

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

C.NOS. 17457, 17956, 17959/LHR/IT/2026 & 17867/SKT/IT/2026

Dated: 03/10/2026 & Others- HQ* Islamabad

Mr. Muhammad Nawaz & Others,

Kot Nadhan, P.O Nokhar, Nowshra virka,
Gujranwala.

...Complainant

V e r s u s

The Secretary,

Revenue Division,
Islamabad.

...Respondent

Dealing Officer

: Mr. Khalid Javed, Advisor

Appraised by

: Mr. Muhammad Naseer Butt, Advisor

Authorized Representative

: Complainant (V/Link)

Departmental Representative

: Mr. Hassan Sultan, DCIR, RTO, Gujranwala (V/Link)

Date of hearing

: 20.10.2026

FINDINGS/RECOMMENDATIONS

This complaint bearing No. 17457/LHR/IT/2026 was filed by Mr. Muhammad Nawaz, under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 against non-issuance and delay in processing of income tax refund claim of Rs. 2,999,830/- for tax year 2025. The Complainant filed income tax returns, followed by an online refund application under Section 170 of the Income Tax Ordinance, 2001 on 24.04.2026. The refund arose due to tax deductions u/s 236(1)(a) and 236K. However, despite the lapse of significant time period, the department failed to process or finalize the refund application, hence this complaint.

2. The complaint was referred to the Secretary, Revenue Division, Islamabad for comments under Section 10(4) of the FTO Ordinance read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. In response, parawise comments were submitted by the Commissioner Inland Revenue (Refund Zone), RTO Gujranwala vide letter No. 759 dated 12.10.2026 forwarded by the Additional Commissioner IR (HQs), RTO Gujranwala vide letter No.

*date of registration in FTO Sectt..



1678 dated 13.10.2026. The department stated that the refund application filed on 24.04.2026 is placed on the internal FIFO queue at Sr. No. 4759 and will be processed in due course. It was further stated that notice under Section 170(4) of the Income Tax Ordinance, 2001 dated 12.10.2026 has been issued for hearing on 27.10.2026 to verify the applicability and admissibility of advance tax credit claimed u/s 236K.

3. The following preliminary objection has been raised by the department which is responded accordingly.

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.
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4. Hearing in this case was conducted on 20.10.2026. Both the DR and AR joined the proceedings.

5. As stated above, the departmental contention does not hold logic and the same is overruled. Perusal of the case record reveals that the complainant submitted the electronic refund application u/s 170 for tax year 2025 on 24.04.2026. According to the provision of Section 170(4) of the Income Tax Ordinance, 2001, the department was legally obligated to dispose of refund claim, in either way, within the stipulated time period of 60 days. The Deptt did not dispose of the matter till 19.10.2026 i.e., date of filing of parawise comments. The above position manifests departmental inaction, delay,



ineptitude which constitutes maladministration in terms of provision of Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

6. FBR to direct:

- (i) the CIR (Refund Zone), RTO Gujranwala to dispose of the pending refund application of the Complainant for tax year 2025 in accordance with law, after providing an opportunity of hearing; and
- (ii) report compliance within 30 days.

7. The issues involved in complaints as detailed in Annexure-A are exactly identical, i.e, alleged delay in processing of refund applications beyond statutory time period of 60 days, as discussed in this complaint. The Deptt has also furnished the same comments for all these complaints, as discussed above. In view of above, findings/recommendations supra shall, *mutatis mutandis*, apply to the complaints as given in **Annexure-A**.

8. Annexure A (at page-3) forms the integral part of this order.



Dated: 23 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Annexure-A

Sr#	Complaint No	Complainant Name	Tax Year	Amount
1	17956/LHR/IT/2026	M/s Aftab Silk Factory	2024	Rs. 2582992/-
2	17959/LHR/IT/2026	M/s Aftab Silk Factory	2025	Rs. 2561863/-
3	17867/SKT/IT/2026	Mr. Jamshed Asghar	2022, 2023, 2024 & 2025	Rs. 1120670/-