

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NO.16778/KHI/ST/2026

Dated: 17.09.2026 * R.O. Karachi

Mr. Anwar Hussain, NTN 1777310

...Complainant

M/s Excel Technologies (Private) Limited
House no 299/1, Block 3, Delhi,
Marcentile Society, opposite Alamgir,
Masjid Shaheed-e-Millat Road, Karachi.

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer	: Mr. Badruddin Ahmad Quraishi, Advisor
Authorized Representatives	: Mr. Muhammad Fareed, ITP
Departmental Representatives	: Mr. M. Ali Baig, OIR, CTO-I, Karachi
	: Mr. Saleem Hussain, DCIR, CTO-I, KHI
Date of hearings	: 28.09.2026 & 08.10.2026

FINDINGS/RECOMMENDATIONS

The complaint was filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against non-reflection of sales tax withholding (STWH) credit @ 20% on the FBR portal and non-activation of the taxpayer profile.

2. Briefly, the complaint of M/s Excel Technologies (Private) Limited relates to failing to grant credit of Sales Tax Withheld (STWH) at 20% deducted by the Workers Welfare Fund (WWF), Sindh, on taxable supplies made during June 2026, despite submission of the withholding tax challan and supporting documents evidencing deposit of the tax into the government treasury. The Complainant states that despite approaching the FBR Helpline and filing an application dated 30.08.2026 before the concerned Commissioner Inland Revenue, no relief was

*Date of registration in FTO Secretariat



provided; instead, a detailed assessment order was issued against the claimed credit without properly considering its explanation and supporting evidence.

3. The Complainant further alleges that the non-reflection of the STWH credit has resulted in its profile remaining non-active on the FBR portal since June 2026, preventing the filing of its sales tax returns and adversely affecting its business operations, as vendors and customers have refused to transact with it. The Complainant contends that the Respondent's continued inaction, failure to respond to its representations, and alleged denial of a fair opportunity of hearing constitute maladministration under Section 2(3) of the Federal Tax Ombudsman Ordinance, 2000 and requested expeditious disposal of the complaint, along with restoration of its active status and facilitation of the filing and processing of pending sales tax returns; hence this complaint.

4. 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 CIR, Zone-II, CTO-I, Karachi has submitted comments stating that the allegations of inaction, negligence, and maladministration, and that the claim of M/s Excel Technologies (Private) Limited for Sales Tax Withholding (STWH) credit amounting to Rs. 14,557,466 for the tax period June 2026 is under verification. The Department has approached the Workers Welfare Board, Sindh, seeking confirmation of the relevant sales tax invoices, CPRN, supporting documents, payment proofs and actual payment against the underlying purchases, with a response requested by



14.10.2026. It maintained that the claimed credit cannot be allowed without verifying the genuineness of the transactions and the withholding of tax, and that the claim will be examined and decided in accordance with law upon receipt of the requisite verification.



5. The Department further submitted that the issuance of a detailed assessment, if any, does not by itself constitute maladministration, and denied any violation of the principles of natural justice or due process. Regarding the Complainant's non-active status on the FBR portal and pending sales tax returns, it stated that the complete IRIS/profile record must be examined to determine the actual cause. The Department opposed the immediate grant of STWH credit and restoration of the Complainant's active status without fulfillment of applicable statutory requirements, requested disposal of the complaint, and undertook to decide the claim in accordance with law after receiving verification from the Workers Welfare Board, Sindh.

6. Arguments of parties heard and record perused.

FINDINGS

7. FBR has issued a circular C. No. 1(1)ST-L&P/2024/IRIS-Proc dated 20.07.2026 to introduce a new automated feature in the IRIS portal to facilitate taxpayers dealing with Free Tax Number (FTN) holders. This initiative is aimed at streamlining the adjustment of Sales Tax withheld under the Eleventh Schedule of the Sales Tax Act, 1990. It was observed that registered persons supplying goods to Government Departments and Public Sector Organizations (FTN Holders) often face difficulties in claiming

credit for tax withheld at source. This led to reconciliation gaps and unnecessary accumulation of refunds. To resolve these issues, the following digital process was notified:

- Taxpayers can now file a formal "Application for Credit Against Sales Tax Withheld" via the IRIS dashboard.
- The application must be supported by the Computerized Payment Receipt (CPR) or Withholding Tax Certificate issued by the FTN holder.
- Upon electronic verification of the tax deposit, the system will automatically credit the amount to the taxpayer's Electronic Ledger.
- The credit so approved shall be available for adjustment in the monthly Sales Tax Return.

As per the complaint, the complainant has already filed an online formal application on 10.08.2026 supported with copies of CPR amounting to Rs.14,557,488, Tender advertisement, financial proposal, contract/ agreement, sales tax invoices, Income Tax withholding CPR etc but the Deptt has failed to allow Sales Tax Withholding (STWH) credit amounting to Rs. 14,557,466 for the tax period June 2026.

8. Failure to allow Sales Tax Withholding (STWH) credit amounting to Rs. 14,557,466 for the tax period June 2026, violating the FBR instruction dated 20.07.2026, amounts to maladministration under Section 2(3)(i)(a),(b) & (ii) of the FTO Ordinance.

RECOMMENDATIONS





9. FBR to direct: -

- (i) the CIR, Zone-II, CTO-1 Karachi to allow Sales Tax Withholding (STWH) credit amounting to Rs. 14,557,466 for the tax period June 2026, in terms of FBR instruction dated 20.07.2026 on merit to enable the complainant to file sales tax returns and activate his registration profile; and
- (ii) report compliance within 15 days.

Dated:

16 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman



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