

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO. 16476/FSD/IT/2026

Dated 11.09.2026 R.O Faisalabad

M/s Hassan Limited

Unit No.1, 2-KM, Jaranwala Road,
Khurrianwala, Faisalabad.

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer

: Dr. Tariq Mahmood Khan, Advisor

Appraisal Officer

: Mr. Muhammad Tanvir Akhtar, Advisor

Authorized Representatives

: None

Departmental Representatives

: Mrs. Mehak Fatima, DCIR, LTO, Multan.

Date of Hearing

: 07.10.2026

FINDINGS

The complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against non-issuance of refunds of Rs.3.143 million and Rs.56.622 million for Tax Years 2024 and 2025 respectively by Large Taxpayers Office (LTO), Multan, Federal Board of Revenue (FBR).

2. Briefly, the Complainant (having NTN# 0660229), a private limited company, engaged in the business of weaving yarn to manufacture fabric, filed returns of income under Section 114(1) of the Income Tax Ordinance, 2001 (herein after referred to as the Ordinance) claiming refund against tax deductions/collections u/s 151, 153(1)(a), 231AB, 234, 235, 236(1)(a), 236(1)(b), 236(1)(d) and 236CB of the Ordinance for Tax Year 2024 and 2025. According to the complainant, refund application for Tax Year 2024 was e-filed on 04.02.2025 and for Tax Year 2025 on 06.03.2026. Deptt failed to dispose of refund applications u/s 170(4) of the Income Tax Ordinance, 2001 within stipulated time. Hence, instant complaint is



filed before this forum.

3. The complaint was referred to the Secretary, Revenue Division, Islamabad for comments in terms of Section 10(4) of the FTO Ordinance read with Section 9(1) of Federal Ombudsmen Institutional Reforms Act 2013 (FOIRA). In response thereto, the CCIR, LTO, Multan forwarded comments of CIR, Refund Zone, LTO, Multan bearing letter dated 02.10.2026. At the outset preliminary objection has been raised by the department that for tax years 2024 and 2025 taxpayer filed online refund applications through IRIS but not on prescribed format and taxpayer failed to attach proof of tax deductions which is a clear violation of provisions as defined u/s 170(2) of the Ordinance read with Income Tax Rule 71. Further, claim of refund will be concluded as per FIFO principle as per Board's direction vide letter No. 4(10) Rev Bud/2024-25/205490-R dated 17.10.2024.

On merits the Department has communicated that the assessment proceedings for Tax Year 2018 under Section 122 of the Ordinance have been finalized resulting in demand of Rs.17.467 million. Similarly, assessment proceedings for Tax Year 2020 u/s 122(5A) of the Ordinance have been finalized resulting in demand of Rs.2.977 million. Furthermore, Deptt has passed the sales tax Orders-in-Original vide Nos.14/2025-26 and 34/2025-26, wherein, demands of Rs.721.823 million and Rs.2.977 million were raised respectively. However, the taxpayer's appeals against the aforesaid orders are currently pending before the CIR (Appeals).

The Department has also communicated that the audit proceedings u/s 177 of the Ordinance for Tax Year 2024 are currently pending. Furthermore, proceedings for tax periods from July 2024 to June 2025 selected for audit u/s 25 of the Sales Tax Act, 1990 were also



pending. It was further, stated that complainant's refund claims will be processed in accordance with the applicable provisions of law, prescribed procedure and the Board's instructions governing processing of refund claims.

4. Following Preliminary objection has been raised by the department which is rebutted accordingly.

Objections	Rebuttal
The taxpayer has failed to attach proof of the deductions and related documents. Further the claim of refund will be concluded as per FIFO principle as per Board's directions vide letter No. 4(10)Rev.Bud/2024-25/205490-R dated 17.10.2024,	• Board's notification dated 17.10.2024 itself excludes Court/FTO cases from the operations of said circular. • Statutory time line 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.

In view of above, departmental objection is being overruled, assuming the instant complaints for adjudication under FTO Ordinance, 2000.

5. The case was fixed for hearing on 07.10.2026. Mrs. Mehak Fatima, DCIR, LTO, Multan attended online as DR and reiterated his respective position. During hearing DR informed that refund claims for Tax Years 2024 and 2005 shall be processed in accordance with the applicable provisions of law and prescribed procedures. None appeared on behalf of the complainant. Case record perused and decided on merit. It is pertinent to mention here that assessment proceedings for Tax Year 2018 u/s 122 of the Ordinance have been finalized, creating a demand of Rs.17.467 million. Likewise, assessment proceedings for Tax Year 2020 u/s



122(5A) of the Ordinance have culminated in a demand of Rs.2.977 million. It is further observed that Sales Tax Orders-in-Original vide Nos. 14/2025-26 and 34/2025-26, involving demands of Rs.721.823 million and Rs.2.977 million have been passed by the Deptt. However, the taxpayer's appeals against the aforesaid orders are currently pending before the CIR (Appeals). Accordingly, the demands in question are presently subjudice and their ultimate outcome remains contingent upon the decision of the appellate authority. Moreover, notices for audit proceedings u/s 177(1) of the Ordinance for Tax Year 2024, and u/s 25(1) of the Sales Tax Act, 1990 for the tax periods from July 2024 to June 2025 were issued by Commissioner-IR, Zone-I, LTO, Multan on 06.10.2025 and 04.08.2026 respectively. Both proceedings, initiated prior to the filing of the complaint on 11.09.2026, are still pending.

FINDINGS:

6. Though un-due delay in processing of refund applications for Tax Years 2024 and 2025 is visible yet in the face of huge outstanding tax demand disposal of pending refund claims is bit un called for. Both parties are advised to strive for early hearing of pending appeals and completion of pending audits.

7. The Complaint is discharged in the manner stated above. Investigation is closed and files consigned to record.

Dated: 20 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

