

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NO16475/KHI/ST/2026

Dated 11.09.2026 * R.O Karachi

Mr. Faisal Hameed,
68-C, 13th Commercial Street,
Phase-II Extension,
DHA, Karachi.

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer	: Mr. Badruddin Ahmad Quraishi Advisor
Appraising Officer	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representatives	: Mr. Nadeem Yasin, Advocate
Departmental Representatives	: Mr. Abdullah Noor, SAIR, RTO-1 Khi
Date of hearings	: 29.09.2026 & 06.10.2026

FINDINGS

The complaint has been filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against non-issuance of sales tax refund u/s 66 of the Sales Tax Act 1990 (the Act) recovered through bank attachment amounting to Rs.23,251,370 despite decision by the CIR (Appeals-V), Karachi, vide order dated 12.06.2026.

2. Briefly stated the Deptt issued an assessment order /OIO on 26.12.2025 creating sales tax demand of Rs. 38,309,818 u/s 11E of the Sales Tax Act 1990. On appeal, the CIR (Appeals- V) Karachi vide order dated 12.06.2026 annulled the impugned order with the direction to provide opportunity of being heard and pass a judicious speaking order. Meanwhile, as per complaint, an amount of Rs.23,251,371 was recovered by the Deptt. The complainant requested for refund u/s 66 of the Act vide letter dated 11.09.2026 but did not get any response; 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. In response, the DR appeared and has stated that a notice has been issued seeking details on 17.09.2026.



4. Argument heard, and record perused.

5. Evidently, the learned CIR (Appeals- V) Karachi vide order dated 12.06.2026 annulled the impugned assessment order/ OIO dated 26.12.2025. The complainant filed a refund application u/s 66 of the Act on 11.09.2026 against recovery of Rs.23,251,371, but the Deptt failed to process the appeal effect refund to date. In terms of 3rd proviso to the Act, the application or claim filed under section 66 shall be disposed of within a period not exceeding ninety days from the date of filing of such application or claim. This provision is reproduced below:

"66. Refund to be claimed within one year.— No refund of tax claimed to have been paid or over paid through inadvertence, error or misconstruction 703[or refund on account of input adjustment not claimed within the relevant tax period,] shall be allowed, unless the claim is made within one year of the date of payment.

Provided that in a case where a registered person did not deduct input tax within the relevant tax period, the 706[Commissioner] may, after satisfying himself that input tax adjustment is due and admissible, allow the registered person to take such adjustment in the tax period as specified by the 4 [Commissioner].

Provided further that in a case where the refund has become due on account of any decision or judgement of any officer of 709[Inland Revenue] or court or the Tribunal, the period of one year shall be reckoned from the date of judgement or decision of such officer, court or Tribunal

Provided further that the application or claim filed under this section shall be disposed of within a period not exceeding ninety days from the date of filing of such application or claim.

Provided also that no refund shall be admissible under this section if incidence of tax has been passed directly or indirectly to the consumer."

6. In the instant case, the application was filed on 11.09.2026 and the Deptt has 90 days to process the refund application. Therefore, the complainant failed to establish any maladministration in terms of Section 2(3) of the Ordinance. Moreover, there is no harm to process the application before expiry of prescribed period.

7. The complaint is closed with the above observation and the case is cosigned to record.

Dated: 16 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman





18 OCT 1977