

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.14780/KHI/ST/2026

Dated: 10.08.2026* R.O. Karachi

M/s. AL Karam Towel Ind (Pvt) Ltd,
NTN 2034872
Plot NO: D-7, SITE Super
Highway Scheme 33 Karachi

... *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. Waqas Younus, ITP
Departmental Representative	: Mr. Kamran shahab, DCIR, LTO Karachi
	: Mr. Raheel Anwar, SAIR, LTO Karachi
Date of hearings	: 27.08.2026 & 04.09.2026

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 deferred sales tax refund claims for the **tax year periods from July 2019 to May 2026**.

2. Briefly, the complainant is a Private Limited Company engaged in a specialized textile manufacturing and export-oriented business focused on terry towels and related home textile made-ups. As per the AR of the complainant, the details of the pending deferred claims for processing are as follows:

Refund Claimed (Rs)	Received(Rs)	Balance Refundable
8,673,352,977	8,544,525,901	128,827,076

The complainant filed sales tax refund claims for tax periods Jul 2019 to May 2026 through the FASTER Refund system, but an

* Date of registration in FTO Sectt

amount of Rs. 128,827,076 for July 2019 to May 2026 remains pending on account of deferred refund claim before LTO 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. 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 Jul 2019 to May 2026 through the FASTER Refund system, but an amount of Rs. 128,827,076 for Jul 2019 to May 2026 remains pending on account of deferred refund claim before LTO 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. On 12 September 2020, investigation officer of Directorate of Intelligence & Investigation (Inland Revenue) Karachi submitted interim charge sheet before the Customs Court. The court approved interim charge sheet against suspects including managing director M/s Al-Karam Textile Mills Pvt Ltd, and others, who were nominated in sales tax evasion of **Rs105,428, 842**.
- ii. LTO Karachi to ascertain the status of aforesaid case from Directorate of Intelligence & Investigation (Inland Revenue) Karachi.
- iii. Non-processing of outstanding sales tax deferred refund claims for tax periods **July 2019 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, LTO Karachi, to process deferred outstanding sales tax refund claims for July 2019 to May 2026 in terms of 'Chapter V (REFUND)' of Sales Tax Rules 2006, read with Circular 01 of 2020 dated 04.08.2020 for issuance of RPOs on its merit in accordance with law expeditiously; and
- ii) report compliance within 45 days.

Dated: **15 OCT 2026**
Azeem


(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman





12 OCT 1965