

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.16316/KHI/ST/2026

Dated: 09.09.2026* R.O. Karachi

M/s. M.I Industries,
NTN 2132902
Plot No. F-186,
SITE Karachi

... *Complainant*

Versus

The Secretary,
Revenue Division,
Islamabad.

... *Respondent*

Dealing Officer	: Mr. Badruddin Ahmad Quraishi, Advisor
Appraising Officer	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	: Nemo
Departmental Representative	: Mr. Aijaz Ali Channa, SAIR, CTO-II Karachi
Date of hearing	: 24.09.2026

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) for non-processing of deferred sales tax refund claim for the tax periods Jan 2021, Mar 2023 to Aug 2023, Oct 2023, Jan 2024 & Feb 2024.

2. Briefly, M/s. M.I Industries operates as a major **manufacturer and exporter of trendy knitted apparel**. As per the AR of the complainant, the details of the pending deferred claims for processing are as follows:

Tax period	Claim No.	Submission date	Deferred Amount
Jan 2021	T110121101571	20.05.2022	787,946
Mar 2023	T110323103099	21.12.2023	1,471,939
Apr 2023	T110423103027	21.12.2023	985,377
May 2023	T110523102181	21.12.2023	2,103,307
Jun 2023	T110623101452	21.12.2023	1,419,549

* Date of registration in FTO Sectt

Jul 2023	T110723102064	12.11.2024	1,545,697
Aug 2023	T110823101816	27.03.2024	1,467,487
Oct 2023	T111023101157	27.11.2024	1,799,757
Jan 2024	T110124101654	27.11.2024	857,448
Feb 2024	T110224101820	03.12.2024	893,399
TOTAL			13,331,906

The complainant filed sales tax refund claims for tax periods Jan 2021, Mar 2023 to Aug 2023, Oct 2023, Jan 2024 & Feb 2024 through the FASTER Refund system, but an amount of Rs.13,331,906/- remains pending on account of deferred refund claim before CTO-II, Karachi for processing. However, after a lapse of considerable time, the Department did not process these refund claims; 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. The Deptt failed to file any written comments. Moreover, the DR has submitted that the whole CTO-II Karachi is being shifted to State Life Building, I.I. Chundrigar Road. The deferred refund claims will be processed after shifting to the new premises on merit in accordance with the law.

4. Arguments heard, and records perused.

5. Admittedly, the complainant, operates as a major **manufacturer and exporter of trendy knitted apparel** who filed sales tax refund claims for tax periods Jan 2021, Mar 2023 to Aug 2023, Oct 2023, Jan 2024 & Feb 2024 through the FASTER Refund system, but an amount of Rs.13,331,906/- for Jan 2021, Mar 2023 to Aug 2023, Oct 2023, Jan 2024 & Feb 2024 remains pending on account of deferred refund claim before CTO-II Karachi for processing. These refund claims are required to be processed within



forty-five days of the filing of refund claims in terms of Section 10(1) of the Sales Tax Act 1990 (the Act), which states:

“10. Refund of input tax.— (1) If the input tax paid by a registered person on taxable purchases made during a tax period exceeds the output tax on account of zero rated local supplies or export made during that tax period, the excess amount of input tax shall be refunded to the registered person not later than forty-five days of filing of refund claim in such manner and subject to such conditions as the Board may, by notification in the official Gazette specify:”

Moreover, in case of processing through the FASTER module, these claims are required to be processed within seventy-two hours of submission of the claim, for onward advice to the respective bank for credit into the notified account of the claimant in terms of Rule 39F of the Sales Tax Rules 2006, read with Section 10 of the Sales Tax Act 1990, which states:

“39F. Processing in FASTER module.— The claims routed to FASTER module shall be electronically processed. The data in the refund claim shall be scrutinized and verified by the system and the payable refund amount shall be determined on the basis of input consumed in exports or supplies. The refund payment order (RPO) of the amount found admissible shall be generated and the same shall be electronically communicated direct to the State Bank of Pakistan, within seventy-two hours of submission of claim, for onward advice to the respective banks for credit into the notified account of the claimant.”

FINDINGS:

6. Non-processing of outstanding sales tax deferred refund claims for tax periods Jan 2021, Mar 2023 to Aug 2023, Oct 2023, Jan 2024 & Feb 2024 within the prescribed period of forty-five days is tantamount to maladministration in terms of section 2(3)(i)(a)(b) & (ii) of the FTO Ordinance.

RECOMMENDATIONS:

7. FBR to direct:-

- i) the CIR, Refund Zone, CTO-II Karachi, to process deferred outstanding sales tax refund claims for Jan 2021, Mar 2023 to Aug 2023, Oct 2023, Jan 2024 & Feb 2024 in terms of 'Chapter V (REFUND)' of Sales Tax Rules 2006, read with Circular 01 of 2020 dated 03.04.2020 in accordance with law expeditiously; and
- ii) report compliance within 30 days.

Dated: 19 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

