

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.15648/MLN/ST/2026

Dated: 28.08.2026* R.O. Multan

M/s Royal Feeds (Pvt) Ltd,

Plot No.50 & 56, Vital Office, Haroon Abad,
Bahawalnagar.

... Complainant

V e r s u s

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer	:	Dr. Khalil Ahmad, Advisor
Appraisal Officer	:	Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	:	Ms. Sukaina Tehreem, Advocate
Departmental Representatives	:	Ms. Mehak Fatima, DCIR, LTO, Multan
Date(s) of Hearing	:	22.09.2026 & 29.09.2026

FINDINGS / RECOMMENDATIONS

The above-mentioned complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against non-implementation of ATIR's order in STA No.11/MB/2026 dated 30.04.2026 and consequent refund amounting to Rs.60.973 million for tax periods 07/2023 to 02/2025.

2. The Complainant **M/s Royal Feeds (Pvt) Ltd** is a prominent poultry feed manufacturing entity in Pakistan operating under the Vital Group of Companies (**NTN 7530604-7**) is registered with FBR and doing business activity under the name & style as Royal Feeds (Pvt) Ltd at District Bahawalnagar. Facts of the case as stated by the Complainant are here under:

Quote

“That during the pendency of appeal proceedings arising out of an Original Notice/Order (ONO) passed by the DCIR, Unit-

* Date of registration in FTO Sectt.



01, Sahiwal Zone, RTO Sahiwal, an amount of Rs.60,973,398/- was recovered coercively.

That subsequently, jurisdiction over the case was transferred to the Large Taxpayers Office (LTO), Multan.

That the learned Appellate Tribunal Inland Revenue (ATIR) vide its judgment dated 30.04.2026 in STA No. 11/MB/2026 annulled the impugned ONO, relying upon authoritative pronouncements of the apex constitutional courts regarding further tax on the supply of poultry feed.

That in consequence of the said appellate judgment, a total refund of Rs.60,973,398/- became legally due and payable to the Complainant.

That a formal application seeking immediate issuance of the refund was filed before Respondent No. 2 on 09.07.2026, which was duly received and acknowledged by the office of the Commissioner Inland Revenue, Refund Zone, LTO, Multan.” Unquote

3. The CCIR, LTO, Multan forwarded Para-wise comments of the Commissioner-IR, Refund Zone LTO, Multan dated 11.09.2026 vide letter dated 14.09.2026.

4. Following Preliminary objection has been raised by the Deptt in its comments which are rebutted as under:

Objections	Rebuttal
That the refund application is in a queue as per Board's notification dated 17.10.2024 refund application shall be processed by following FIFO (First in-First Out) method.	- Board's notification dated 17.10.2024 itself excludes Court/FTO cases from the operations of said circular. - Statutory timeline u/s 170(4) cannot be





overturned/replaced
through administrative
instructions.

This plea of FBR has already been dismissed by Presidency in a large number of representations filed by FBR on this account. Matter has attained finality.

5. In parawise comments, the Deptt has contended as under:

Quote

“The contents are admitted to the extent that the learned ATIR annulled the impugned Order-in-Original. The consequential refund is subject to determination/verification in accordance with the provisions of section 66 of the Sales Tax Act, 1990 and the applicable procedure.

As per facts of the case. The refund application under section 66 of the Sales Tax Act, 1990 was filed on 09.07.2026 and is under process.

The contents are denied to the extent of the allegation of unjustified delay or maladministration. Since the refund claim has arisen in consequence of the learned ATIR judgment, the concerned unit has been requested vide this office letter No. 142 dated 08.09.2026 to furnish the updated legal and factual position, particularly regarding any reference/appeal against the aforesaid ATIR judgment, appeal effect, recovery proceedings, amount recovered, outstanding demand and any other proceedings pending against the taxpayer. It is further submitted that the refund claim referred in the instant FTO complaint are under process as per the directions of Board to follow FIFO principal of refund application date vide letters C. 4(10)Rev.Bud/2024-25/205490-R & C.No.1(8)FTO/MP/2024/205508-R dated 17.10.2024. Hence the claim of

refund will be concluded and communicated to the claimant as per the queue of FIFO.” Unquote



6. The Deptt has reported the following facts as well:

- *Refund application was filed on 09.07.2026.*
- *Time limitation of 90 days under third proviso of Section 66 of the Act from filing of refund application has not expired.*
- *Information regarding outstanding tax demand is being obtained from the concerned unit and will be provided accordingly.*
- *Information regarding pendency of any audit, rectification, or revision proceedings is being obtained from the concerned unit and will be provided accordingly.*
- *Refund claim is based on appeal effect order.*
- *The claimed refund has not already been adjusted.*

7. During hearing on 22.09.2026, the DR attended while Complainant filed adjournment application. Case was adjourned for 29.09.2026. On fixed date of hearing, the AR & DR appeared. The AR filed rejoinder. The DR was asked to clarify the following:

- (i) Whether any reference against ATIR's order has been filed by the Deptt.
- (ii) Any tax recovery is outstanding in the name of the taxpayer.

8. On 02.10.2026, CIR Refund, LTO, Multan responded to the queries as under:

Quote

“In continuation of the para-wise comments already submitted, it is submitted that the **Department has not challenged the judgement dated 30.04.2026 passed by the ATIR, Multan in STA No.11/MB/2026** before the High Court. It is further submitted that **Sales Tax arrears amounting to Rs.2,298,409,988/-** are outstanding against the registered

person vide Order-in-Original No.38/2025-26 dated 30.06.2026. However, the said order has been challenged by the registered person before the Appellate Tribunal Inland Revenue, Multan, and the appeal is presently pending adjudication.” Unquote



It has further been reported by the Deptt on 05.10.2026 that no stay has been granted by ATIR for the said demand.

9. The Complainant has come up to this forum for appeal effect and consequent refund. The Complainant has asserted that the timeline for appeal effect under Section 66 of the Act is applicable which already stands expired.

10. Facts of the case are that the Deptt recovered an amount of Rs.60.973 million on the strength of an ONO through coercive recovery measure during the pendency of appeal before ATIR. The ATIR vide its order STA No.11/MB/2026 dated 30.04.2026 deleted the entire demand as mentioned in para 21 of the ATIR judgment. The Complainant filed an application before CIR, Refund Zone, LTO, Multan for appeal effect and consequent refund of the amount recovered which is pending with LTO, Multan.

11. Since no reference has been filed by the Deptt against the order of ATIR dated 30.04.2026, it has attained finality and statutory time of three months in terms of Section 66 of the Act have also lapsed. The refund has become due to the Taxpayer.

12. As per facts reported by the LTO, Multan another sales tax demand of Rs.2.298 billion is also outstanding against the registered person against which appeal is pending before the ATIR created vide Order-in-Original No.38/2025-26 dated 30.06.2026.

13. **FINDINGS:**

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- i. Public profile of Vital Group of Companies reveals that two different investigations were being conducted: one by the National Accountability Bureau (NAB) and the other by FIA. The 1st probe is more focussed on rapid asset accumulation beyond known legal income sources and tax evasion. Whereas the 2nd one probes allegations of **Money Laundering**: First Information Reports (FIRs) lodged link directors associated with the group to illegal foreign remittances, suspicious currency accounts, and fraudulent transactions running into billions of rupees.
 - ii. Admittedly Sales Tax arrears amounting to Rs.2,298,409,988/- are outstanding against the registered person vide Order-in-Original No.38/2025-26 dated 30.06.2026. However, the said order has been challenged by the registered person before the Appellate Tribunal Inland Revenue, Multan, and the appeal is presently pending adjudication and that no stay has been granted by ATIR for the said demand.
 - iii. In view of above, in the face of huge outstanding tax, which is not stayed, processing & issuance of refund is bit premature.
 - iv. The Deptt may dispose of the pending refund claim by giving appeal effect in terms of Section 66 of the Ordinance, subject to the decision of appeal by ATIR.
 - v. Meanwhile the Department may like to coordinate with NAB and FIA so as to cross check whether any involvement of Royal Feeds is alleged & established in their respective investigations.

No maladministration is attributable towards the department.
Investigation is closed and files are consigned to record.

Dated:
Azeem

19 OCT 2026



(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman