

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.16408/KHI/ST/2026

Dated: 10.09.2026* R.O. Karachi

M/s. Mianoor Textile Industries (Pvt) Ltd, ...*Complainant*
Plot A-23, Mangopir Site Industrial Area,
Karachi

V e r s u s

The Secretary,
Revenue Division,
Islamabad. ... *Respondent*

Dealing Officer	: Mr. Badruddin Ahmad Quraishi, Advisor
Appraising Officer	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	: Mr. Aamir Khan, ITP
Departmental Representative	: Syed Sabeh Hussain, DCIR, CTO-II KHI
	: Mr. Aijaz Ali Channa, SAIR, CTO-II, KHI
Date of hearing	: 05.10.2026

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) for non-processing of deferred sales tax refund claims for the tax periods July 2020 to May 2026.

2. Briefly, M/s. Mianoor Textile Industries (Pvt) Ltd is engaged in the manufacturing of textile goods and is registered with the Department under the Sales Tax Act 1990. 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	missing
May-26	27,089,417	24,723,814	2,365,603	-
Dec-25	24,967,341	24,919,360	47,981	-
Aug-25	41,438,125	41,344,661	93,464	-

* Date of registration in FTO Sectt



Apr-25	34,540,691	32,768,323	1,772,368	-
Mar-25	50,293,583	49,474,332	819,251	-
Nov-24	30,253,725	30,210,969	42,756	-
Feb-24	26,827,524	26,768,077	59,447	-
Oct-23	12,952,253	12,797,122	155,131	-
Sep-23	30,019,197	29,953,605	65,592	-
Jul-23	14,239,636	14,157,156	82,480	-
Jun-23	13,997,836	13,913,447	84,389	-
May-23	19,364,979	19,215,639	149,340	-
Apr-23	17,514,133	17,397,939	116,194	-
Mar-23	22,299,116	22,191,962	107,154	-
Nov-22	22,485,525	19,747,944	2,737,581	-
Jun-22	15,426,629	14,896,229	-	530,400
Apr-22	25,375,402	24,878,459	496,943	-
Jan-22	25,140,473	24,928,375	212,098	-
Oct-21	22,921,975	20,117,701	2,804,274	-
May-21	10,528,979	10,484,919	44,060	-
Jan-21	11,054,815	10,668,333	386,482	-
Jul-20	4,415,761	4,282,535	133,226	-
	503,147,115	489,840,901	12,775,814	530,400



The complainant filed sales tax refund claims for tax periods July 2020 to May 2026 through the FASTER Refund system, but an amount of Rs.12,775,814/- remains pending on account of deferred refund claims 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 Deptt failed to file any written comments.

4. Arguments heard, and records perused.

5. Admittedly, the complainant, a manufacturer-cum-exporter filed sales tax refund claims for tax periods July 2020 to May 2026 through the FASTER Refund system, but an amount of Rs.12,775,814 /- for Jul 2020 to May 2026 remains pending on account of deferred refund claims before CTO-II 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.”

Moreover, in case of processing through the FASTER module, these claims are required to be processed within seventy-two hours of submission of the claim, for onward advice to the respective bank for credit into the notified account of the claimant in terms of Rule 39F of the Sales Tax Rules 2006, read with Section 10 of the Sales Tax Act 1990, which states:

“39F. Processing in FASTER module.— The claims routed to FASTER module shall be electronically processed. The data in the refund claim shall be scrutinized and verified by the system and the payable refund amount shall be determined on the basis of input consumed in exports or supplies. The refund payment order (RPO) of the amount found admissible shall be generated and the same shall be electronically communicated direct to the State Bank of Pakistan, within seventy-two hours of submission of claim, for onward advice to the respective banks for credit into the notified account of the claimant.”



6. **FINDINGS:**

- i. The department may satisfy itself whether for Tax Years 2021 to 2025 the audited accounts filed by M/s. Mianoor Textile Industries (Pvt) Ltd, reflect the claimed refund of Sales Tax or not. ***In case it is declared the stance of the Complainant would be vindicated otherwise it only indicates that the incidence of taxation had been passed on through inflating expenses. Hence, the refund claim needs to be examined in terms of section 3B read with last proviso to section 66 of the Sales Tax Act, 1990.***
- ii. Non-processing of outstanding sales tax deferred refund claims for tax periods July 2020 to May 2026 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, CTO-II Karachi, to process deferred outstanding sales tax refund claims for July 2020 to May 2026 in terms of 'Chapter V (REFUND)' of Sales Tax Rules 2006, read with Circular 01 of 2020 dated 03.04.2020, in accordance with law expeditiously; and
- ii) report compliance within 30 days.



(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: 14 OCT 2026