

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT No.16376/LHR/IT/2026

Dated: 10.09.2026 RO Lahore*¹

Malik Muzaffar Hayat,
C/o M/s Qadri Engineering (Private) Limited,
Second Floor, 84-B-1, Ghalib Road,
Gulberg-III, Lahore.

... Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer	: Mr. Ahmad Shuja Khan, Advisor
Appraised by	: Mr. Muhammad Naseer Butt, Advisor
Authorized Representative	: Malik Muzaffar Hayat, Advocate
Departmental Representative	: Ms. Ayesha Ahmad, DCIR, CTO Lahore
Date of hearing	: 22.09.2026

FINDINGS/RECOMMENDATIONS

The online complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (The Ordinance) against delay in disposal of refund application for Tax Years 2020, 2021, 2023 and 2025.

2. Brief facts of the case are that Complainant is a Private Limited Company, e-filed income tax returns for the Tax Years 2020, 2021, 2023 and 2025 under Section 114(1) which were deemed to be assessed under Section 120(1) of the Income Tax Ordinance, 2001, claiming refunds as follow:

S.No.	Tax Year	Date of Filing of Complaint	Date of Refund Application	Refund claimed (R)
1.	2020	10.09.2026	13.03.2026	2,526,215
2.	2021	10.09.2026	13.03.2026	391,808
3.	2023	10.09.2026	13.03.2026	700,667
4.	2025	10.09.2026	13.03.2026	2,350,816
Total				5,969,506

The said refunds arose on account of excess tax deducted at source under Sections 234, 235, 236(1)(a) of the Ordinance. The complainant e-filed refund applications for Tax Years 2020, 2021, 2023 and 2025.

¹ Complaint registered with FTO Sectt

Nevertheless, despite repeated efforts of the complainant, the department failed to pass orders under Section 170(4) of the Ordinance, within the stipulated time period, hence this complaint.



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 Ombudsmen Institutional Reforms Act, 2013. In response thereto, the Commissioner-IR Refund Zone CTO, Lahore submitted revised parawise comments through letter dated 25.09.2026. It was contended that:

- (i) As per Rule 71 of the Income Tax Rules, 2002, a refund application has to be submitted on the prescribed preforma as provided in Part VI of First Schedule to Income Tax Rules, 2002. Whereas, the Complainant's applications were not submitted on the prescribed proforma.
- (ii) Limitation of sixty days from the filing of refund application had expired.
- (iii) There is no current/arrear tax demand (Income Tax/Sales Tax/FED/Custom Duty) recoverable in the case of Complainant.
- (iv) As per available record, no tax demand is under stay by any appellate forum.

4. On merits it was stated that complainant claimed tax deductions as per income tax returns filed for tax years 2020, 2021, 2023 and 2025. Year wise position is as under:

Tax Year 2020		
Tax Deduction u/s	Amount (Rs)	Nature of withholding tax
234	23,835	Adjustable
235	655,959	Adjustable
236(1)(a)	3,531	Adjustable
147	8,080,691	Adjustable
		Adjustable
Total	9,764,016	
Tax Year 2021		
Tax Deduction u/s	Amount	Nature of withholding tax
153(1)(a) @ 4%	3,285,452	Adjustable
234	38,835	Adjustable
235	1,828,717	Adjustable
236(1)(a)	4,002	Adjustable

147	2,000,000	Adjustable
Total	7,157,006	

It was reported that out of the available refund, Rs. 1,485,452/- had already been adjusted through ITMS against the tax liability for Tax Year 2021.

Tax Year 2023

It was reported by the department that order under Section 122(1) dated 25.02.2026 of the Income Tax Ordinance, 2001 has been issued and demand was created against the Complainant at Rs.711,445/-. Hence, there is no refundable amount which is available for tax year 2023.

<u>Tax Year 2025</u>		
Tax Deduction u/s	Amount	Nature of withholding tax
235	2,963,150	Adjustable
236(1)(a)	142,322	Adjustable
153(1)(a) @1%	9,966,802	Minimum
147	10,085,000	Adjustable
Total	23,157,274	

Apart from above demand/refund position, the Department further reported that:

- (vi) Tax deductions are partially verifiable from FBR's internal portal. External verification is also required.
- (vii) The refund claims were based on returns filed. No appeal effect nor any rectification was involved.
- (viii) There was no delay nor any maladministration in processing of refund applications for aforementioned tax years which was attributable to the Department. The Complainant filed refund applications without supporting documents as required under Rule 71(3) of the Income Tax Rules, 2002.
- (ix) No other issue i.e. any outstanding income tax/sales tax arrears demand etc was reported.

5. Arguments heard and available record perused.

6. It is an admitted fact that the complainant's refund applications were e-filed for Tax Years 2020, 2021, 2023 and 2025, as prescribed under Rule 71 read with Part VI of the First Schedule of the Income Tax Rule 2002. In terms of Section 170(4) of the Ordinance, the department was required to have disposed of refund applications either way within sixty days of the filing, after providing opportunity of hearing. Nevertheless, till filing of the





instant complaint the Department did not issue a single letter asking the Complainant to submit the requisite evidence. On the contrary, the Complainant had been issued letters and reminders, addressed to Commissioner-IR, Refund Zone, CTO, Lahore which have duly been received on the TFC counter of CTO, Lahore dated 17.02.2026 and 03.03.2026. But no response was received from the Department. Thus, delay in disposing of refund application in terms of Section 170(4) of the Ordinance is evident.

FINDINGS:

7. Delay in disposal of refund applications for Tax Years 2020, 2021, 2023 and 2025 within the stipulated time is manifestation of Departmental neglect, inattention and ineptitude in discharge of its duties and the same tantamount to maladministration in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

8. FBR to:

- (i) direct the Commissioner-IR, Refund Zone, CTO Lahore to dispose of Complainant's refund applications for Tax Years 2020, 2021, and 2025 after adjustment of any outstanding demand strictly as per law and after providing opportunity of hearing to the Complainant; and
- (ii) report compliance within 30 days.

Dated: 23 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

