

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO. 16355/SKT/IT/2026

Dated: 10.09.2026* R.O, Sialkot

Malik Taj Din Steel Industry,
Head office Usman Town Sialkot bye
pass road, Gujranwala.

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer	:	Rana Hasan Akhtar, Advisor,
Appraised by	:	Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	:	Mr. Habib Ur Rehman, Advocate
Departmental Representative	:	Rana Shaheryar, DCIR, LTO, Lahore
Date of hearing	:	29.09.2026

FINDINGS/RECOMMENDATIONS

The complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) and the case was fixed for comments on 17.09.2026. The department filed parawise comments, which were examined and placed on file. The AR of the complainant and DR attended. Arguments were heard and record perused. The complaint is disposed of on the basis of available record as under.

2. Brief facts of the case as stated in the complaint are that the Complainant is an individual, having NTN No. 2948325-5, carrying on its business as a 'Manufacturer & Sales of Billets/Ingots and Steel Bars' under the name and style M/s Malik Taj Din Steel Industry. The Complainant filed return of income / statement of taxation by claiming refund amounting to Rs.137.221 million on account of deduction of withholding tax under Sections 148, 151(1)(b), 153(1)(a), 231B(1), 236 & 236K of the Income Tax Ordinance, 2001 (the Ordinance) for Tax Year 2025. The Complainant also e-filed refund application on 04.06.2026. The



*Date of registration in FTO Sectt.

Deptt has failed to pass order within the stipulated time, hence this complaint.

3. In response to the notice issued under Section 10(4) of the FTO Ordinance, read with Section 9(1) of Federal Ombudsmen Institutional Reforms Act, 2013, the Department submitted parawise comments vide letter dated 30.09.2026 wherein it is admitted that the complainant has e-filed refund application on 04.06.2025, claiming refundable income tax at Rs.137.221 million and the prescribed limitation of 60 days from the filing of refund application has been expired. No assessment proceedings are pending against the complainant for tax year 2025. The department has stated that due refund shall be determined after proper verification of tax payments/deductions claimed for the year under consideration, as no complete supporting evidences have been annexed with the application filed u/s 170 of the ITO, 2001 by the taxpayer as verified from IRIS. The refund application shall be processed as per FIFO list in due course of time.

4. The preliminary objections raised by the Department is that it is an appealable matter and secondly, the refund application will be disposed of on the basis of FIFO. Both the objections are rebutted as under: -

S#	Objections	Rebuttal
1.	This is an appealable issue and the remedy to file appeal has been provided u/s 170(5)(b) of the Income Tax Ordinance, 2001. Therefore, as held by the honorable Lahore High Court Lahore in its judgment dated 27.04.2017 in W.P No. 599/2017 titled M/s. Shahzadi Polypropylene Industries Vs	"In the cases of delay beyond statutory timelines the Taxpayer has been given two options: to file an appeal or lodge a Complaint because such delay has been categorized as an act of maladministration u/s 2(3)(ii) of FTO Ordinance, 2000. - Fundamental rights under





	Federation of Pakistan that FTO does not hold jurisdiction in such matters where legal remedy is provided, the honorable office of FTO does not hold jurisdiction to entertain the instant complaint on the issue of non-processing of refund application within sixty days. Therefore, there was no maladministration on the part of the Department.	the Constitution of Pakistan ensure that citizens are dealt with in accordance with law, and the state cannot compel a person to surrender a legal right unless authorized by an act of parliament. Therefore, FBR cannot force a citizen to abandon one lawful choice for another arbitrarily."
2.	That the refund application is in a queue as per Board's notification No. 1(8)FTO/IMP/2024/205508-R dated 17.10.2024 refund application shall be processed by following FIFO (First in- First out) method.	- Board's notification dated 17.10.2024 itself excludes Court/FTO cases from the operations of said circular. - Statutory timeline u/s 170(4) cannot be overturned/replaced through administrative instructions. - This plea of FBR has already been dismissed by Presidency in a large number of representations filed by FBR on this account. Matter has attained finality.

5. The department has stated that the following recoverable outstanding demand are pending against the complainant and no demand is stayed by any court. The following demand are outstanding against the taxpayer.

Tax Year	Amount	Section
2015	Rs.820,820/-	161/205
2016	Rs.1,900,000/-	161/205
2019	Rs.607,599/-	161/205
2020	Rs.1,105,700/-	161/205
2024	Rs.404,807/-	4C
2025	Rs.7,732,449/-	4C

Sales Tax Rs.6,115,528/- for the period July 2021 to June 2022.



6. Both the DR and AR attended the proceedings. The DR stated that outstanding tax demands as mentioned in parawise comments are still pending against the Complainant and the refund amount would be determined after proper verification of the tax payments for the relevant tax years. The learned AR contended that department may make adjustment of lawfully recoverable tax demands outstanding against the complainant and after adjustment of the outstanding tax demand, the remaining balance amount should be refundable to the Complainant.

7. Admittedly, the Complainant e-filed refund application on 04.06.2026 for the Tax Year 2025. The Deptt: was required to have disposed of the refund application within 60 days of its filing, in terms of Section 170(4) of the Ordinance. But till filing of instant complaint, the Deptt failed to dispose of refund application. Thus, delay in disposal of refund application, within stipulated time under Section 170(4) of the Ordinance, is evident.

8. **FINDINGS:**

- i. As evident from Para 5 above on one hand substantial outstanding tax demand has been reported by the department and on the other refund claim is pending. AR has shown willingness for required adjustment but departmental inaction is glaringly visible.
- II. Inordinate delay in disposal of refund application for the Tax Year 2025 is manifestation of Departmental neglect, inattention and inaptitude in discharge of its duties and the same tantamount to maladministration in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

9. FBR to direct-

- (i) the Commissioner-IR, (Refunds), LTO, Lahore to dispose of Complainant's refund application for Tax Year 2025, as per law, after providing opportunity of being heard to the Complainant and after making necessary adjustments; and
- (ii) report compliance within 30 days.



Dated:

21 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman