

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.16849/KHI/ST/2026

Dated: 18.09.2026* R.O. Karachi

M/s. Mustafa & Mujtaba Textiles,
NTN 4361372
Plot No. F-757, S.I.T.E. 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. 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 March 2023 to June 2024.

2. Briefly, M/s. Mustafa & Mujtaba Textiles 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:

Sr.	Month	Claim No.	File Submission Date in Dept.	Total Balance Amount
1	Mar-23	T110823100894	26-Sep-2023	2,284,009
2	Apr-23	T111123101226	07-Nov-2024	733,296
3	May-23	T111223101162	07-Nov-2024	2,761,968
4	Jun-23	T110124100753	27-Nov-2024	562,531
5	Jul-23	T110224101079	27-Nov-2024	1,515,441
6	Aug-23	T110324100650	07-Nov-2024	1,295,271

* Date of registration in FTO Sectt

7	Nov-23	T110424100628	07-Nov-2024	837,915
8	Dec-23	T110624100726	07-Nov-2024	1,695,643
9	Jan-24	T110823100894	-	783,161
10	Feb-24	T111123101226	-	1,602,621
11	Mar-24	T111223101162	-	622,896
12	Apr-24	T110124100753	-	636,497
13	Jun-24	T110224101079	-	1,405,718
		TOTAL		16,736,967

The complainant filed sales tax refund claims for tax periods March 2023 to June 2024 through the FASTER Refund system, but an amount of Rs.16,736,967/- 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 March 2023 to June 2024 through the FASTER Refund system, but an amount of Rs.16,736,967/- for March 2023 to June 2024 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 exports 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 directly 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. Notwithstanding the above while processing the desired ST refunds the department is required to ascertain whether;

a. M/S M/s. Mustafa & Mujtaba Textiles *has filed audited account for Tax Years 2023 and 2024;*

b. *the amounts of deferred refunds are declared as asset in the relevant balance sheets 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 March 2023 to June 2024 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 March 2023 to June 2024 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.

Dated:

16 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

