

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.15074/KHI/IT/2026

Dated: 17.08.2026*R/O Quetta

Mr. Mohammad Khalil,

C/o Mr. Asadullah Norani, Advocate,
Sadbar Jan Law Associates,
Office 1-25/20 Entrance Jinnah Cloth Market,
Jinnah Road, Quetta.

... Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer

: Mr. Tausif Ahmad Qureshi, Advisor

Appraisement Officer

: Mr. Muhammad Tanvir Akhtar, Advisor

Authorized Representative

: (i) Mr. Mazhar Ali Khan, Advocate

(ii) Mr. Asadullah Norani, Advocate

Departmental Representatives

: Mr. Mustafa Ahmed, ACIR, CTO-I, Karachi

Dates of Hearing(s)

: 14.09.2026, 18.09.2026 & 28.09.2026

FINDINGS/RECOMMENDATIONS

The above complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against the Corporate Tax Office-I, Karachi on account of alleged delay to decide the refund claim of Rs. 8,425,971/- for Tax Year 2020 in accordance with law as well as failure to resolve/rectify the apparent Iris technical issue.

2. Briefly, the Complainant states that he is resident of the tribal area and is carrying on business therein. These facts have been admitted by the Department in the orders passed under Section 124/129. In view of the foregoing, he is entitled to a refund of the tax illegally withheld from him. Nevertheless, the system does not allow him to revise his return on the ground that an audit notice has been issued, whereas no notice under Sections 177 or 122 has ever been



issued in respect of the Tax Year 2020. Consequently, owing to his inability to submit a revised return, he has been unable to file his refund application. The Complainant has requested that the concerned agency may be directed to allow him to revise his return, which is his legitimate statutory right, so that he may submit his refund application in accordance with the law.

3. The Complainant put forth a detailed addendum to earlier complaint during hearing on 14.09.2026. He stated that he is domiciled in the Federally Administered Tribal Areas (FATA), Khyber Agency, and operates a commercial import/export business under the name of M/s PAK Linkers Logistics, having its main office at Office No. 9, GH Market, near NADRA Office, Torkham, Khyber Agency, Khyber Landi Kotal. The proceedings were initiated under Section 161(1A) of the Income Tax Ordinance, 2001, through notice bearing Barcode No. 1000001138591 dated 25.11.2021, followed by order under Section 161(1), bearing Barcode No. 10000011923478 dated 24.03.2022, imposing tax/penalty of Rs. 125,249,826/-. The Complainant challenged the order through first appeal bearing Barcode No. 100000122865215 dated 13.04.2022 before CIR (Appeals-II), CTO, Karachi, which was remanded to the assessing officer. Thereafter, order under Sections 124/129 bearing Barcode No. 100000131883643 dated 28.09.2022 was passed, maintaining the liability. The Complainant again appealed before CIR (Appeals-VII), CTO, Karachi, and the matter was remanded vide order under Section 129(1), bearing Barcode No. 100000146972346 dated 24.02.2023, with directions to afford sufficient hearing opportunity and obtain necessary documents. After remand proceedings under Sections 124(1) read with Section 129 for Tax Year 2020, the concerned officer examined the documents and verified the Complainant's domicile through



departmental record, accepting that he was a resident of FATA and operated his business from Torkham, Khyber Agency. Consequently, the earlier demand/penalties were waived and the matter was decided in his favour. During Tax Year 2020, tax of Rs. 8,425,971/- was deducted/withheld under Section 154(1) on export proceeds, for which a refund application under Section 170 was submitted online on 27.08.2025 with CPRs, bank maintenance documents and tax deduction certificates. A written request was also submitted by hand before the concerned office, CTO, Karachi, on 28.08.2025, but no response was received. Hence, a further request was dispatched to CIR, Zone-I, CTO, Karachi, through TCS Tracking No. 6563192230 dated 13.02.2026. In June 2026, the Complainant's counsel personally approached CTO, Karachi, where the concerned officer stated that the refund could not be processed as the amount was not reflected/claimed in the relevant declaration. Despite efforts to revise the declaration, a technical/functional issue in Iris prevents the refund from being reflected. The tax deducted under Section 154(1) is already reflected under the relevant tax section, including code 64070054 (Export proceeds under Section 154(1) @ 1%), but no workable option exists to simultaneously reflect the deducted tax for generating the refund. When the tax and corresponding receipt value are entered in the relevant tab, no refund is generated, whereas entering the tax separately initially shows the refund, which disappears upon saving the revised declaration. Thus, the Complainant is prevented by the Iris system from claiming the refund in the manner insisted upon by the Department. Despite repeated approaches and submission of relevant documents, the refund of Rs. 8,425,971/- has not been processed, causing hardship and, as alleged, amounting to maladministration, particularly as the Department has not disputed



the underlying deduction. The Complainant has prayed that the Federal Tax Ombudsman may direct the FBR/CTO, Karachi to process and decide the refund claim of Rs. 8,425,971/- for Tax Year 2020 in accordance with law, resolve/rectify the apparent Iris technical issue or provide an alternative mechanism for claiming the refund, examine the documents and CPRs already submitted and issue the refund without further delay and grant any other relief deemed just and proper.

4. The complaint was forwarded 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, Zone-V, CTO-I, Karachi submitted reply bearing letter dated 18.09.2026 that the Complainant's declared place of business and residence fall outside the territorial jurisdiction of his office. Without prejudice to the jurisdictional objection, comprehensive para-wise comments are furnished for the assistance of this Forum, and every averment not specifically admitted stands denied.



The Complainant's own pleading confirms that he is domiciled in FATA, Khyber Agency, and conducts business from Office No. 9, GH Market, near NADRA Office, Torkham, Khyber Agency, Khyber Landikotal, which falls within the jurisdiction of RTO, Peshawar and not CTO, Karachi, Zone-V, Unit-III. The requests for transfer to concerned jurisdiction were duly sent vide letter Nos. 440 and 07 dated 01.09.2026. The complaint having been filed from Quetta further confirms that his affairs are not centered within this unit's jurisdiction. The past proceedings under Sections 161(1A)/124/129 conducted by CTO, Karachi constitute assessment history and do not confer continuing or exclusive jurisdiction for the present refund

claim. The procedural history concerning the notice dated 25.11.2021 and order dated 24.03.2022 raising demand of Rs. 125,249,826/-, first appeal dated 13.04.2022, consequential order dated 28.09.2022, second appeal, and remand order dated 24.02.2023 is not specifically denied but cannot establish jurisdiction. The remand proceedings under Sections 124/129 for TY2020, wherein the Complainant's domicile was verified and demand/penalty waived, rather reinforce the jurisdictional objection. The refund claim of Rs. 8,425,971/- relating to tax withheld under Section 154(1) on export proceeds, filed under Section 170 on 27.08.2025, is denied for want of jurisdiction, and its correctness, CPRs and supporting documents remain unverified. Non-response to requests dated 28.08.2025 and 13.02.2026 addressed to other formations cannot constitute maladministration by the office. The explanation given in June 2026 regarding non-reflection of the refund in the declaration is not denied, but does not constitute maladministration. The alleged Iris malfunction, including issues concerning code 64070054 and refund generation, is denied as unverified, unsubstantiated and not attributable to this office, Iris being maintained by PRAL. In this regard, no formal helpdesk complaint, ticket number or screenshot has been produced. No admission is made regarding the deduction or refund entitlement, and Complaint No. 15074/KHI/IT/2026/278891 dated 20.08.2026 is noted. CTO, Karachi has taken the stance that the Complainant's own pleadings confirm that his declared domicile and place of business fall outside the territorial jurisdiction of this office. Further, a letter has already been written for transfer of case to RTO, Peshawar holding the lawful jurisdiction over the case, therefore, the concerned jurisdictional Commissioner Inland Revenue, RTO, Peshawar may be requested for examination of the refund claim on



merits and submission of substantive para-wise comments before the FTO by the transferee formation. Hence, the Office is not in a position to, and does not, offer any comments admitting liability or maladministration on the merits of the refund claim.

5. During the hearing on 28.09.2026, AR and DR attended hearing. Both averred to the same arguments given in their earlier statements. From perusal of the available record, the written submissions of both sides, and the arguments advanced during the course of hearing, it has been observed as under:

6. **FINDINGS:**

- i. In the instant case M/s PAK Linkers Logistics, having its main office at Office No. 9, GH Market, near NADRA Office, Torkham, Khyber Agency, Khyber Landi Kotal, KPK has filed Complaint from its address at Quetta alleging CTO-I Karachi, Sindh for non-processing of its pending refund claim for TY 2020. Irrespective of the merits of Complaint its proper jurisdiction also needs FBR's attention.
- ii. The record shows that the Department has primarily focused on the territorial jurisdiction of the Complainant instead of addressing the merits of refund claim of Rs. 8,425,971/- for Tax Year 2020. While CTO-I has been shouldering the case thus far, all of a sudden raising the issue of jurisdiction is not understandable.
- iii. The refund claim has to be disposed of on merits and in accordance with law. The Taxpayer cannot be made shuttle cock among different jurisdictions. The issue of proper jurisdiction may be resolved administratively through transfer of the complete record to the competent formation, if so required. Such internal jurisdictional arrangements, however, should not result in the taxpayer's pending refund claim remaining undecided.
- iv. The Department has also not verified the Complainant's specific grievance regarding non-reflection of the



deducted tax/refund in the Iris system. The mere absence of a helpdesk ticket or screenshot does not, by itself, constitute a substantive resolution of the alleged technical impediment. The Department is required to ascertain whether the Iris system is preventing the Complainant from properly claiming the tax deducted under Section 154(1). If so, an effective alternative mechanism should be provided to enable submission and processing of the refund claim.

- v. The delay 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 Inland Revenue, CTO-I, Karachi to dispose of the refund claim for TY 2020 in accordance with law, after giving proper hearing;
- (ii) Secretary (IR-Jurisdiction) FBR to decide the jurisdiction of the Complainant after disposal of refund claim; and
- (iii) report compliance within forty-five (45) days.



(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: **14 OCT 2026**

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