

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.15212/LHR/IT/2026

Dated: 19.08.2026 RO Lahore*¹

M/s Symans Pharmaceuticals (Pvt) Ltd

25-Lower Mall, Data Gunj Bukhsh Town,
Lahore.

... Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer	: Mr. Ahmad Shuja Khan, Advisor
Appraised by	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	: Mr. Ahsan Amin Bhatti, ACA
Departmental Representative	: Ms. Haida Sajjad, CTO Lahore
Date of hearing	: 02.09.2026

FINDINGS/RECOMMENDATIONS

The above-mentioned online complainant was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2001 (The Ordinance) against delay in issuance of refund for Tax Year 2024 at Rs.29,557,936/-.

2. Brief facts of the case are that Complainant is a Company engaged in the manufacture of veterinary drugs under the regulatory framework of the Drugs Act, 1976, e-filed revised return of income for Tax Year 2024 u/s 114(6) of the Income Tax Ordinance, 2001 (the Ordinance) which was deemed to be under Section 122(3) of the Ordinance, claiming refund amounting to Rs. 29,557,936/-. The refund arose on account of excess tax deducted under Sections 148, 153(1)(a), 234, 235, 236 and 236CB. The Complainant e-filed refund application on 12.01.2025, followed by reminders. The Department failed to pass orders under Section 170(4) of the Ordinance, within the stipulated time. Hence this complaint.



¹ Date of Registration with FTO Sectt.



3. The Complainant 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, Zone-II, CTO, Lahore submitted para-wise comments through letter dated 01.09.2026. It was contended that:

- (i) The Complainant filed refund application as prescribed under the rules pertained to Refund Zone.
- (ii) Limitation of sixty days from the filing of refund application was expired pertained to Refund Zone.
- (iii) As per available record, outstanding current or arrear demand (Income Tax/Sales tax /FED/Custom Duty) is recoverable in the case of Complainant are as under:

Tax Year	Provision	Amount	Nature
2025	u/s 182/165	Rs.40,000/-	Income Tax
2023	u/s 11	Rs.16,436,456/-	Sales Tax

- (iv) As per available record, no tax demand is under stay by any appellate forum.
- (v) No audit, rectification or revision proceedings are pending with the Department.
- (vi) The Complainant has claimed adjustable tax deduction under Section 153(1)(a), 236A, 236G, 235, 234 and 148 of the Ordinance. The claimed deduction is subject to verification by the refund zone.
- (vii) Outstanding Sales Tax demand of Rs.16,436,456/- is pending at the level of First Appeal.

4. The AR of the Complainant submitted a rejoinder on the parawise comments submitted by the Department:

- (i) Contended that two demands were outstanding against the Complainant i.e. an income tax demand of Rs.40,000/- and sales tax demand of Rs.16,346,456/- was factually incorrect, misconceived and contrary to the record. The income tax demand of Rs.40,000/- stands paid, whereas the sale tax demand of Rs.16,436,456/- stand stayed by

the learned ATIR, has since been allowed. Copy of Stay Order was duly provided by the AR of the Complainant through M.A (Stay No.3079/LB/2026 dated 13.08.2026.



- (ii) Complainant's refund application remained pending since 12.01.2025 exceeding the time frame contemplated under Section 170 of the Income Tax Ordinance, 2001. Such inordinate, unexplained and unjustified inaction now sought to be defended on demonstrably untenable ground squarely constitutes "**maladministration**" within the meaning of Section 2(3) of the FTO Ordinance.
- (iii) Income Tax demand of Rs.40,000/- on account of income tax penalty stand paid. The Computerized Payment Receipt (CPR). The payment is also verifiable from the Department's own record. The demand therefore no longer subsists and the assertion that it remains outstanding is belied by the record.
- (iv) The Sales Tax demand of Rs.16,436,456/- is not recoverable. The Sales Tax demand on account of further tax charged on supply of drugs had since been allowed in appeal as announced in the open court and was contrary to the binding pronouncements of the Hon'ble Lahore High Court, wherein for the sake of reference copy of W.P. No. 55056 of 2023 in the case of Unexolabs (Pvt) Ltd Versus Federation of Pakistan. In the said judgement, the Hon'ble Court observed in Para-9 no question of payment of further tax u/s 3(1A) of Sales Tax Act, 1990 is applicable on the supplies made by the Petitioner being a registered manufacturer of drugs as per Entry No.81 of Eighth Schedule of Sales Tax Act, 1990 wherein special rate @ 1% has been imposed in the said category.
- (v) In the end, it was prayed that withholding/non-processing of the Complainant's income tax refund is contrary to law and amounts to maladministration within the meaning of Section 2(3) of the FTO Ordinance. Request was to direct the concerned Commissioner-IR (Refund Zone) to process and issue the Complainant's refund forthwith with additional payment for delayed refund in terms of Section 171 of the Income Tax Ordinance and grant such other further relief as may be deemed just, fair and appropriate in the circumstances of the case.

5. Arguments heard and available record perused.

6. It is an admitted fact that the Complainant's refund application was e-filed as prescribed under Rule 71 read with Part-VI of the First



Schedule to Income Tax Rules 2002, remained unattended in terms of limitation under Section 170(4) of the Ordinance. Whereas, Application for Tax Year 2024 is reported to be pending, the Department was required to have disposed of refund application for Tax Year 2024 within sixty days of the filing, after providing opportunity of hearing.

From the respective date of filing of instant complaint i.e. 19.08.2026 it is apparent that even after lapse of due date apart from expiry of limitation period as provided under Section 170(4) of the Ordinance, the Department did not issue a single letter asking the Complainant to submit the requisite evidence. On the other hand, the Complainant has attached a series of letters/reminders with the complaint which have duly been received on the TFC counter of CTO, Lahore but have remained unattended. Thus, delay in disposing of refund application for Tax Year 2024 is evident as discussed above.

7. The Complainant's prayer for additional payment for delayed refund is, however, premature at this stage in terms of Explanation to Section 171(2)(c).

8. FINDINGS:

- i. While the Complainant has got stayed a substantial the sales tax demand for TY 2023, approached this forum for income tax refund for TY 2024.
- ii. The case warrants disposal of refund claim and release of determined refund over & above the outstanding/stayed demand
- iii. The delay in disposal of refund application for Tax Year 2024 within the stipulated time is manifestation of Departmental neglect, inattention and ineptitude in discharge of its duties and the same tantamount to maladministration in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

9. FBR to direct:

- (i) the Commissioner-IR, Refund Zone, CTO, Lahore to dispose of pending refund claim for tax year 2024, as per findings above and after affording an opportunity of hearing, in accordance with law; and
- (ii) report compliance within 30 days.



Dated: 20 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman