

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD
COMPLAINT NO. 17401/KHI/ST/2026**

Dated: 02/10/2026 - HQ* Islamabad

M/s Mahee International,
F/413-B, S.I.T.E Area,
Karachi.

...Complainant

V e r s u s

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer	: Mr. Khalid Javed, Advisor
Appraised by	: Mr. Muhammad Naseer Butt, Advisor
Authorized Representative	: Syed Salman Ali, Advocate (V/Link)
Departmental Representative	: Nemo
Date of hearing	: 13.10.2026

FINDINGS/RECOMMENDATIONS

This complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against non-issuance and undue delay in processing of deferred sales tax refund claims for the tax periods (March-2025 Rs. 134,154/-), (May-2025 Rs. 239,037/-), (Aug-2025 Rs. 134,175/-), (Sep-2025 Rs. 770,067/-) & (Dec-2025 Rs. 977,433/-) amounting to Rs. 2,254,866/- (in total). The complainant filed sales tax returns and submitted deferred sales tax refund claims through the online system. However, despite the lapse of significant time period, the department failed to process, sanction, or release the deferred sales tax refunds into the account of the Complainant, hence this complaint.

2. In response to the notice issued under Section 10(4) of the FTO Ordinance, 2000 read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013 dated 02.10.2026 (with a compliance date of 09.10.2026), the department submitted a Sales Tax Refund Payment Order (RPO) No. 8159009/2026 dated 09.10.2026 issued for the tax period of March-2025 by DCIR, Refund Zone, CTO-I, Karachi.



3. Hearing in this case was conducted on 13.10.2026. The AR joined the proceedings, whereas no representative appeared on behalf of the department despite issuance of notices.

4. The available record has been perused. The total deferred sales tax refund claims pertain to tax periods; (March-2025 Rs. 134,154/-), (May-2025 Rs. 239,037/-), (Aug-2025 Rs. 134,175/-), (Sep-2025 Rs. 770,067/-) & (Dec-2025 Rs. 977,433/-), totally amounting to Rs. 2,254,866/-. However, out of above deferred refund claims, the department has disposed of refund claim for the period of March-2025 vide RPO dated 09.10.2026. The refund claims for the remaining tax periods i.e May-2025, Aug-2025, Sep-2025 and Dec-2025 are yet to be decided by the department. The failure of the department to process, sanction, or dispose of the remaining deferred sales tax refund claims as highlighted above within the statutory time limits as provided u/s 10(1) of the Sales Tax Act 1990 clearly demonstrates administrative neglect, apathy, and delay. As settled by the Hon'ble Supreme Court of Pakistan (2012 PTD 309 / PLD 1998 SC 64 / Pfizer Labs) and guaranteed under Article 24(1) of the Constitution, genuine refunds due to a taxpayer cannot be delayed or denied on administrative excuses or technicalities as public money is a trust.

5. Under Rule 29(2) of the Sales Tax Rule, 2006, the deferred claim processed through the FASTER, shall be subjected to system validation checks every week and RPO generated for the amount found valid during each validation check. After eight validation checks if any amount remains uncleared, the same shall be processed under STARR channel. The same process has also been laid down in the second proviso of rule 39F. Apparently, no such validation checks have been made by the respondents. Hence, the deferred amount remains pending for an extended period of time.



6. The respondent department has failed to discharge its statutory obligation in disposing of the pending deferred sales tax refund claims within the prescribed time limit as mandated u/s 10(1) of the Sales Tax Act 1990, read with the above Rules. The lapse is a manifestation of inaction, delay, and ineptitude on the part of the department and the same tantamounts to maladministration in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

7. FBR to direct:

- (i) the CIR (Refund Zone), CTO-I Karachi to dispose of all remaining deferred sales tax refund claims of the complainant for the tax periods as referred to above, in terms of chapter V (Refunds) of Sales Tax Rules 2006 read with circular No. 01 of 2020 dated 08.04.2020 on merit and in accordance with law; after providing an opportunity of hearing; and
- (ii) report compliance within 30 days.

Dated: 20 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

