

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.16861/KHI/ST/2026

Dated: 18.09.2026* R.O. Karachi

Mr. Muhammad Ayoob Sohail Maniya, ... *Complainant*
M/s. AA Textile
STRN 3277876333555
F-200/A, 2nd Floor, Site, Karachi.

Versus

The Secretary,
Revenue Division,
Islamabad. ... *Respondent*

Dealing Officer	: Mr. Badruddin Ahmad Quraishi, Advisor
Appraising Officer	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	: Mr. Jamil Akhtar, ITP
Departmental Representative	: Mr. Muhammad Ali Baig, OIR, CTO-I, KHI
Date of hearings	: 05.10.2026 & 13.10.2026

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) for the non-processing of deferred sales tax refund claims for the tax periods Apr 2024 and Jun 2024 to Sep 2024.

2. Briefly, M/s. AA Textile, an AOP is engaged in producing and processing denim fabrics, garments, blended fabrics, and home textiles. As per the AR of the complainant, the details of the pending deferred claims for processing are as follows:

Sr.	Month	Claim No.	Total Balance Amount
1	Apr 2024	T320424100337	540,450
2	Jun 2024	T320624102259	3,098,176
3	Jul 2024	T320724103303	3,354,256
4	Aug 2024	T320824103617	2,178,099
5	Sep 2024	T320924103796	2,036,607
		TOTAL	11,207,588/-

The complainant filed sales tax refund claims for tax periods Apr 2024, Jun 2024 to Sep 2024 through the FASTER Refund system. The computerized module FASTER rejected the claims and forwarded the same to the field office for further processing through STARR by CTO-I, Karachi. 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. In response, the Second Secretary (CSTRO/FTO), vide letter dated 05.10.2026, has submitted comments stating that the impugned claims are pending with the relevant field office and therefore, beyond the jurisdiction of this office. Apparently, no action in this regard is pending at this end at the moment.

4. Arguments heard, and records perused.

5. Admittedly, the complainant, an AOP, is engaged in producing and processing denim fabrics, garments, blended fabrics, and home textiles and filed sales tax refund claims for tax periods Apr 2024, Jun 2024 to Sep 2024 through the FASTER Refund system, but the computerized module FASTER rejected and forwarded the same to the field office for further processing, which is still pending for processing by the field office. 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.”



However, in this instant case, the FASTER forwarded the sales tax refund claim for the tax periods Apr 2024, Jun 2024 to Sep 2024 to the field office for further processing through STARR by the field office. As per the AR of the complainant, the refund records have already been submitted at the TFD counter.

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. AA Textile *has filed audited account for Tax Years 2024 & 2025;*

b. *Related chunk of this amount of 11.207 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 sales tax refund claims for the tax periods of Apr 2024, Jun 2024 to Sep 2024 within the prescribed period under

section 10 of the Act read with Rule 39F of Sales Tax Rules 2006 is tantamount to maladministration in terms of section 2(3)(i)(a)(b) & (ii) of FTO Ordinance.

RECOMMENDATIONS:

7. FBR to direct:-

- i) the CIR, Refund Zone, CTO-I Karachi, to process outstanding sales tax refund claims for Apr 2024, Jun 2024 to Sep 2024 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: 22 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

