

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.15690/KHI/ST/2026

Dated: 28.08.2026* R.O. Karachi

Mr. Shahzad Nisar,
M/s. Mars Composite,
NTN 0626335
Plot no: F-504, Ground Floor,
SITE Area, Karachi West Site Town

... *Complainant*

Versus

The Secretary,
Revenue Division,
Islamabad.

... *Respondent*

Dealing Officer	: Mr. Badruddin Ahmad Quraishi, Advisor
Appraising Officer	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	: Mr. Muhammad Shabeer, ITP
Departmental Representative	: Nemo
Date of hearings	: 15.09.2026, 23.09.2026 & 28.09.2026

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance), for not processing pending sales tax refund claim for the tax year period of July 2023.

2. Briefly, the complainant, is engaged in Manufacturing / Production of Composite Materials, Glass-Fiber Reinforced Plastics (GRP/FRP) products, and related chemical/composite plastic products. As per the AR of the complainant, the complainant filed sales tax refund claim against tax period Jul 2023 through the FASTER Refund system on 02.10.2023 for Rs.5,875,076/- . The RMS vide order dated 04.10.2023 did not clear any amount and



* Date of registration in FTO Sectt

forwarded the case for normal processing through STARR by the field office. The said refund

for Jul 2023 remains pending on account of deferred refund claim before RTO-I Karachi for processing, 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. In response, the Second Secretary (CSTRO/FTO) vide letter dated 10.09.2026 has submitted that the complainant did not fall within the export-oriented sectors. PRAL was requested to examine the matter, process the pending claims through the automated system or provide reasons for the delay, in accordance with the applicable law and SOPs, and depute a Departmental Representative (DR) to attend the hearing before the FTO on 15.09.2026. Subsequently, PRAL, vide letter dated 17.09.2026, clarified that refund claim No. D320723102232 for July-2023 had been rejected/disqualified but remained unprocessed by the concerned field office due to non-generation of the Refund Payment Order (RPO). Consequently, subsequent refund claims could not be processed.



4. Arguments heard and records perused.

5. Admittedly, the complainant is engaged in Manufacturing / Production of Composite Materials, Glass-Fiber Reinforced Plastics (GRP/FRP) products, and related chemical/composite plastic products. As per the AR of the complainant, the complainant filed sales tax refund claim against tax period Jul 2023 through the FASTER Refund system on 02.10.2023 for Rs.5,875,076/- . The RMS vide order dated 04.10.2023 did not clear any refund amount

and forwarded the case for normal processing through STARR by the field office which remains pending on account of deferred refund claim before RTO-I Karachi for processing. These refund claims are required to be processed within forty-five days of the filing of refund claims in terms of Section 10(1) of the Sales Tax Act 1990 (the Act), which states:

“10. Refund of input tax.— (1) If the input tax paid by a registered person on taxable purchases made during a tax period exceeds the output tax on account of zero rated local supplies or export made during that tax period, the excess amount of input tax shall be refunded to the registered person not later than forty-five days of filing of refund claim in such manner and subject to such conditions as the Board may, by notification in the official Gazette specify.”

It appears that the Complainant did not submit the refund records at TFD counter of RTO-1 Karachi for processing.

FINDINGS:

6. Non-processing of outstanding sales tax deferred refund claim for tax period Jul 2023 within the prescribed period of forty-five days is tantamount to maladministration in terms of section 2(3)(i)(a)(b) & (ii) of the FTO Ordinance.

RECOMMENDATIONS:

7. FBR to direct:-

- i) the CIR, Refund Zone, RTO-I Karachi, to process deferred outstanding sales tax refund claim for Jul 2023 in terms of 'Chapter V (REFUND)' of Sales Tax Rules 2006, read with Circular 01 of 2020 dated 08.04.2020 after seeking refund record from the complainant, in accordance with law; and
- ii) report compliance within 30 days.

8. The Complainant is advised to submit the refund records at TFD counter of RTO-1 Karachi for processing.

Dated: 14 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

