

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.16856/KHI/IT/2026

Dated: 18.09.2026* RO, Karachi
(Tax Years 2023, 2024 & 2025)

**M/S. CRYSTAL
POLYPROPYLENE INDUSTRIES
(PVT.) LTD.**

...Complainant

Registration # 3970584
Plot No.F -252
Near Fire Brigade Station
SITE Karachi.

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer	:	Mr. Sahibzada Abdul Mateen, Advisor
Appraised by	:	Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	:	Mr. Junaid, A.R.
Departmental Representative	:	Syed Sabih Hussain, DCIR, CTO-II, Karachi
Date(s) of hearing	:	05.10.2026 & 06.10.2026

FINDINGS / RECOMMENDATIONS

The above-mentioned complaint has been filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against non-issuance of Refund for Tax Years 2023, 2024 & 2025 by the Commissioner Inland Revenue, Refund Zone, Corporate Tax Office-II (CTO-II), Karachi.

2. Briefly stated the facts are that the complainant is a Private Limited Company engaged in the business of manufacturing of Plastic products and assessed to Tax with CTO-II, Karachi. The complainant filed refund applications u/s.170 of the Income Tax Ordinance, 2001 for Tax Years 2023, 2024 and 2025, detail of the same are tabulated below;

* Date of registration with FTO Secretariat



S.NO.	Tax Year	Date of application filed	Amount of Refund
1	2023	17.01.2025	Rs.2,990,660/-
2	2024	17.01.2025	Rs.3,414,993/-
3	2025	28.01.2026	Rs.3,794,026/-

The above-mentioned refund claim is based on the tax deductions u/s.148(1) (on import of goods), u/s.153(1)(a) (on payment for goods), u/s.235 (on electricity bill of Commercial / Industrial Consumer) and u/s.236(1)(d) (Internet Bill) of the Income Tax Ordinance, 2001 which are adjustable taxes. The Department did not take cognizance of the refund application and failed to initiate any proceedings in that regard, hence this complaint.

3. The complaint was referred to the Secretary Revenue Division, Government of Pakistan for comments and hearing by the Departmental Representative (D.R.), in terms of Section 10(4) of the FTO Ordinance read with section 9(1) of the Federal Tax Ombudsman Institutional Reforms Act, 2013.

4. The Commissioner-IR, Refund Zone, CTO-II, Karachi submitted, which are placed on record stating therein as follows;

"Preliminary Submission;

3. *The complaint is barred by the jurisdiction of the honourable FTO in terms of section 9(2)(b) of the FTO Ordinance. As per clause (b) subsection (5) of Section 170 of the Ordinance, failure of the Commissioner IR to pass an order within time specified in subsection (4) of section 170 of the Ordinance is an appealable matter.*

4. *It is further submitted that the complaint has been filed against the Chief Commissioner and the Commissioner Inland Revenue (Refund Zone), Medium Taxpayers Office, Karachi, whereas, as per the complainant's own Taxpayer Online Verification, the complainant falls under the jurisdiction of CTO-II, Karachi. The comments are, therefore, being submitted by the Commissioner Inland Revenue, Refund Zone, CTO-II, Karachi being the jurisdictional Commissioner.*

Para-wise comments;

The refund claim is subject to verification, and determination in accordance with the provisions of the Ordinance.



It is pointed out that as per the taxpayer online verification (Annex-V) the complainant's tax office is CTO-II, Karachi and not Medium Taxpayers Office, Karachi against which the complaint has been filed.

The complainant's right to file an application under section 170 is not disputed; however, entitlement to a refund arises only when it is established, after verification that the tax paid exceeds the tax chargeable for the year. The mere filing of a refund application does not automatically entitle the complainant to a refund.

Complete documents and evidences in support of the claim i.e. original CPRs withholding tax certificates, Goods Declarations and electricity bills in support of the adjustable taxes claimed in the return have not been filed so far.

Failure to pass an order within the time specified in section 170(4) of the Ordinance is an appealable matter under section 170(5)(b) read with section 127 of the Ordinance, hence outside the jurisdiction of the Hon'ble FTO in terms of section 9(2)(b) of the FTO Ordinance.

The refund has not been withheld. The claim is pending verification and determination in accordance with law. No maladministration within the meaning of section 2(3) of the FTO Ordinance has been committed by the Respondent".

5. Following preliminary objections have been raised by the department which are responded as under:-

Objections	Rebuttal
The complaint is barred by the jurisdiction of the honourable FTO in terms of section 9(2)(b) of the FTO Ordinance.	"This office assures that none of the areas enlisted u/s 9(2)(b) will be adjudicated. <u>However administrative excesses & highhandedness, extra-legal coercive measures and unexplainable delays beyond statutory timelines shall be highlighted as these acts of maladministration are normally not touched by appellate fora.</u> Moreover, Section 9(2)(b) purely relates to <u>assessment of income or wealth determination of liability of tax or duty, interpretation of law, rules and regulations relating to such assessment, determination classification or valuation</u> <u>in respect of which legal remedies of appeal, review or revision are available under the Relevant Legislation.</u>





	However, matters relating to <u>refund</u> have not been listed at section 9(2)(b) of FTO Ordinance 2000. This exclusion is not an omission rather it reflects the intent of legislature which recognizes the sanctity of taxpayers' money. In view of this exclusion all refund cases involving maladministration u/s 2(3)(i)(a)(b)(c)(d)(ii)(iii)(d)(iv) and (v) are out of the ambit of section 9(2)(b) of FTO Ordinance, 2000 meaning thereby Complaints in such cases can be legally entertained & adjudicated by this forum. (A common case specific objection and its rebuttal is given at the end of this table.)
Objections	Rebuttal
<i>As per clause (b) subsection (5) of Section 170 of the Ordinance, failure of the Commissioner IR to pass an order within time specified in subsection (5) of section 170 of the Ordinance is an appealable matter.</i>	<u>"In the cases of delay beyond statutory timelines the Taxpayer has been given to options: to file an appeal or lodge a Complaint because such delay has been categorized as an act of maladministration u/s 2(3)(ii) of FTO Ordinance, 2000. Fundamental rights under the Constitution of Pakistan ensure that citizens are dealt with in accordance with law, and the state cannot compel a person to surrender a legal right unless authorized by an act of parliament. Therefore, FBR cannot force a citizen to abandon one lawful choice for another arbitrarily."</u>

Both the parties attended the hearings and made submissions, which were considered and record perused.

6. **FINDINGS:**

- i. Tax collected under Section 148 on plastic raw materials imported under PCT Headings 39.01 to 39.12, for its own use, by industrial undertakings constitutes a **minimum** tax on their income. GDs need to be checked carefully.

- ii. From the record it has been established that the complainant filed refund application under Section 170 of the Income Tax Ordinance, 2001 for Tax Years 2023, 2024 & 2025, on 17.01.2025, 17.01.2025 & 28.01.2026. However, the Department did not process the said application of refund. Refund claims are required to be processed within sixty days from the date of filing of the application in terms of Section 170(4) of the Income Tax Ordinance, 2001.

It has been found that the concerned officer did not attend to the refund application with the diligence and attention required under the law and failed to act within the prescribed timelines. This omission amounts to "maladministration," as it constitutes neglect, inattention, delay, incompetence, inefficiency and ineptitude, in discharge of duties and responsibilities; as defined under Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

7. FBR to direct;

- (i) the Commissioner-IR, Refund Zone, CTO-II, Karachi to dispose of refund claimed for the Tax Years 2023, 2024 & 2025 in accordance with law after providing opportunity of being heard; and
- (ii) report compliance within 30 days.

Dated: 19 OCT 2026


(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman