

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO. 15874/ISB/IT/2026

Dated: 01.09.2026* RO, Lahore

Khawaja Mir Mudassar,

S/o Khawaja Muhammad Shakir,

R/o H.No.48, Block A, HBFC, Lahore Cantt.

...Complainant

Versus

The Secretary,

Revenue Division,

Islamabad.

...Respondent

Dealing Officer

: Mr. Muhammad Jamil Bhatti, Advisor

Appraised by

: Mr. Muhammad Tanvir Akhtar, Advisor

Authorized Representative

: Nemo

Departmental Representative

: Nemo

Date of Hearing

: ----

FINDINGS

The above-mentioned complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against non-refunding of amount collected under section 7E of the Income Tax Ordinance, 2001 (the Ordinance) declared unconstitutional by Federal Constitutional Court.

2. Brief facts of the case are that the Complainant, an individual, deposited amounts through CPRs under Section 7E. This provision has been struck down by the Hon'ble Federal Constitutional Court as unconstitutional and void ab initio. The Complainant contends that despite lapse of several months since the FCC judgment and despite representations made by Lahore Tax Bar Association to Chairman, FBR as reported in Business Recorder dated 18.05.2026 & 31.08.2026, FBR has neither refunded the amount nor notified any SOP/circular/form/forum for refund/adjustment, leaving taxpayers remediless. Hence, this complaint.

3. The complaint was sent for comments to the Secretary, Revenue Division under Section 10(4) of the FTO Ordinance read with



Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. In response, the Second Secretary (Court Matters), Ministry of Finance, FBR vide letter dated 29.09.2026 submitted parawise comments. It has been admitted to the extent that the Hon'ble FCC has declared Section 7E void ab initio. The judgment has been given effect through the Finance Act, 2026, which omitted Section 7E and Division VIII C of Part-I of the First Schedule. The FBR has further directed all field formations, vide letter No. 6(67)/Rev Bud/2026/106836-R dated 23.09.2026, that requests for revision of returns in the light of the judgement mentioned supra shall not be rejected. The refundable amounts, nevertheless, are to be determined by the concerned Commissioners under Section 170 after verification and adjustment outstanding liabilities, if any.



4. **FINDINGS:**

- (i) Perusal of record reveals that the Complainant stated that he deposited amount under Section 7E of the Ordinance which stands declared unconstitutional and void ab initio by the Hon'ble Federal Constitutional Court. Nevertheless, the FBR has now, consequent upon intervention of this forum, directed all field formations vide letter No. 6(67)/Rev Bud/2026/106836-R dated 23.09.2026 not to reject requests for revision of return and to process refund under Section 170 of the Ordinance. In view thereof, the grievance of the Complainant stands redressed to that extent.
- (ii) The complainant is advised to revise the returns, if required, and file refund applications for processing of refund before the concerned Commissioners.

5. The complaint stands disposed of and case file be consigned to record.

Dated: 19 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman