

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

Complaint No.16231 & 16232/MLN/IT/2026

Dated: 08.09.2026* R.O. Multan

M/s Pakistan Lions Youth Council,

Through Mr. Muhammad Ikram, Finance
Secretary, 786/6, Shalimar Colony behind
Toyota Motors, Bosan Road Multan.

... Complainant

V e r s u s

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer : Dr. Khalil Ahmad, Advisor
Appraised by : Mr. Muhammad Naseer Butt, Advisor
Authorized Representative : Mr. Muhammad Ikram
Departmental Representative : Mr. M. Waleed Bin Saad, ACIR, RTO,
Multan

Date of Hearing : 08.10.2026

FINDINGS / RECOMMENDATIONS

The complaint has been filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against un-due delay in issuance of refund for Tax Year 2015 consequent upon appeal effect under Section 124 of Income Tax Ordinance, 2001 (the Ordinance) to the orders of appellate fora.

2. Facts as stated by the complainant are as under:

Quote

“The taxpayer’s case was selected under Section 214C of the Ordinance for audit for Tax Year 2015. The assessing officer finalized the proceedings and charged minimum tax 1% at Rs.546,208 u/s 113 of the Ordinance. He disregarded tax credit as allowed to us vide Section 100C of Ordinance to which taxpayer is entitled, being holder of exemption under

* Date of registration in FTO Sectt.



Section 2(36) of the Ordinance. Taxpayer filed appeal, before Commissioner IR (Appeals) Multan, who annulled it vide order dated 01.03.2019. Thereafter the department filed Appeal, before the ATIR Multan. The appeal filed by the department was disregarded by the ATIR on 06.03.2026 by holding it as suffering from legal and factual infirmities.

Thereafter the department filed Reference No.60 of 2025 in the Lahore High Court Multan bench Multan and High Court passed order on 15.06.2026 as under.

“There is no legal issue to be decided under instant reference application which is hereby, dismissed being devoid of any question of law dispute stood determined on facts.” ” Unquote

3. On 08.08.2026, the DR submitted Para-wise comments of the Commissioner-IR, Refund Zone, RTO, Multan dated 08.10.2026. In parawise comments, the department has contended that the taxpayer has not filed any refund application under Section 170(4) of the Ordinance. In view of the above, no refund application is pending for processing before the department. Accordingly, no delay in processing of the refund can be attributed to the department.

4. During hearing on 08.08.2026, the AR & DR attended. The DR repeated that no application under Section 170(4) of the Ordinance is available on IRIS portal.

5. The AR on his part has contested in his written arguments that he attempted to file refund application on 12.10.2026 but IRIS did not allow filing of refund application under Section 170 of the Ordinance unless appeal effect is given by the Deptt.

FINDINGS:

6. The Complainant has resorted to this forum for issuance of refund consequent to appeal effect for tax recovered by RTO,



Multan amounting to Rs.546,208/- through coercive recovery measures in terms of Section 138 and 140 of the Ordinance.

7. Fact of the matter is that return filed by the complainant for Tax Year 2015 was amended in terms of Section 214C of the Ordinance by charging minimum tax under Section 113 of the Ordinance. The entitlement of tax exemption 2(36) of the Ordinance was denied to the taxpayer and minimum tax @ 1% was charged. The Complainant/Taxpayer challenged the demand so raised at the appropriate appellate fora i.e. CIR(Appeals) ATIR, Multan Bench and Lahore High Court, Multan Bench. After long trail of litigation Hon'ble LHC Multan Bench Multan dismissed the reference filed by the department by holding it as devoid of any merit.

8. During the pendency of litigation, the department recovered the aforementioned amount from the bank account, and the taxpayer is now asking for refund of the amount so recovered.

9. It is worthwhile to note that amended order dated 31.03.2018 under Section 122(1) of the Ordinance was annulled by the CIR(Appeals) on 01.03.2019. Subsequently the department appeal was also dismissed by ATIR vide order dated 06.03.2026 but despite that the department resorted to coercive recovery measure by recovering an amount of Rs.546,208 from Soneri Bank on 30.04.2026. This act of the department is against the pronouncements of higher appellate fora wherein the department has been refrained to resort to coercive measure unless the disputed demand has been upheld by at least one appellate forum. In this case the orders of CIR(Appeals) and ATIR were in the field wherein the tax demand was not upheld but the department processed for coercive recovery.

10. The recovery so made is a sheer high handedness and



squarely falls within the meaning of maladministration as defined in the FTO Ordinance.

11. The department has admitted that refund is payable, but it has been objected that taxpayer has not filed any refund application under Section 170(4) of the Ordinance on IRIS portal. The objection raised by the department is technically correct, but it is worthwhile to mention that the department is bound to issue refund as it has lost its locus standi at all appellate fora. The AR has conceded to file refund application with the department in terms of Section 170(4) of the Ordinance.

RECOMMENDATIONS:

12. FBR to-

- (i) direct the Commissioner-IR concerned, RTO, Multan to allow appeal effect to the CIR(Appeals)'order dated 01.03.2019 and consequent refund for Tax Year 2015 following filing of refund application by the complainant, after providing opportunity of hearing, as per law; and
- (ii) report compliance within 30 days.

13. During investigation the complainant vide application dated 09.09.2026 requested to withdraw the **Complaint No.16231/MLN/IT/2026** being duplicate which was allowed. File be consigned to record.



(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: **14 OCT 2026**