

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

Complaint No.16448/LHR/IT/2026

Dated: 11.09.2026 RO Lahore*¹

M/s Shareef Enterprises,
House No.332-CC, Phase-4,
DHA, Lahore.

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer	: Mr. Asem Iftikhar, Advisor
Appraised by	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	: Mr. Tabarak Hussain, Advocate
Departmental Representative	: Rana Sheryar, DCIR, LTO, Lahore
Date of hearing	: 02.10.2026

FINDINGS

The above-mentioned complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 against delay in disposal of refund application for Tax Year 2025 respectively.

2. Briefly, Complainant (having NTN#3636635) is engaged in the business of manufacturing/casting of metals/casting of non-ferrous filed return of income u/s 114(1) of the Income Tax Ordinance, 2001 for Tax Year 2025 claiming refund of Rs.8.469 million. The refund arose on account of excess tax deductions under different Sections of the Income Tax Ordinance, 2001 and withholding taxes claimed as adjustable are of Section 148 & 147(6C) of the Ordinance. Furthermore, Complainant declared minimum tax declared on account of export proceeds u/s 154(1) of the Ordinance. According to the Complainant, refund application for Tax Year 2025 was e-filed on 09.06.2026. Despite repeated efforts of the Complainant, Deptt failed

¹ Date of Registration in FTO Sectt.



to pass orders under Section 170(4) within the prescribed statutory period of sixty (60) days, hence the instant complaints.

3. The complaint was sent 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 LTO, Lahore submitted parawise comments vide letter dated 26.09.2026. At the outset, preliminary objection of bar of jurisdiction under Section 170(5)(b) of the Ordinance was raised on the ground that FTO does not hold jurisdiction in such matters where legal remedy is provided. Reference was made to the decision of Hon'ble Lahore High Court, Lahore in W.P. No.599/2017. The Deptt contended that there was no maladministration on the part of the Deptt, since the taxpayer failed to comply with the law and rules applicable in its case and failed to file its refund application on the prescribed format.

4. On merits, Deptt contended that:

- i) the Complainant is not entitled to refund claimed in return. The due refund shall be determined after verification. Further, Complainant has only attached with refund application available on IRIS, detail of imports and tax deducted thereon.
- ii) the taxpayer's application is in queue. As per Board's notification No. 1 (8) FTO//IMP/2024/205508-R dated 17.10.2024 refund application shall be processed by following FIFO (First in-First out) method after due verification of tax payments/deductions.
- iii) As per NOC bearing C.No.LTO/5972 dated.22.09.2026 Sales tax demand is recoverable at Rs.33,134/- for the period July-2019 to June-2020.
- iv) Tax deductions claimed are verifiable from IRIS/ITMS along-with external verification also required from the taxpayer.

5. **Both the parties heard and record perused.**



6. The preliminary objection of bar raised under Section 170(5)(b) of FTO Ordinance is misconceived.

"In the cases of delay beyond statutory timelines the Taxpayer has been given to options to file an appeal or lodge a Complaint because such delay has been categorized as an act of maladministration u/s 2(3(ii) of FTO Ordinance, 2000.

Fundamental rights under the Constitution of Pakistan ensure that citizens are dealt with in accordance with law, and the state cannot compel a person to surrender a legal right unless authorized by an act of parliament. Therefore, FBR cannot force a citizen to abandon one lawful choice for another arbitrarily."

7. Even, the Department's contention regarding non processing of refund claim due to FIFO is misconceived on the grounds that the FBR has issued clear guidelines/instructions of the Chief Commissioners vide letter dated 17.10.2024 regarding FTO's cases, that in order to process the refund claims explicit approval from the authority must be obtained which means that there is no bar for processing of refund claims against which complaints are pending/decided before the FTO.

- Board's notification dated 17.10.2024 itself excludes court/FTO cases from the operations of said circular.
- Statutory timeline u/s 170(4) cannot be overturned/replaced through administrative instructions.
- This plea of FBR has already been dismissed by presidency in a large number of representations filed by FBR on this account. Matter has attained finality.

8. During hearing, the Authorized Representative (AR) submitted that the Department may consider adjusting the outstanding sales tax demand against the taxpayer's pending refund claim. On the other, the Departmental Representative (DR) strongly opposed the plea, furnished a communication received from the I&P Branch of the



Collectorate of Customs (Enforcement), Customs House, Karachi and the relevant para is reproduced as under;



"Whereas, the staff of the Collectorate of Customs Enforcement, Karachi, detected a case of willful mis-declaration and attempted duty evasion involving M/s Shareef Enterprises (NTN No.3636635) and its clearing agent M/s Express Freight Links (License No.KCUS-2207). High Duty items, including Air Conditioner and Dehumidifiers, were allegedly mis-declared under an EFS license. Four consignments imported from the USA were blocked. FIR No.SI/MISC/08/FIR/2026 (AC/DC)/LDP/FS was lodged on 15.07.2026 before the Hon'ble Special Judge (Customs, Taxation & Anti-Smuggling), Karachi."

FINDINGS:

9. Keeping in view of above facts, it is established that the matter involving the Complainant is severely contested and sub-judice before a competent court of law. The Departmental Representative has placed on record concrete evidence demonstrating that the I&P Branch of the Collectorate of Customs Enforcement, Karachi, has detected a case of willful mis-declaration and attempted duty evasion against M/s Shareef Enterprises. Consequently, a formal criminal entry has been initiated through FIR No. SI/MISC/08/FIR/2026 (AC/DC)/LDP/FS dated 15.07.2026, which is currently pending adjudication before the Hon'ble Special Judge (Customs, Taxation & Anti-Smuggling), Karachi.

As refund claim is mainly based on import related tax deduction/collection and serious issues on account of misdeclaration have surfaced therefore similar situation in the previous years can also stare the revenue. Given that the essential facts and underlying liabilities are the subject of active criminal and statutory prosecution, the taxpayer's plea for adjustment of sales tax demand against pending refunds cannot be entertained at this juncture. Accordingly, the proceedings are hereby dropped as premature, and the case file be consigned to record.

Dated: 16 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman