted the deficiency. The DR affirmed that notice under Section 120(3) of the Ordinance has never been issued and Section 120(6) of the Ordinance debars for issuance at this point of time because the prescribed timeline for its issuance has lapsed.
- For Tax Year 2025 return is valid.
- Certain sales tax demand is outstanding which is pending in appeal before CIR(Appeal). The AR admitted its pendency without any stay available with the taxpayer.



6. **FINDINGS:**

- i. Facts on record have been analyzed and it is found that the taxpayer has not filed / appended audited accounts for Tax Years 2022 & 2023 rendering the refund applications as premature because the returns filed for both the years are still incomplete. The element of maladministration on the part of the Deptt is manifestly established because no notice under Section 120(3) of the Ordinance was issued by the Deptt within given 180 days. Section 120(6) of the Ordinance debars the Deptt to issue notice under Section 120(3) of the Ordinance at this point of time because the given timeline as expired. **Therefore, returns for Tax Year 2022 & 2023 are treated as deemed assessment. The AR, nevertheless, conceded to submit audited accounts for both years.**
- ii. Sizeable tax demand over Rs. 27 million is in the field without since last over two years without any formal stay.
- iii. In view of above the department shall dispose of pending refund claims and amounts, if any, determined as refundable, over and above the aforementioned demand shall be released without further delay. Adjustment may be made in accordance with law.
- iv. Inattention and delay in the administration or discharge of duties and responsibilities in disposal of refund applications for Tax Years 2022, 2023 & 2025 within the stipulated time is tantamount to maladministration, in terms of Section 2(3)(ii) of the FTO Ordinance.



RECOMMENDATIONS:

7. FBR to -

- (i) direct the Commissioner-IR, Refund Zone, LTO, Multan to process and dispose of the pending refund claims under Section 170(4) of the Ordinance for Tax Years 2022, 2023 & 2025, after due adjustments as per law after providing opportunity of hearing to the Complainant; and
- (ii) report compliance within 30 days.



Dated: 14 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman