

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.16662/KHI/ST/2026

Dated: 15.09.2026* R.O. Karachi

Mr. Kamran Alam

M/s Tee Zee Textile,

... Complainant

NTN 1815885

Plot No. Cd-374, Shah Baig Gabol Town,

Sector-16-B, North Karachi Industrial Area, Karachi.

V e r s u s

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer

: Mr. Badruddin Ahmad Quraishi, Advisor

Appraising Officer

: Mr. Muhammad Tanvir Akhtar, Advisor

Authorized Representative

: Mr. Kamran Alam, the complainant

Mr. Kamran Ejaz, Partner

Departmental Representative

: Syed Sabeh Hussain, DCIR, CTO-II KHI

Date of hearings

: 01.10.2026 & 05.10.2026

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) for non-processing of deferred sales tax refund claims for the tax period Sep 2022 to Jul 2026.

2. Briefly, M/s. Tee Zee Textile is engaged in the manufacturing of textile goods and is registered with the Department under the Sales Tax Act, 1990 (the Act). As per the AR of the complainant, the details of the pending deferred claims for processing are as follows:

MONTHS	CLAIM NO.	CLAIM AMOUNT	DEFERRED AMOUNT
SEP- 2022.	T110922101235	33,954,361	925,469
DEC- 2022.	T111222101540	18,203,089	1,199,752
JAN- 2023.	T110123100470	19,852,114	132,205

* Date of registration in FTO Sectt





JAN- 2024.	T110124100526	32,184,409	6,271,679
FEB- 2024.	T110224100866	27,424,765	5,267,736
MAR- 2024.	T110324100391	30,466,535	5,938,520
MAY- 2024.	T110524100574	34,330,278	6,873,558
JUN- 2024.	T110624100816	29,497,598	5,944,945
AUG- 2024.	T110824100593	35,371,279	7,077,137
SEP- 2024.	T110924100791	33,121,520	6,627,734
OCT- 2024.	T111024100948	40,367,599	8,080,276
NOV- 2024.	T111124101050	40,045,341	8,015,948
DEC- 2024.	T111224101281	30,676,409	6,138,096
JAN- 2025.	T110125100408	42,174,345	8,434,869
FEB- 2025.	T110225100436	28,752,430	5,752,752
MAR- 2025.	T110325100173	42,242,027	9,551,612
APR- 2025.	T110425100240	23,003,918	4,622,947
MAY- 2025.	T110525100147	30,823,107	6,164,622
JUN- 2025.	T110625101085	16,446,692	3,390,308
JUL- 2025.	T110725101727	34,027,319	6,811,504
AUG- 2025.	T110825101350	19,362,241	3,885,661
SEP- 2025.	T110925101432	18,786,292	3,757,258
OCT- 2025.	T111025101935	25,801,266	5,160,119
NOV- 2025.	T111125101471	23,143,704	4,628,741
DEC- 2025.	T111225101647	27,113,728	5,435,022
JAN- 2026.	T110126101996	20,200,505	4,056,826
FEB- 2026.	T110226102064	15,318,305	3,097,645
MAR- 2026.	T110326101713	15,272,110	3,054,419
APR- 2026.	T110426101840	21,211,090	4,241,710
MAY- 2026.	T110526101837	32,568,335	7,554,821
JUN- 2026.	T710626101627	27,217,847	5,458,768
JUL- 2026.	T710726101064	33,483,290	6,704,089
Total			170,256,748

The complainant filed sales tax refund claims for tax periods Sept 2022 to July 2026 through the FASTER Refund system, but an amount of Rs.170,256,748/- remains pending on account of deferred refund claims 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.

4. Arguments heard and records perused.

5. Admittedly, the complainant, a manufacturer-cum-exporter filed sales tax refund claims for tax periods Sept 2022 to July 2026 through the FASTER Refund system, but an amount of Rs.170,256,748/- for Sept 2022 to July 2026 remains pending on account of deferred refund claims 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."

6. **FINDINGS:**

- i. Notwithstanding the above while processing the desired ST refunds the department is required to ascertain whether;
 - a. *M/S Tee Zee Textile has filed audited account for Tax Years 2023 to 2026;*
 - b. *the amounts of deferred refunds are declared as asset in the relevant balance sheets or not. In case it is declared the stance of the Complainant would be vindicated otherwise it only indicates that the incidence of taxation had been passed on through inflating expenses. Hence, the refund claim needs to be examined in terms of section 3B read with last proviso to section 66 of the Sales Tax Act, 1990.*
- ii. Non-processing of outstanding sales tax deferred refund claims for tax periods Sept 2022 to July 2026 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 Sept 2022 to July 2026 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

