

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT No.16529/KHI/ST/2026

Dated: 12.09.2026* R.O. Karachi

M/s. Tooba Textile Corporation,
NTN 0674800
Plot No.C-1, Scheme No.33,
Phase-I, SITE Super Highway, Karachi

... *Complainant*

V e r s u s

The Secretary,
Revenue Division,
Islamabad.

... *Respondent*

Dealing Officer	: Mr. Badruddin Ahmad Quraishi, Advisor
Appraising Officer	: Mr. Muhammad Naseer Butt, Advisor
Authorized Representative	: Mr. Aamir Khan, ITP
Departmental Representative	: Mr. Aijaz Ali Channa, SAIR, CTO-II, KHI
Date of hearings	: 29.09.2026 & 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 claim for the tax periods Nov 2019, Dec 2021, Mar 2025 & May 2025.

2. Briefly, M/s Tooba Textile Corporation is engaged in the manufacturing of textile goods and is registered with the department under the Sales Tax Act 1990. As per the AR of the complainant, the details of the pending deferred claims for processing are as follows:

Month	Claim No.	File Submission Date in Dept	Total Balance Amount
Nov 19	T331119102675	24.02.2021	86,161
Dec 21	T111221100659	27.02.2023	237,915
Mar 25	T110325102433	09.04.2026	1,132,661
May 25	T110525101679	09.04.2026	1,100,729
	TOTAL		2,557,466

The complainant filed sales tax refund claims for tax periods Nov 2019, Dec 2021, Mar 2025 & May 2025 through the FASTER Refund system, but an amount of Rs.2,557,466/- remains pending on account of deferred refund claims before CTO-II, Karachi for processing. However,

* Date of registration in FTO Sectt



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 department failed to file any written comments. During the hearing, the DR has stated that these refund claims will be processed on merit as per law on receipt of soft data from CTO-1 Karachi



4. Arguments heard, and records perused.

5. Admittedly, the complainant, a manufacturer-cum-exporter filed sales tax refund claims for tax periods Nov 2019, Dec 2021, Mar 2025 & May 2025 through the FASTER Refund system, but an amount of Rs.2,557,466/- for Nov 2019, Dec 2021, Mar 2025 & May 2025 remains pending on account of deferred refund claims before CTO-II Karachi for processing. During the hearing, the DR states that on receipt of data from CTO-I, Karachi, the claims will be processed on merit as per law. The original 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:”*

However, in case of processing through the FASTER module, these claims are required to be processed electronically 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. **The second proviso to the above Rule states** that every week validation checks will be made and RPO issued. If any amount still remains uncleared the same shall be processed under STARR module. The Rule 29(2) of the Sales Tax Rule, 2006 also refers to this process for the deferred claim which remained unclear through the FASTER. Apparently, no such validation checks have been made by the respondents. Hence, the deferred amount remains pending for an extended period of time.

FINDINGS:

7. Non-processing of sales tax deferred refund claims for tax periods Nov 2019, Dec 2021, Mar 2025 & May 2025 is tantamount to maladministration in terms of section 2(3)(i)(a)(b) & (ii) of the FTO Ordinance.

RECOMMENDATIONS:

8. FBR to direct: -
- i) the CIR, Refund Zone, CTO-II Karachi, to process deferred outstanding sales tax refund claims for Nov 2019, Dec 2021, Mar 2025 & May 2025 in terms of 'Chapter V (REFUND)' of Sales Tax Rules 2006, read with Circular 01 of 2020 dated 03.04.2020 for issuance of RPOs on their merits in accordance with law expeditiously; and
 - ii) report compliance within 30 days.

Dated: 20 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

