

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT No.16404/KHI/ST/2026

Dated: 10.09.2026* R.O. Karachi

M/s. Denim One,
NTN 3290168

... *Complainant*

Plot No. CI-31 & CI-32, Sector 12-C, North Karachi
Industrial Area, Karachi Central North Karachi Town

Versus

The Secretary,
Revenue Division,
Islamabad.

... *Respondent*

Dealing Officer	: Mr. Badruddin Ahmad Quraishi, Advisor
Appraising Officer	: Mr. Muhammad Naseer Butt, Advisor
Authorized Representative	: Mr. Syed Salman, ITP
Departmental Representative	: Mr. Aijaz Ali Channa, SAIR, CTO-II, KHI
Date of hearings	: 28.09.2026 & 08.10.2026

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against non-processing of deferred sales tax refund claim for the tax periods July 2019 to Apr 2026.

2. Briefly, M/s. Denim One is engaged in the manufacturing of textile goods producing ready-made garments, particularly focusing on denim-based or casual apparel lines. As per the AR of the complainant, the details of the pending deferred claims for processing are as follows:

Tax Period	Refund Claim	Total Sanction	Deferred
26-Apr	10,173,319	10,168,068	5,251
26-Mar	5,661,120	5,658,493	2,627
26-Feb	1,593,006	1,590,004	3,002
26-Jan	10,894,382	10,886,713	7,669
25-Dec	15,662,894	15,633,047	29,847
25-Nov	18,522,567	18,501,159	21,408
25-Oct	12,473,151	12,347,746	125,405
25-Sep	9,045,071	9,043,195	1,876
25-Aug	2,346,992	2,346,114	878
25-Jul	6,310,144	6,250,404	59,740
25-Jun	8,984,487	8,970,341	14,146
25-May	3,670,763	3,665,763	5,000

* Date of registration in FTO Sectt



Tax Period	Refund Claim	Total Sanction	Deferred
25-Apr	8,821,363	8,732,554	88,809
25-Mar	4,616,816	4,575,876	40,940
25-Feb	17,072,146	16,638,592	433,554
25-Jan	24,699,962	24,676,016	23,946
24-Nov	7,250,375	7,210,902	39,473
24-Jul	4,949,858	4,743,758	206,100
24-Feb	3,983,010	3,974,397	8,613
24-Jan	4,631,949	4,352,034	279,915
23-Nov	1,762,083	1,736,274	25,809
23-Oct	6,829,922	6,661,758	168,164
23-Jul	614,503	585,049	29,454
23-Jun	4,403,828	4,392,963	10,865
23-May	4,607,087	4,603,416	3,671
23-Apr	5,908,104	5,864,481	43,623
23-Feb	3,231,652	3,227,148	4,504
23-Jan	1,811,930	1,790,022	21,908
22-Dec	2,144,992	1,852,283	292,709
22-Nov	4,030,353	4,022,353	8,000
22-Sep	953,123	951,273	1,850
22-Jul	1,887,024	1,883,779	3,245
22-May	2,351,077	2,312,933	38,144
22-Apr	469,222	368,495	100,727
22-Feb	448,493	428,292	20,201
21-Nov	2,471,151	2,468,169	2,982
21-Oct	6,331,057	6,326,931	4,126
21-Sep	204,376	202,250	2,126
21-Jul	763,771	742,808	20,963
21-Jun	991,276	964,104	27,172
21-May	3,371,228	3,367,487	3,741
21-Apr	2,586,295	2,585,320	975
21-Mar	948,708	938,177	10,531
21-Feb	1,901,965	1,893,671	8,294
21-Jan	2,642,432	2,550,597	91,835
20-Dec	3,365,082	3,346,155	18,927
20-Nov	5,177,858	5,104,327	73,531
20-Oct	1,797,815	1,748,949	48,866
20-Aug	522,532	474,170	48,362
20-Jul	1,869,822	1,679,156	190,666
20-Jun	2,612,440	2,570,643	41,797
20-Mar	823,161	820,352	2,809
20-Feb	601,739	600,764	975
20-Jan	1,292,023	1,288,135	3,888
19-Dec	2,663,494	2,658,461	5,033
19-Nov	2,477,935	2,463,372	14,563
19-Oct	2,556,758	2,548,754	8,004
19-Sep	1,197,481	1,189,478	8,003
19-Aug	1,369,846	1,361,349	8,497
19-Jul	1,179,513	1,171,141	8,372
TOTAL	274,536,526	271,710,415	2,826,111



The complainant filed sales tax refund claims for tax periods July 2019 to Apr 2026 through the FASTER Refund system, but an amount of Rs.2,826,111/- remains pending on account of deferred refund claim before CTO-II, Karachi for processing. However, after a lapse of

considerable time, the Department did not process these refund claims, hence this complaint

3. The complaint was referred to the Secretary, Revenue Division for comments in terms of Section 10(4) of the FTO Ordinance read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. The department failed to file any written comments. However, the DR during hearing has submitted that these claims will be processed after examination on merit.

4. Arguments heard and records perused.

FINDINGS:

5. Admittedly, the complainant is engaged in the manufacturing of textile goods producing ready-made garments, particularly focusing on denim-based or casual apparel lines; filed sales tax refund claims of Rs.274,536,526/- for tax periods July 2019 to Apr 2026 through the FASTER Refund system. The FASTER sanctioned Rs. 271,710,41/-5 but an amount of Rs.2,826,111/- for July 2019 to Apr 2026 remains pending on account of deferred refund claim before CTO-II Karachi for processing. During hearing, the DR states that on receipt of data from CTO-I, Karachi the claims will be processed on merit as per law.

6. Under Rule 29(2) of the Sales Tax Rule, 2006, the deferred claim processed through the FASTER, shall be subjected to system validation checks every week and RPO generated for the amount found valid during each validation check. After eight validation checks if any amount remains uncleared, the same shall be processed under STARR channel. The same process has also been laid down in the second proviso of rule 39F. Apparently, no such validation checks have been made by the respondents. Hence, the deferred amount remains pending for an extended period of time.

7. The delay and inaction in completing process of validation checks



and issuance of deferred refund for tax period July 2019 to April 2026 constitutes maladministration in terms of Section 2(3)(ii) of the FTO, Ordinance, 2000.

RECOMMENDATIONS:

8. FBR to direct: -

- i) the CIR, Refund Zone, CTO-II Karachi, to process deferred outstanding sales tax refund claims for Jul 2019 to Apr 2026 in terms of 'Chapter V (REFUND)' of Sales Tax Rules 2006, read with Circular 01 of 2020 dated 03.04.2020 for issuance of RPOs on its merit in accordance with law expeditiously; and
- ii) report compliance within 30 days.



Dated: 14 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman