

# THE FEDERAL TAX OMBUDSMAN ISLAMABAD

## COMPLAINT NO.16410/KHI/ST/2026

Dated: 10.09.2026\* R.O. Karachi

**M/s. Naeem Enterprise,**  
NTN 2753101  
A-25/B, S.I.T.E, Karachi,  
Karachi West Site Town

*... Complainant*

### ***Versus***

The Secretary,  
Revenue Division,  
Islamabad.

*... Respondent*

|                             |                                           |
|-----------------------------|-------------------------------------------|
| Dealing Officer             | : Mr. Badruddin Ahmad Quraishi, Advisor   |
| Appraising Officer          | : Mr. Muhammad Tanvir Akhtar, Advisor     |
| Authorized Representative   | : Mr. Syed Salman, ITP                    |
| Departmental Representative | : Mr. Aijaz Ali Channa, SAIR, CTO-II, KHI |
| Date of hearings            | : 28.09.2026 & 08.10.2026                 |

### **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 periods Feb 2023 to Jun 2026.

2. Briefly, M/s. Naeem Enterprise is a composite textile manufacturing and export enterprise based in Karachi. As per the AR of the complainant, the details of the pending deferred claims for processing are as follows:

| Tax Period | Refund Claim | Total Sanction | Deferred  |
|------------|--------------|----------------|-----------|
| 26-Jun     | 15,452,098   | 12,712,881     | 2,739,217 |
| 26-May     | 21,798,423   | 17,916,512     | 3,881,911 |
| 26-Apr     | 16,097,443   | 14,203,626     | 1,893,817 |
| 26-Mar     | 22,298,584   | 19,181,578     | 3,117,006 |
| 26-Feb     | 16,623,391   | 14,455,122     | 2,168,269 |
| 26-Jan     | 15,984,193   | 13,700,737     | 2,283,456 |
| 25-Dec     | 11,565,321   | 10,056,801     | 1,508,520 |

\* Date of registration in FTO Sectt



|              |                    |                    |                   |
|--------------|--------------------|--------------------|-------------------|
| 25-Nov       | 23,893,635         | 20,480,258         | 3,413,377         |
| 25-Oct       | 11,097,514         | 9,512,155          | 1,585,359         |
| 25-Sep       | 17,120,219         | 14,674,474         | 2,445,745         |
| 25-Aug       | 31,373,317         | 26,891,415         | 4,481,902         |
| 25-Jul       | 10,709,873         | 9,179,892          | 1,529,981         |
| 25-Jun       | 8,903,110          | 7,631,238          | 1,271,872         |
| 25-May       | 21,235,177         | 19,016,576         | 2,218,601         |
| 25-Mar       | 25,643,423         | 21,980,077         | 3,663,346         |
| 25-Feb       | 13,339,177         | 11,433,580         | 1,905,597         |
| 25-Jan       | 19,293,169         | 16,537,002         | 2,756,167         |
| 24-Dec       | 11,460,014         | 9,822,870          | 1,637,144         |
| 24-Nov       | 14,151,814         | 13,062,605         | 1,089,209         |
| 24-Oct       | 7,011,605          | 6,009,947          | 1,001,658         |
| 24-Sep       | 7,140,287          | 5,730,839          | 1,409,448         |
| 24-Aug       | 24,505,593         | 21,004,794         | 3,500,799         |
| 24-Jul       | 10,520,957         | 9,013,643          | 1,507,314         |
| 24-Jun       | 16,442,717         | 13,198,167         | 3,244,550         |
| 24-May       | 34,934,056         | 28,040,714         | 6,893,342         |
| 24-Apr       | 1,411,561          | 1,133,025          | 278,536           |
| 24-Mar       | 11,566,022         | 9,283,764          | 2,282,258         |
| 24-Feb       | 9,918,062          | 7,960,986          | 1,957,076         |
| 24-Jan       | 22,305,703         | 17,904,243         | 4,401,460         |
| 23-Sep       | 14,251,161         | 11,438,273         | 2,812,888         |
| 23-Aug       | 5,138,657          | 4,122,672          | 1,015,985         |
| 23-Jul       | 13,066,357         | 10,488,007         | 2,578,350         |
| 23-Jun       | 16,056,966         | 12,777,694         | 3,279,272         |
| 23-May       | 6,558,614          | 5,263,418          | 1,295,196         |
| 23-Apr       | 14,861,387         | 11,928,873         | 2,932,514         |
| 23-Feb       | 10,527,337         | 10,041,279         | 486,058           |
| <b>TOTAL</b> | <b>554,256,937</b> | <b>467,789,737</b> | <b>86,467,200</b> |

The complainant filed sales tax refund claims for tax periods Feb 2023 to Jun 2026 through the FASTER Refund system, but an amount of Rs.86,467,200/- remains pending on account of deferred refund claim 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. During hearing, the DR states that on receipt of data from CTO-I, Karachi the claims will be processed on merit as per law.

4. Arguments heard and records perused.

5. Admittedly, the complainant, a manufacturer-cum-exporter filed sales tax refund claims for tax periods Feb 2023 to Jun 2026 through the FASTER Refund system, but an amount of Rs.86,467,200/- for Feb 2023 to Jun 2026 remains pending on account of deferred refund claim 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 subject ST refunds, the department apart from the above, is also required to ascertain whether;

**a. M/s. Naeem Enterprise has filed audited account for Tax Years 2023 to 2026;**

**b. this amount of 86.467 million is declared as asset in the business balance sheet 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 Feb 2023 to Jun 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 Feb 2023 to Jun 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:

20 OCT 2026

(M. Zafar ul Haq Hijazi)  
Federal Tax Ombudsman