

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.15530/LHR/ST/2026

Dated: 25.08.2026*RO, Lahore

Syed Zeeshan Abbas Kazmi,
Prop ZR Engineering, 124-A, B-II,
College Road, Township, Lahore.

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer	:	Mr. Asem Iftikhar, Advisor
Appraised by	:	Mr. Muhammad Tanvir Akhter, Advisor
Authorized Representative	:	Mr. Owais Zarar, FCA
Departmental Representative	:	Nemo
Date of hearing	:	08.09.2026

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed against the Commissioner Inland Revenue, Refund Zone, RTO, Lahore under section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) for failure to transfer sales tax refund into the complainant's bank account even after issuance of electronic Refund Payment Order (eRPO) No. 8058009/2026 dated 19.06.2026.

2. Brief facts of the complaint are that the complainant, M/s ZR Engineering, is a sole proprietorship engaged in government contracts. According to the Complainant, Deptt passed assessment on 15.02.2024 resulting in tax demand of Rs.86.729 million and penalty u/s 33 of Rs.216.071 million, plus default surcharge. Being aggrieved, Complainant filed appeal before the CIR(Appeals) who upheld the deptt's order. Later, Complainant paid an amount of Rs.85.128 million against the demand as disputed amount. Complainant filed 2nd appeal before the ATIR, Lahore against both



the orders. The ATIR vide order STA No.1410/LB/2024 dated 23.07.2024 deleted the demand. Further, upon non issuance of Appeal Effect order by the DCIR, the Complainant filed writ petition No. 61562/2025 in High Court, Lahore and the Division Bench of Honorable High Court passed the order vide dated 20.10.2025. The relevant part of the order is reproduced as under:

"2. Respondent no. 4 is accordingly directed to pass decision on the request made by the petitioner for issuance of Appeal Effect order within the period of two weeks from date of receipt of this order."

Subsequently, the order of Hon'ble High Court was implemented by issuing appeal effect order vide dated 01.12.2025 and consequently manual refund order was issued vide order dated 15.12.2025 of Rs. 85,127,828/- but the same was not credited into Complainant's bank account after lapse of more than 245 days. Being aggrieved, Complainant filed this complaint. Complainant prayed before this Forum that Deptt may be directed to transfer the refund into the Complainant's bank account and pay compensation due as per provision of Section 67 of the Sales Tax Act, 1990.



3. The complaint was sent for comments to the Secretary, Revenue Division, Islamabad in terms of Section 10(4) of the FTO Ordinance read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. In response thereto, the Commissioner-IR, Refund Zone RTO-I, Lahore submitted parawise comments vide letter dated 07.10.2026. On merits, the Department submitted that in compliance with the Hon'ble Lahore High Court's judgment dated 20.10.2025, an appeal effect order was duly passed on 01.12.2025. Subsequently, a manual refund order was issued under Section 66 of the Sales Tax Act, 1990, on 15.12.2025. The Department further clarified that electronic Refund Payment Order



(eRPO) No. 8058009/2026 was generated on 19.06.2026 and transmitted for disbursement. Currently, the final release of funds is pending authorization at the level of the Federal Board of Revenue (FBR) / Central Electronic Refund Organization (CESTRO), and the claimed amount will be credited to the Complainant's designated bank account immediately upon the release of said funds. As regards compensation, Deptt stated that entitlement to compensation, if any, shall be determined and processed strictly in accordance with the Act and the rules at the time of disbursement of the refund. The claim does not constitute maladministration on the part of this office.

4. Both the parties heard and record perused.

FINDINGS:

5. The perusal of the record and department's admission reveals that the Complainant's entitlement to the refund of Rs. 85,127,828/- is undisputed. The manual refund order was issued as far back as 15.12.2025 following a clear mandate from the ATIR and the Honorable Lahore High Court. Keeping a legally sanctioned refund pending for over ten months, and delaying the electronic transmission/authorization at the level of FBR/CESTRO since June 2026 without justifiable cause, constitutes clear maladministration in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.

Furthermore, under Section 67 of the Sales Tax Act, 1990, where a refund due is not paid within the stipulated timeframe, the Complainant is rightfully entitled to additional payment/compensation for the period of delay.

RECOMMENDATIONS:

6. FBR to direct:-

- i) the Chief (CESTRO) FBR, Islamabad is directed to release the refund payments for e-RPO No.



8058009/2026 dated 19.06.2026 in accordance with the law;

- ii) Commissioner, Refund Zone, RTO-I, Lahore for entitlement of compensation, if any, which shall be determined and processed strictly in accordance with the Act and the rules at the time of disbursement of the refund; and
- iii) report compliance within 30 days.



Dated: 20 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

