

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.13247/FSD/IT/2026

Dated: 16.07.2026* R/O Faisalabad

M/s Naveed Enterprises,
C/o Mr. Aurangzaib Khan,
House No. 26-b, Ismaiel Homes vista Homes,
near Gareen Town, Millat Road,
Faisalabad.

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer	: Mr. Tausif Ahmad Qureshi, Advisor
Appraisal Officer	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	: Mr. Aurangzaib Khan
Departmental Representatives	: Mr. Muhammad Zulfiqar, DCIR, RTO
Date of Hearing	: 17.08.2026

FINDINGS/RECOMMENDATIONS

The above complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against the Regional Tax Office, Faisalabad on account of alleged failure to sanction the deferred sales tax refund amounting to 129,766,983/- for the months of April 2025 to August 2025.

2. Briefly, the Complainant, i.e., M/s Naveed Enterprises bearing STRN: 08-03-1905-002-91 & NTN 1208245-7 is engaged in business as a manufacturer-cum-exporter of food products (manufacturer of confectionery & sweets) and also registered in the Sales Tax department. As his regular refund claims are sanctioned through FASTER system of FBR operated by PRAL, a huge amount was deferred without sanctioning. They submitted request letters for

*Date of registration in FTO Sectt.



sanction of the deferred sales tax refunds which come to Rs. 129,766,983/- for the months of April 2025 to August 2025. Further added that due to shortage of funds, they are unable to carry on their business and facing difficulties in serving the export orders. The Complainant has submitted that the said deferred amount of refund is pending without any reason and that the RTO failed to fulfil its legal obligation.



3. 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 (Refund-Zone), RTO, Faisalabad submitted reply bearing letter dated 04.08.2026 that the matter agitated in the complaint relates to non-issuance of deferred sales tax refunds. The taxpayer was registered as manufacture-cum-exporter under STRN: 08-03-1905-002-91 and engaged in exports oriented zero rated supplies of textile goods. All sales tax refund claims filed under Section 10 of the Sales Tax Act, 1990 were processed through FASTER system as per sales tax rule 39F of Refund Rules, 2006 notified vide SRO 555(I)/2006 dated 05.06.2005. The registered person is a refund claimant filing refund claims monthly and was required to file claims within 120 days of submission of sales tax return under rule 39D notified vide SRO 555(I) 2006 dated 05.06.2006. After submission, the claims are processed by Risk Management System (RMS) and, based on RMS parameters, through FASTER module. To ensure certainty, transparency and truthfulness in processing refunds, issuance of valid and legitimate refunds to exporting units and safeguarding government revenue, checks/risk parameters have been

implemented through FASTER system, and STGO No. 09/2023 dated 15.03.2023 was also issued. The amount was not available at deferred stage and the instant claim could not be processed due to Board's letter C.No 1(8)FTO/Imp/2024/205508-R dated 17.10.2024 directing claims to be processed strictly on FIFO basis. The Complainant claimed Rs. 147,229,936/-, of which Rs. 17,462,952/- have already been sanctioned through FASTER, while Rs. 129,766,983/- remain deferred due to system objections/excess claim from admissible limit during the relevant tax period. Show cause notice vide C.No. 434 dated 27.07.2026 was issued on 07.08.2026 for disposal of the deferred amount. In this regard, after reply/record by the Complainant, pending claims will be disposed of as per law. The Commissioner-IR has prayed that instant complaint may kindly be rejected, as no mal-administration is involved on the part of the department.



4. During the hearing on 17.08.2026, DR and AR attended hearing. Both averred to the same arguments given in their earlier statements. AR stated that he has submitted reply in response to the RTO's show cause notice on 17.08.2026.

FINDINGS:

5. 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:

- (i) The Complainant, M/s Naveed Enterprises, claimed refund of Rs. 147,229,936/-, out of which Rs. 17,462,952/- has already been sanctioned through the FASTER system, whereas Rs. 129,766,983/- remained deferred due to system objections/excess claim from the admissible limit during the relevant tax period. The Department issued Show Cause Notice vide C. No. 434 dated 27.07.2026 for

disposal of complaint on 07.08.2026, and the Complainant has submitted its reply/record in response thereto on 17.08.2026. Since the deferred refund claims are now required to be examined in the light of the reply and supporting record furnished by the Complainant, the matter is presently under consideration by the Department.

- ii. Since the deferred refund claims pertain to the months of April 2025 to August 2025, the delayed issuance of the notice to the Complainant seeking requisite record on 27.07.2026 entails maladministration. It is incumbent upon the department that any admissible refund is sanctioned within forty-five days as envisaged under Section 10(1) of the Sales Tax Act, 1990. 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:

6. FBR to:

- (i) direct the Commissioner-IR, RTO, Faisalabad to examine the Complainant's reply and supporting record expeditiously, process the deferred refund claims in accordance with law, the applicable rules and prescribed procedure, and communicate a speaking decision to the Complainant; and
- (ii) report compliance within 45 days.

Dated: 15 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman