

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.16526/KHI/ST/2026

Dated: 12.09.2026* R.O. Karachi

M/s. Polani Textile,
NTN 0280223
Plot No. B-24/A, S.I.T.E, Karachi

... *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. Aamir Khan, 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 Dec 2021, Sep 2022, Feb 2023 to Sep 2023.

2. Briefly, M/s. Polani Textile is engaged in the manufacturing, processing, and global export of home textiles and institutional terry products of textile goods. As per the AR of the complainant, the details of the pending deferred claims for processing are as follows:

Sr.	Month	Claim No.	File Submission Date in Dept	Total Balance Amount
1	Dec 21	T111221100648	20.05.2022	171,278
2	Sep 22	T110922101397	19.01.2023	119,124
3	Feb 23	T110223100948	19.06.2023	556,901
4	Apr 23	T110423102002	26.09.2023	2,097,773
5	May 23	T110523101661	09.10.2023	4,238,618
6	Jun 23	T110623101450	26.10.2023	2,088,621
7	Jul 23	T110723101198	12.01.2024	140,354
8	Sep 23	T110923100834	27.11.2024	941,170
9	Jun 24	T110624101968	21.05.2025	675,000

* Date of registration in FTO Sectt



10	Feb 25	T110225101633	29.10.2025	178,926
11	Mar 25	T110325102090	28.01.2026	178,994
12	Apr 25	T110425101837	28.01.2026	342,127
		TOTAL		11,728,886

The complainant filed sales tax refund claims for tax periods Dec 2021, Sep 2022, Feb 2023 to Sep 2023 through the FASTER Refund system, but an amount of Rs.11,728,886/- remains pending on account of deferred refund claims 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 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, is engaged in the manufacturing, processing, and global export of home textiles and institutional terry products of textile goods who filed sales tax refund claims for tax periods Dec 2021, Sep 2022, Feb 2023 to Sep 2023 through the FASTER Refund system, but an amount of Rs.11,728,886/- for Dec 2021, Sep 2022, Feb 2023 to Sep 2023 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 desired ST refunds the department Apart from above, the it is also required to ascertain whether;

a. M/s. Polani Textile *has filed audited account for Tax Years 2022 to 2025;*

b. Related chunk of this amount of 11.728 million is declared as asset in the relevant 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 Dec 2021, Sep 2022, Feb 2023 to Sep 2023 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 Dec 2021, Sep 2022, Feb 2023 to Sep 2023 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

