

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.15597/KHI/ST/2026

Dated: 27.08.2026* R.O. Karachi

M/s. Artistic Garments Industries (Pvt.) Ltd, ... *Complainant*
NTN 07097093
Plot # 53-54, 71, 72, Sector 28,
Korangi Industrial Area, Karachi

Versus

The Secretary,
Revenue Division,
Islamabad. ... *Respondent*

Dealing Officer	: Mr. Badruddin Ahmad Quraishi, Advisor
Appraising Officer	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	: Mr. Syed Salman Ali, ITP
Departmental Representative	: Nemo
Date of hearings	: 15.09.2026 & 06.10.2026

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance), for not processing a pending deferred sales tax refund claim for the tax year period of July 2025 against SSGC bills.

2. Briefly, the complainant is a private Ltd. Company bearing NTN No. 07097093, is engaged in the manufacturing and exporting of textile items. As per the AR of the complainant, the complainant filed a sales tax refund claim for the tax period July 2025 against SSGC bills, but an amount of Rs.24,492,843/- for July 2025 remains pending on account of a deferred refund claim before LTO Karachi for processing. However, after a lapse of considerable time, the Department did not process this refund claim; hence this complaint.

3. The complaint was referred to the Secretary, Revenue Division, for comments in terms of Section 10(4) of the FTO

* Date of registration in FTO Sectt



Ordinance read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. The DR appeared on 06.10.2026 and submitted a copy of Analysis Sheet for April 2026 reflecting discrepancies against each invoice. Out of Rs. 24,492,843 the analysis sheet reflects valid amount of Rs. 300,000. Rest of the deferred amount will be overruled by ADCIR on receipt of documents in terms of Circular 01 of 2020 dated 08.04.2020.



4. Arguments heard, and records perused.

5. Admittedly, the complainant, a manufacturer-cum-exporter filed a sales tax refund claim for the tax period July 2025 against input tax of SSGC bills, but an amount of Rs.24,492,843/- for July 2025 remains pending on account of a deferred refund claim before LTO Karachi for processing. This refund claim is 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 claim for tax period July 2025 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, LTO Karachi, to process deferred outstanding sales tax refund claim for July 2025 in terms of 'Chapter V (REFUND)' of Sales Tax Rules 2006, read with Circular 01 of 2020 dated 08.04.2020 in accordance with law expeditiously; and
- ii) report compliance within 30 days.

Dated: 19 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman



