

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.16156/LHR/IT/2026

Dated: 07.09.2026 RO Lahore*¹

M/s Dasan Feeds (Pvt) Ltd,
7/A, New Muslim 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	: Ms. Shahid Perviaz Jami, Advocate
Departmental Representative	: Ms. Haida Sajjad, Addl. CIR, CTO, Lahore
Date of hearings	: 21.09.2026 & 03.10.2026

FINDINGS

The above-mentioned complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (the Ordinance) against non-issuance of refund amount recovered through attachment of Complainant's bank account.

2. Brief facts of the case are that the Complainant is Private Limited Company in the name and style of M/s Dasan Feeds (Private) Limited, filed its return of income for Tax Year 2025, which was deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001. The Complainant had claimed refund of Rs.15,306,366/- arising out of tax deductions/withholding taxes under various sections of Income Tax Ordinance, 2001 (the Ordinance) including tax credit claimed under Section 65D of the Ordinance. Subsequently, the DCIR Zone-II, Range-II, Unit-06, CRTO, Lahore passed an order under Section 4C of the Income Tax Ordinance, 2001 dated **28.02.2026**, creating a demand of **Rs.1,964,290/-** on account of super tax for Tax Year 2025. Being aggrieved with the said

¹ Complaint Registered with FTO Sectt.





treatment Complainant filed an appeal before the Hon'ble Appellate Tribunal Inland Revenue, Lahore Bench, Lahore, who through order dated **19.05.2026**, set aside the impugned order dated 28.02.2026 and remanded the matter to the Assessing Officer with the direction to decide the case afresh after providing proper opportunity of hearing to the appellant and after examining the appellant's defence regarding entitlement and effect of tax credit under Section 65D of the Income Tax Ordinance, 2001.

3. It has further been alleged that, despite the aforesaid appellate order, the Department issued a recovery notice under Section 138(1) of the Income Tax Ordinance, 2001 dated **07.05.2026** for recovery of **Rs.1,964,290/-**. The complainant states that the ATIR order was communicated to the Department through written reply dated **25.06.2026**.

4. The complainant has further alleged that, despite having knowledge of the ATIR order, the Department proceeded under Section 140 of the Income Tax Ordinance, 2001 read with Rule 69 of the Income Tax Rules, 2002, and issued a bank attachment notice dated **02.06.2026**, pursuant to which the complainant's bank account maintained with Meezan Bank Limited was attached and the disputed amount was recovered. The complainant has contended that the original assessment order dated 28.02.2026 had already been set aside by the Hon'ble ATIR and the matter had been remanded to the Assessing Officer for fresh adjudication. It has therefore been alleged that the demand arising from the set-aside order could not lawfully be enforced through recovery proceedings before fresh adjudication in accordance with the directions of the appellate forum.

5. The complaint was sent for comments to the Secretary, Revenue Division, 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 revised parawise comments through letter dated 16.09.2026 which were primarily related to the creation of demand under Section 4C and its recovery as under:

- (i) The Original order under Section 4C was passed on 28.02.2026, creating a demand of Rs.1,964,290/-. Subsequently, the bank accounts of the Complainant were attached on 25.05.2025 and the entire demand of Rs.1,964,290/- was recovered through CPR No.IT-20260525-0101-1682716. The Complainant had filed an appeal before the ATIR ITA No.970/LB/2026 dated 19.05.2026, whereby the case was remanded back to the OIR for fresh proceedings. The intimation regarding filing of appeal was received in the concerned office through Receipt No.4149 dated 30.06.2026.
- (vi) Re-assessment proceedings under Section 4C of the Ordinance are pending with the Department.

6. Arguments heard and available record perused.

FINDINGS:

7. The record shows that the assessment order dated 28.02.2026 creating demand of Rs.1,964,290/- under Section 4C of the Income Tax Ordinance, 2001 was challenged before the learned ATIR. The ATIR, through order dated **19.05.2026**, set aside the impugned order demand and remanded the matter to the Assessing Officer for fresh adjudication after providing proper opportunity of hearing to the complainant and examining its defence regarding tax credit under Section 65D. The complainant claims that the ATIR order was communicated to the Department through written reply dated **25.06.2026**. The department however claims to have received the said order on **30th June, 2026**. Meanwhile the bank accounts of the Complainant were attached on **25.05.2026** and the entire demand of Rs.1,964,290/- was recovered through CPR No.IT-20260525-0101-1682716. Thus, recovery was



made well before receipt of order in the Zone. There is nothing on record that the impugned order dated 19th May, 2025 was available with the department when recovery was made. However, the enforceability of the demand created through the order dated 28.02.2026 was permissible or not is a separate question. Apparently no maladministration is attributable however the Commissioner Inland Revenue, Zone-II, CTO Lahore is advised to ensure that the matter is adjudicated afresh strictly in accordance with the directions of the learned ATIR through its order dated 19.05.2026, after providing proper opportunity of hearing to the complainant and examining its defence regarding tax credit under Section 65D of the Income Tax Ordinance, 2001 strictly as per law. The Commissioner-IR, Refund Zone, CTO, Lahore to dispose of refund claim, if any in accordance with law.

8. Investigation is closed and file consigned to record.

Dated: 20 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman