

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.15349/LHR/ST/2026

Dated: 22.08.2026*RO, Lahore

M/s Noor Brand,
Plot No 109/18-19 A/M, Quaid-e- Azam
Industrial Estate, Kot Lakpat, Road
Nishter Town, Lahore

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer	:	Mr. Asem Iftikhar, Advisor
Appraised by	:	Mr. Badruddin Ahmad Quraishi, Advisor
Authorized Representative	:	Mr. Bazal Pannu, Advocate
Departmental Representative	:	Mr. Yousaf Uppal, IRO, RTO-II, Lahore
Date of hearings	:	07.09.2026, 12.10.2026

FINDINGS/RECOMMENDATIONS

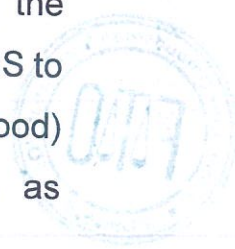
The above-mentioned complaint was filed against the Regional Tax Office-II, Lahore under section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) for malfunction/error in the FBR Digital Invoicing System, on account of which the complainant is unable to issue sales tax invoices against HS Code 2309.1000 (Dog & Cat Food) and HS Code 1902.3000 (Pasta) at the correct rate of 25% as prescribed under the Third Schedule of the Sales Tax Act, 1990.



2. Brief facts of the complaint are that the complainant is an AOP registered with the department since 19.09.2019 as Importer/Exporter/Distributor, running its business under the name M/s Noor Brands, NTN 5470248-3. Prior to enforcement of the FBR Digital Invoicing System, the complainant was regularly and successfully declaring sales tax on its import of pet food (dog & cat food) under S.R.O.297(I)/2023, Sr.No.14/27 of Table-I, at the rate of 25%. Subsequent to the amendments introduced through the Finance Act,

2025, the same item was also made part of the Third Schedule to the Sales Tax Act, 1990 at Sr.No.52 against HS Code 2309.1000. Similarly, HS Code 1902.3000 (Pasta) was, through the Finance Act, 2026 shifted from S.R.O.297(I)/2023, Sr.No.27 to the Third Schedule (MRP-based Sales Tax) Sr.No.58, with the applicable rate remaining 25%. Upon attempting to generate sales invoices for these items through the FBR Digital Invoicing System, the complainant is unable to proceed: when the item is selected against S.R.O.297(I)/2023, the portal does not accept the invoice with reference to this S.R.O and when the item is instead selected against the Third Schedule, the portal generates an error to the effect that where the sales tax rate is higher than the standard rate of 18%, the corresponding S.R.O reference is mandatory to be quoted, which it nevertheless does not accept. As a result, the complainant is unable to post/issue any sales tax invoice for these items through Digital Invoicing or through manual feeding, despite the items being lawfully taxable at 25% under the existing legal framework. The complainant submitted emails to the FBR helpline dated 17.07.2026, 23.07.2026 and 18.08.2026, and an application dated 04.08.2026 to Respondents No.1 to 4, highlighting the issue and seeking correction of the system, but received no response. Left with no other option, the complainant approached this forum and requested to update the IRIS to allow sales tax invoices against HS Code 2309.1000 (Dog & Cat Food) and HS Code 1902.3000 (Pasta) at the correct rate of 25% as prescribed under the Third Schedule of the Sales Tax Act, 1990.

3. 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 Ombudsman Institutional Reforms Act, 2013. In response thereto, parawise comments were received from the Commissioner Inland Revenue, Zone-III, RTO-II, Lahore, through letter No.495/III dated 04.09.2026 forwarded by the Chief Commissioner



Inland Revenue, RTO-II, Lahore. In its comments, the Department has not disputed the factual position and has termed the complainant's grievance regarding the malfunction/error in the FBR Digital Invoicing System as a "matter of fact". It has nevertheless taken the position that no mal-administration or irregularity has been observed, submitting that the application of the registered person had already been forwarded to the Board, the DG (IT&DT) FBR, Islamabad through the Chief Commissioner-IR, RTO-II, Lahore's letter No. CCIR/RTO-II/SO-III/2026/505 dated 01.09.2026, for necessary updation in the system to provide the correct rate of Sales Tax against the HS Codes identified by the registered person.

4. Both the parties heard, and the record perused.

FINDINGS:

5. The Department's own parawise comments confirm, as a matter of fact, that the FBR Digital Invoicing System does not permit the complainant to declare and pay sales tax at the correct, lawfully prescribed rate of 25% against HS Code 2309.1000 (Dog & Cat Food) and HS Code 1902.3000 (Pasta), whether the item is selected against S.R.O.297(I)/2023 or against the corresponding entries of the Third Schedule to the Sales Tax Act, 1990. The grievance is thus not disputed on facts.

6. The complainant had been raising this issue with the Department since July, 2026, through emails dated 17.07.2026, 23.07.2026 and 18.08.2026 and through a formal application dated 04.08.2026 without any response or corrective action. It was only after the complainant approached this Forum that the Department, through its letter dated 01.09.2026, forwarded the matter to the Board/DG(IT&DT) for correction of the system. This sequence shows that it was the intervention of this Office and not the complainant's own repeated



requests, which moved the Department to act. Such prolonged inaction on a genuine system malfunction, which left the complainant unable to lawfully invoice its taxable supplies for over a month despite repeated intimation, amounts to maladministration within the meaning of Section 2(3)(ii) of the FTO Ordinance, 2000. The Department's plea that no maladministration has been observed does not detract from this finding, since correction was initiated only under the pressure of this complaint, and even that correction remains unimplemented as of the date of this order.

RECOMMENDATIONS:

7. In view of the above, FBR to:

- (i) direct the DG IT & DT / PRAL to expeditiously update/synchronize the FBR Digital Invoicing System enabling the complainant to apply the correct rate of Sales Tax @ 25% against HS Code 2309.1000 (Dog & Cat Food) under Sr.No.52 and HS Code 1902.3000 (Pasta) under Sr.No.58 of the Third Schedule to the Sales Tax Act, 1990 read with S.R.O.297(I)/2023 based on the report of the CCIR, RTO-II letter dated 01.09.2026, on merit as per law; and
- (ii) report compliance within 30 days.

Dated: 22 OCT 2026


(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

