

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.17005/KHI/ST/2026

Dated: 22.09.2026* R.O. Karachi

Mr. Muhammad Ishrat Prop. of,
M/s. Sultex Industries
NTN 0298404
Plot No. E-7, SITE Phase-II
North Karachi, Industrial Area

... *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. Abu Bakar, ITP
Departmental Representative	: Mr. Aijaz Ali Channa, SAIR, CTO-II, KHI
Date of hearing	: 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 claim for the tax periods Mar 2023 to Jul 2026.

2. Briefly, M/s. Sultex Industries is textile manufacturing and exporting company' operates its own dedicated manufacturing facilities and caters primarily to international markets, including the USA, Canada, Europe, and the Middle East. As per the AR of the complainant, the details of the pending deferred claims for processing are as follows:

Month	Claim No	Refund Claimed	Refund Sanctioned	Deferred
Jul-26	T710726101207	90,959,138	74,318,076	16,641,062
Jun-26	T710626102134	77,229,988	62,303,183	14,926,805

* Date of registration in FTO Sectt





May-26	T110526101697	56,916,851	46,813,038	10,103,812
Apr-26	T110426101997	72,566,423	59,351,117	13,215,305
Mar-26	T110326102432	33,704,925	27,541,016	6,163,909
Feb-26	T110226101851	76,289,954	62,003,349	14,286,605
Jan-26	T110126101610	68,614,603	56,512,460	12,102,143
Dec-25	T111225101636	47,892,515	39,501,286	8,391,229
Nov-25	T111125101597	45,601,754	38,191,091	7,410,663
Oct-25	T111025101327	78,231,908	64,156,742	14,075,166
Sep-25	T110925101117	109,816,312	90,100,279	19,716,033
Aug-25	T110825101029	122,588,783	100,215,455	22,373,328
Jul-25	T110725101302	129,875,412	109,523,291	20,352,121
Jun-25	T110625101081	85,486,480	69,187,142	16,299,338
May-25	T110525101221	81,535,508	68,615,121	12,920,387
Apr-25	T110425101027	74,692,858	61,527,087	13,165,771
Mar-25	T110325101166	98,663,144	81,269,730	17,393,414
Feb-25	T110225101734	85,293,837	68,924,163	16,369,674
Jan-25	T110125100530	108,458,264	98,068,906	10,389,358
Dec-24	T111224101618	85,813,033	69,312,369	16,500,664
Nov-24	T111124102139	85,341,521	68,923,410	16,418,111
Oct-24	T111024101365	84,784,892	68,484,143	16,300,749
Sep-24	T110924101618	61,530,712	49,649,815	11,880,897
Aug-24	T110824101450	72,124,252	58,824,556	13,299,696
Jul-24	T110724101286	45,692,118	37,927,392	7,764,726
Jun-24	T110624101167	53,549,339	45,066,788	8,482,551
May-24	T110524100752	58,854,585	51,707,339	7,147,246
Jul-23	T110723101560	68,684,207	54,945,859	13,738,348
Jun-23	T110623101891	62,402,789	50,402,843	11,999,946
May-23	T110523101931	58,159,931	46,577,833	11,582,098
Apr-23	T110423101708	51,443,541	41,439,192	10,004,349
Mar-23	T110323102064	65,018,923	52,083,959	12,934,964

TOTAL---->Rs. 424,350,468

The complainant filed sales tax refund claims for tax periods Mar 2023 to Jul 2026 through the FASTER Refund system, but an amount of Rs.424,350,468/- remains pending on account of deferred refund claims before CTO-II, Karachi for processing. 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 hearing, the DR states that on receipt of data from CTO-I, Karachi the claims will be processed on merit as per law.

4. Arguments heard and records perused.

5. Admittedly, the complainant, a manufacturer-cum-exporter filed sales tax refund claims for tax periods Mar 2023 to Jul 2026 through the FASTER Refund system, but an amount of Rs.424,350,468/- for March 2023 to July 2026 remains pending on account of deferred refund claims 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 the above, is also required to ascertain whether;

- a. M/s. Sultex Industries *has filed audited account for Tax Years 2023 to 2024;*
- b. *Related chunk of this amount of Rs. 424.350 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 March 2023 to July 2026 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 the deferred outstanding sales tax refund claims for March 2023 to July 2026 in terms of 'Chapter V (REFUND)' of Sales Tax Rules 2006, read with Circular 01 of 2020 dated 03.04.2020, on merit in accordance with law expeditiously; and
- ii) report compliance within 30 days.

Dated:

22 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

