

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.16661/KHI/ST/2026

Dated: 15.09.2026* R.O. Karachi.

M/s. Noble International

....Complainant

NTN 3531404

Plot No.213, Blcok-3, Delhi Mercantile

Cooperative housing society Karachi

Versus

The Secretary,

Revenue Division,

Islamabad.

....Respondent

Dealing Officer

: Mr. Badruddin Ahmad Quraishi, Advisor

Appraising Officer

: Mr. Muhammad Tanvir Akhtar, Advisor

Authorized Representatives

: Nemo

Departmental Representatives

: Mr. Khalid Bangash, SAIR, RTO-I, Karachi.

Date of hearings

: 01.10.2026 & 08.10.2026

FINDINGS/RECOMMENDATIONS

The complaint has been filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance 2000 (FTO Ordinance), for non-issuance of refund amount of Rs.7,326,235/- which was recovered through bank attachment against the assessment order dated 27.01.2023 by the Commissioner Inland Revenue, Zone-III, Regional Tax Office-I (RTO-I), Karachi, vide CPR dated 13.02.2026 subsequently annulled by the CIR (Appeals-VI) Karachi vide order dated 11.06.2026.

2. Briefly stated, the complainant requests that the Deptt created a tax demand of Rs.7,326,236/- vide Assessment Order No. 82/31/2022-23 dated 27.01.2023 and recovered Rs.7,326,235/- through bank attachment. The Commissioner Inland Revenue (Appeals-VI), Karachi, annulled the assessment order vide Appellate Order No. 10 dated 11.06.2026. However, the subsequent Appeal Effect Order dated



*Date of registration with FTO Sectt.

21.08.2026 was issued without allowing credit for the amount already recovered. The complainant, therefore, seeks the release/refund of Rs.7,326,235/- in accordance with the appellate order. The complainant approached the Deptt vide letters dated 10.07.2026 and 08.09.2026 for issuance of refund confiscated through assessment order dated 27.01.2023, but to no avail; hence this complaint.



3. The complaint was referred to the Secretary Revenue Division, Government of Pakistan for comments and hearing by the Departmental Representative (D.R.), 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, the Commissioner-IR, Refund Zone, RTO-I, Karachi, vide letter dated 30.09.2026, has submitted parawise comments stating that the complaint does not relate to the Commissioner Inland Revenue, Refund Zone, RTO-I, Karachi. It further submitted that the complainant has not filed any refund application before the Refund Zone for the amount of Rs.7,326,235/- as required under Section 66 of the Sales Tax Act, 1990. Accordingly, the department prayed for dismissal of the complaint.

FINDINGS:

4. Both the parties were heard and the record examined. In view of the annulment of the assessment order (OIO) dated 27.01.2023 by the CIR (Appeals VI), the amount of Rs.7,326,235/- recovered from the complainant taxpayer automatically becomes refundable. The DCIR, vide order dated 21.08.2026, allowed the appeal effect order after three & half years when it became time-barred but failed to allow credit of the recovered amount of Rs. 7,326,235, which was a gross injustice perpetuated by the DCIR, Unit 02, Zone-III, RTO-1 Karachi. It is the same Unit Officer/DCIR who issued the illegal assessment order at first

and recovered Rs. 7,326,235 against the tax demand created by him, but on annulment of his impugned assessment order by the CIR (Appeals VI), he failed to allow credit for the recovered amount through attachment. Once the assessment order has been annulled by the CIR (Appeals), continued retention of the recovered amount, without lawful justification, causes undue hardship to the taxpayer and defeats the purpose of appellate relief. Administrative authorities are bound to give effect to appellate orders and allow refund of the recovered amount unless restrained by a competent court.

5. In view of the above, non-processing of the complainant's refund application dated 10.07.2026 and continued retention of recovered amount of Rs.7,326,235/-, despite the order of the CIR (Appeals) dated 30.10.2023 manifest maladministration of Departmental neglect, inattention and ineptitude in discharge of its duties and the same is tantamount to maladministration in terms of Section 2(3)(ii) of the FTO Ordinance 2000.



RECOMMENDATIONS:

6. FBR to direct:-

- i) The Commissioner-IR, Zone-III to ensure rectification of the appeal effect order dated 21.08.2026 allowing credit of the recovered amount of Rs.7,326,235 immediately;
- ii) After rectification of the appeal effect order, the Commissioner-IR (Refund Zone), RTO-I, Karachi, to process the complainant's refund application dated 08.09.2026, in respect of the amount of Rs.7,326,235/- recovered from the complainant's bank accounts, strictly in accordance with law, and
- iii) report compliance within 30 days.

Dated:

20 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman