

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NOS. 16531, 16532 & 16533/PWR/IT/2026

Dated: 12.09.2026*R.O. Peshawar

Mr. Zia Ullah Shah,

...Complainant

Office No.109, New Borakhel Fruit
Mandi By Pass Road, Miranshah, North
Waziristan.

V e r s u s

The Secretary
Revenue Division
Islamabad.

...Respondent

Dealing Officer : Mr. Sardar Ali Khawaja, Advisor
Appraising Officer : Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representatives : Mr. Muhammad Kashif Siddique, ITP
Departmental Representative : Mr. Muhammad Ali, DCIR, RTO,
Peshawar
Date of Hearings : 01.10.2026

FINDINGS/RECOMMENDATIONS

The subject complaints have been filed under Section 10(1) of the Federal Tax Ombudsman, Ordinance, 2000 (FTO Ordinance) against delay in issuance of Income Tax refund by the RTO, Peshawar as per the attached details:

S.No.	Tax Years	Refund Claimed u/s 148 & 154 read with the clause 145A of Part-I of the Second Schedule to the Income Tax Ordinance, 2001	Date of Application
1	2022	Rs.6,659,214/-	26.11.2025
2	2023	Rs.20,717,451/-	17.02.2026
3	2024	Rs.13,600,689/-	28.11.2025

2. The complaints were referred to the Secretary Revenue Division for departmental reply/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 thereto,

the CCIR, RTO, Peshawar, submitted a report, the contents of which are reproduced as under:-

S.No	Complaint/Allegation(s)	Reply/Comments
1	That the prolonged and unexplained delay in disposal of the refund claim constitutes Maladministration. The refund application under Section 170(1) was filed on 17.02.2026, but despite the passage of several months, no final disposal has been communicated to the complainant.	The taxpayer has been issued notices under Section 170(4) of the Income Tax Ordinance, 2001 for Tax Years 2022, 2023 & 2024 dated 21.09.2026. Upon submission of the required documentary evidence, the taxpayer's refund application will be processed in accordance with the law.
2	That the complainant has fulfilled the relevant procedural requirements. The complainant filed the revised return after the competent Commissioner Accepted his application under Section 114(6)(ba), and thereafter filed the refund application under Section 170(1).	
3	That the competent authority has already accepted the application under Section 114(6)(ba). The acceptance vide Order No.100000263108362 dated 28.11.2025 is a material departmental order which cannot be ignored while processing the consequential refund claim.	
4	That no lawful reason for the prolonged pendency has been communicated to the complainant. if any verification, reconciliation or additional document was required, the complainant was ready and remains ready to furnish the same.	
5	That the department's inaction has caused substantial financial prejudice to the complainant. an amount of Rs.20,717,451/- has remained tied up while the taxpayer continues to await disposal of his refund application.	
6	That the complainant has demonstrated due diligence and cooperation. He not only filed the necessary returns and applications but also approached the Refund Zone through a specific Representation dated 01.09.2026, thereby providing the department an opportunity to resolve the matter administratively.	





7	That keeping a refund application pending indefinitely is contrary to the principles of fairness, efficiency and good tax administration. The taxpayer is entitled to a timely decision on his refund claim, whether the refund is accepted in full, partly accepted, or rejected for a lawful and communicated reason.	
8	That the present complaint does not seek adjudication of a disputed assessment through the FTO forum. The immediate grievance is the administrative failure to process and dispose of a refund application already filed before the competent Refund zone.	
9	That the continued inaction of the respondent authorities, particularly after submission of the representation dated 01.09.2026, has caused unnecessary hardship and amounts to maladministration warranting intervention by the Honorable Federal Tax Ombudsman.	
	Prayer:- In view of the foregoing facts and circumstance, it is most respectfully prayed that the Honorable Federal Tax Ombudsman may graciously be pleased to: a. Take cognizance of the present complaint and declare that the prolonged and unexplained delay in processing and disposing of the complainant's refund application constitutes Maladministration; b. Direct the respondent tax authorities, particularly the Commissioner Inland Revenue, Refund Zone, RTO Peshawar, to immediately take up and dispose of the refund application filed under Section 170(1) vide Document No.10000027117451 dated 17.02.2026. c. Direct the concerned authority to complete any necessary verification/reconciliation strictly in accordance with law within a specified period; d. Where the refund is found admissible, direct the respondent department to issue/pay the lawful refund of Rs.20,717,451/- to the complainant without further unnecessary delay;	



	e. In case any part of the refund is considered inadmissible, direct the respondent authority to issue a speaking and reasoned order, clearly identifying the factual and legal basis for withholding/disallowing the same; f. Take into consideration the complainant's Representation dated 01.09.2026 submitted before the Commissioner Inland Revenue, Refund Zone, RTO Peshawar and the failure to provide timely relief despite such representation; g. Recommend payment of any compensation/markup or other relief legally admissible to the complainant for the period of unjustified delay; and h. Grant any other relief deemed just, equitable and appropriate in the circumstances of the case. The complainant shall remain highly obliged for the kind intervention of the Honorable Federal Tax Ombudsman in securing timely and lawful disposal of his longstanding refund claim.	
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3. The case was fixed for hearing. The A/R Mr. Muhammad Kashif Siddique, ITP & the D/R Mr. Muhammad Ali, Deputy Commissioner, RTO, Peshawar, were heard and the case was discussed as per written submissions. The A/R of the complainant stated that refund claim is on account of advance tax deducted u/s 148 & 154 of the Income Tax Ordinance, 2001, which is adjustable & applications for refund have already been filed u/s 170(4) of the Income Tax Ordinance, 2001. Nevertheless, no action has been initiated by the RTO for processing of the refund as yet.

4. The D/R stated that the Complainant being resident of FATA/PATA, has claimed huge refunds on account of imports & exports of rice fruits/vegetables from and to Afghanistan wherein tax has been deducted u/s 148 & 154 of the Income Tax Ordinance, 2001. It was further stated that the case is under examination, as Imports & exports made from and to Afghanistan and subsequent

sale and purchase of the same in the FATA/PATA, needs verification. Refund will be issued once the verification process is completed.

5. The A/R & the D/R heard and record perused.

FINDINGS:

6.

- i. Imports & exports of the goods from and to Afghanistan and sale of the same in tax exempt areas or taxable areas is a vital issue which needs to be settled first before issuance of refund in the instant case. RTO Peshawar may like to examine the total imports & exports of rice fruits & vegetables claiming the same status during the same period. This exercise would give a fair idea of claims vis-à-vis possibility of consumption in surrounding tribal areas. Transportation records available with Customs authorities may help in ascertaining the destination of imported & exported perishable items.
- ii. Though the department has to ascertain whether the purchases & sales have been made in FATA/PATA area and to confirm genuineness of the deductions claimed, yet it is on record that refund claims are pending with the RTO, Peshawar since 26.11.2025, 28.11.2025 & 17.02.2026. This delay in processing the refunds applications within the **stipulated time** in manifestation of the 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:

7. FBR to:-

- (i) direct the Commissioner (Refund Zone) RTO Peshawar, to dispose of pending refund applications as per law after affording proper opportunity of being heard to the Complainant and after proper verification; and
- (ii) report compliance within 30 days.

Dated: 16 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman





10 OCT 1954