

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NO. 17997/FSD/IT/2026

Dated: 13/10/2026 - HQ* Islamabad

Mr. Khalid Mehmood,
7-A, Street Hazart Ali, Canal Park,
Faisalabad.

... 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	: Nemo
Departmental Representative	: Rai Zulfiqar Ali, DCIR, RTO, Faisalabad (V/Link)
Date of hearing	: 20.10.2026

FINDINGS/RECOMMENDATIONS

This complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against non-issuance and delay in processing of income tax refund claim of Rs. 1,011,526/- for tax year 2015. The complainant submitted that an Appeal Effect Order u/s 124/132 read with Section 122(5A) of the Income Tax Ordinance, 2001 was passed on 08.06.2026 (Document dated 18.06.2026 / IRIS Barcode No. 100000278544790), whereby assessment proceedings were dropped and a refundable amount of Rs. 1,011,526/- was determined for tax year 2015. The complainant filed an electronic refund application u/s 170 on 03.08.2026 (IRIS Barcode No. 100000281735179). However, despite the passage of considerable time following the appeal effect order, the department failed to process or finalize the consequential refund application, thus forcing the complainant to approach this forum.

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, reply/comments were submitted by the Deputy

*date of registration in FTO Sectt..



Commissioner Inland Revenue, Refund Unit-01, Refund Zone, RTO Faisalabad vide letter No. REF/RTO/FSD//622 dated 19.10.2026. The department confirmed that the refund claim of Rs. 1,011,526/- for tax year 2015 arises out of the assessment order u/s 124/132 dated 08.06.2026. It was reported that a notice u/s 170(4) has been issued for tax year 2015 and that the claim is currently under process and will be disposed of strictly in accordance with law upon completion of verification.

3. Hearing in this case was conducted on 20.10.2026, the DR of the Deptt joined the proceedings but AR/complainant did not attend.

4. Perusal of the case record reveals that the complainant submitted the electronic refund application u/s 170 on 03.08.2026, subsequent to the Appeal Effect Order dated 08.06.2026. According to the provision of Section 170(4) of the Ordinance, the department was legally obligated to dispose of the refund claim, in either way, within the stipulated statutory time period of 60 days. The department did not dispose of the matter till the date of filing of parawise comments. The prolonged retention of money legally due to the taxpayer based on appeal effect order manifests departmental inaction, delay, and ineptitude, which constitutes maladministration in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

5. FBR to direct:

- (i) the CIR (Refund Zone), RTO Faisalabad to dispose of the pending refund application of the complainant for tax year 2015 in accordance with law, after providing an opportunity of hearing; and
- (ii) report compliance within 30 days.

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: 23 OCT 2026

