

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NO.15571/KHI/IT/2026

Dated: 26.08.2026* RO, Karachi
(Tax Years 2021, 2024 & 2025)

**M/s. U F FIBER INDUSTRIES
(PVT.) LTD.**

Registration # 6305795
Plot No. X/7-A, SITE Area
Karachi (West)

...Complainant



Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer : Mr. Sahibzada Abdul Mateen, Advisor
Appraised by : Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative : Mr. Mustafa M. Lakhani, Advocate
Departmental Representative : Mr. Mehran Khan, DCIR, CTO-II,
Karachi.
Date(s) of hearing : 07.09.2026, 15.09.2026, 22.09.2026,
24.09.2026, 02.10.2026 & 13.10.2026

FINDINGS / RECOMMENDATIONS

The above-mentioned complaint has been filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against non-issuance of Refund for Tax Years 2021, 2024 and 2025 by the Commissioner Inland Revenue, Refund Zone, Corporate Tax Office-II (CTO-II), Karachi.

2. Briefly stated, the complainant is a Private Limited Company, manufacturers of NON-WOVEN fabric 8gsm to 80gms. The complainant filed refund applications u/s.170 of the Income Tax Ordinance, 2001 for Tax Years 2021, 2024 and 2025, detail of the same are tabulated below;

S.NO.	Tax Year	Date of application filed	Amount of Refund
1	2021	06.02.2024	Rs.4,204,607/-
2	2024	24.03.2025	Rs.107,743,491/-

* Date of registration with FTO Secretariat



3	2025	28.10.2025	Rs.204,769,933/-
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3. It has been noted that the claims of refund for the Tax Years 2021 and Tax Year 2024 are old claims against which this Forum has already issued Recommendations vide Complaint No.25441/KHI/IT/2025 dated 21.11.2025. Whereas, the complainant has also filed a fresh claim of refund for the Tax Year 2025.

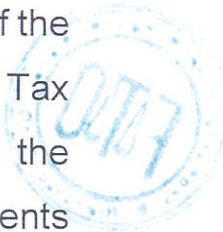
4. The complainant earlier complaint before this Forum vide No.25441/KHI/IT/2025 against the non-issuance of refund claims for the Tax Years 2021 and 2024 and the issue of withdrawal of notice u/s.177(1), were decided on 21.11.2025, with the following recommendations;

“7. FBR to:

- (i) direct the Commissioner-IR (Refund), MTO, Karachi to revisit the refund orders dated 01.03.2023 and 15.11.2023 for tax years 2020 and 2021 respectively to allow short credit and allowing proper opportunity of being heard on merit;
- (ii) direct the Commissioner-IR (Refund), MTO, Karachi to dispose of the Complainant's refund application for tax year 2024 as per income tax law;
- (iii) direct the Commissioner-IR, Zone-III, MTO, Karachi to withdraw notice u/s 177(1) of ITO, 2001 dated 17.04.2025 for tax year 2021 issued in violation of exemption available under clause 105A, Part IV of the Second Schedule to the ITO, 2001 and allow adjustment of advance tax against determined refund;
- (iv) report compliance within 45 days.”

5. The Complainant alleged that despite the above clear recommendations no refund order for Tax Year 2024 for Rs.107,743,491/- has been passed. Whereas, for the Tax Year 2021, a partial refund amount has been granted leaving a balance of Rs.4,204,607/- which is still pending. Moreover the Department has also not disposed of the refund claim for the Tax Year 2025 despite the passage of statutory period under the law, hence this complaint.





6. 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 Tax Ombudsman Institutional Reforms Act, 2013. However, the Respondent Department has failed to furnish Para-wise comments to rebut the stance taken by the complainant. Both the parties attended the hearings and made submissions, but the Departmental Representative has not filed Para-wise comments despite a number of hearing notices.

7. FINDINGS:

i. After the investigation carried out by this office and examination of the details available on record, it has been established that the complainant filed refund applications under Section 170 of the Income Tax Ordinance, 2001 for Tax Years 2021, 2024 and 2025 on 06.02.2024, 24.03.2025 and 28.10.2025 respectively. However, the Department did not process the said applications despite the clear recommendations of this Forum dated 21.11.2025 for the Tax Year 2021 and 2024. Similarly, the refund claim for the Tax Year 2025 has not been disposed of within due date.

ii. The Department has further failed to withdraw notice u/s.177(1) of the Income Tax Ordinance, 2001 for the Tax Year 2021 despite clear Recommendations by this Forum in Complaint No.25441/KHI/IT/2025.

iii. Refund claims are business receivables/assets. Department must check whether all refund claims are properly declared as such in financial statements or not. This check gains further significance due to current functional dyarchy: Audit and Refund, operating independently while adjudicating the same case.

iv. Refund claims are required to be processed within sixty days from the date of filing of the application in terms of Section 170(4) of the Income Tax Ordinance, 2001.

It has been found that the concerned officer did not attend to the refund applications with the diligence and attention required under the law and failed to act within the prescribed timelines. This omission amounts to "maladministration," as it constitutes neglect, inattention, and inefficiency as defined under Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

8. FBR to direct;
- (i) the Commissioner-IR, Refund Zone, CTO-II, Karachi to dispose of refund claimed for the Tax Years 2021, 2024 and 2025, in accordance with law after providing opportunity of being heard;
 - (ii) The Commissioner-IR, Refund Zone, CTO-II, Karachi to furnish the reasons for not complying with the Recommendations of this office dated 21.11.2025 in the instant case for the disposal of refund claim for the Tax Year 2021 & 2024;
 - (iii) The Commissioner-IR, Zone-III, CTO-II, Karachi to furnish the reasons for not withdrawing the notice u/s.177(1) of the Income Tax Ordinance, 2001 for Tax Year 2021; and
 - (iv) report compliance within 30 days.

Dated: 21 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman