

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NO.17283/KHI/IT/2026

Dated: 29.09.2026* RO, Karachi
(Tax Years 2022, 2023, 2024 & 2025)

Mr. SAFEER ULLAH

...Complainant

Registration # 1710211722541

Flat No.B-921, Diamond Residency

Defence View, Karachi

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer : Mr. Sahibzada Abdul Mateen, Advisor
Appraised by : Mr. Muhammad Naseer Butt, Advisor
Authorized Representative : Mr. Tariq Hussain, A.R.
Departmental Representative : Nemo
Date(s) of hearing : 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 2022, 2023, 2024 & 2025 by the Commissioner Inland Revenue, Refund Zone, Regional Tax Office-I, Karachi.

2. Briefly stated the facts are that the complainant is an individual and deriving income from sale purchase of goods in auction and assessed to Tax with RTO-I, Karachi. The complainant filed applications for refund u/s.170(1) of the ITO, 2001 for the following tax years. The detail of said refund claims are tabulated as under:-

S.No.	Tax Year	Date of claim	Amount of Refund
1	2022	16.04.2026	Rs.3,061,709/-
2	2023	16.04.2026	Rs.5,763,282/-
3	2024	16.04.2026	Rs.8,778,653/-
4	2025	16.04.2026	Rs.5,476,502/-

* Date of registration with FTO Secretariat

The above-mentioned refund claim is based on the tax deductions u/s.231AB (Cash withdrawal), u/s.236 (Cellphone Bill) and u/s.236A (Purchase by auction) of the Income Tax Ordinance, 2001 which are adjustable taxes. The Department did not take cognizance of the refund application and failed to initiate any proceedings in that regard despite regular follow up and reminders by the complainant taxpayer, hence this complaint.



3. 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.

4. The Commissioner-IR, Refund Zone, RTO-I, Karachi submitted Para-wise comments, which are placed on record, stating therein as follows;

Preliminary Objection

Refund applications are processed in line with instructions of FBR issued vide No.4(10) Rev Bud/2024-25/205490-R dated 17.10.2024 based on the principle of FIFO (First-in-first-out). The delay in processing of the refund is due to application of FIFO principle as instructed by the FBR and does not amount to maladministration as defined under Sec 2(3) of the Federal Tax Ombudsman Ordinance – 2000 which lists numerous reasons qualifying for maladministration whereas in the instant case none of the reasons is applicable.

"Brief Facts of the Case.

Taxpayer filed application u/s.170 on 16.04.2026, for the tax years 2022, 2023, 2024 & 2025 to claim refund at Rs.3,061,709/- Rs.5,763,282/-, Rs.8,778,653/- & Rs.5,476,502/- whereas filed complaint before Hon' FTO portal on 30.09.2026.

"Departmental Comments

Federal Board of Revenue (FBR), Pakistan has issued instructions in letter No.4(10)Rev.Bud/2024-25/205490-R, dated 17.10.2024, that refunds be processed strictly on a First-In, First-Out (FIFO) basis to ensure fairness and prevent undue delays. This directive mandates that refund applications be logged and tracked based on their date of receipt, except in exceptional circumstances requiring deviation, which must be explicitly



approved and documented. These instructions are effective immediately, reinforcing transparency and accountability in the refund process. Since refunds applied for in 2014 are now being assessed under these fresh directions, any delay in processing does not indicate malafide intent on the part of the department.

It is important to mention that taxpayer's refund application is listed at Serial No. **9750, 9749, 9748 & 9747** and should process strictly as per the law and in accordance with the direction of FBR as communicated vide bearing No.4(10)Rev.Bud/2024-25/205490-R, dated 17.10.2024. Therefore, No maladministration is involved in the instant case."

5. Following preliminary objections have been raised by the Department which are responded as under:-

<u>Objections</u>	<u>Rebuttal</u>
That the refund application is in a queue as per Board's notification 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.



6. The Authorized Representative of the complainant attended the hearing, whereas the Respondent Department chose not to appear before this Forum. However, the Department filed the comments which have been reproduced supra. Fallacy of FBR's above pretext and validity of the cognizance of this forum on the issue of delayed refunds has been conclusively adjudicated by the Presidential Secretariat. In a recent judgment (Rep. No.362 to 368/FTO/2025 date of decision: 14.01.2026), in a case wherein department had sought shelter from maladministration under FIFO's umbrella, hon'ble President of Pakistan rejected FBR's plea stating;

"The policy of first in and first out will not absolve the department from deciding refund applications within a reasonable time. In matters where the disposal of such applications is delayed beyond a reasonable time then regardless of this policy, such delayed disposal of refund applications will constitute maladministration. The learned FTO undoubtedly has the jurisdiction to deal with such issues to the exclusion of any other forum in the country, including the Federal Court, Supreme Court or other courts functioning within the limits of a province. In this view of the matter, the representation of the FBR against the present respondent is not justified. Accordingly, the FBR is directed to implement the order of the learned FTO at the earliest. Although the compliance was to be reported within 45 days and that period has elapsed since long. However, it is trite law that when a law requires a thing to be done within a certain time and if it is not done within time, it shall still be done. It may be reiterated that the FBR will implement the order of the learned FTO at the earliest."

7. **FINDINGS:**

- i. The Complainant's tax deductions u/s 236A need to be cross checked in the light of nature of auction as all deductions under this head are not adjustable.
- ii. It is on record that the refund applications for Tax Years 2022, 2023, 2024 & 2025 were filed on 16.04.2026. However, the Department did not process the said application on the pretext of FIFO. 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 application 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, delay, incompetence, inefficiency and ineptitude, in discharge of duties and responsibilities; as



defined under Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

8. FBR to direct;
- (i) the Commissioner-IR, Refund Zone, RTO-I, Karachi to dispose of refund claimed for the Tax Years 2022, 2023, 2024 & 2025 in accordance with law after providing opportunity of being heard; and
 - (ii) report compliance within 30 days.



Dated: 22 OCT 2026


(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman