

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO. 17646/MLN/IT/2026

Dated: 07.10.2026- HQ* Islamabad

Syed M. Asim Shah
M/s Rainbow Industries,
810-Akhanewal Road Multan.

...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	: Mr. Waleed, ACIR, RTO, Multan (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 against delay in processing of income tax refunds aggregating to Rs. 2,656,353/- (comprising Rs. 443,525/- for Tax Year 2023, Rs. 857,494/- for Tax Year 2024, and Rs. 1,355,334/- for Tax Year 2025) under Section 170 of the Income Tax Ordinance, 2001 (the Ordinance). The complainant submitted online refund applications u/s 170 on 21.02.2026 through the IRIS portal. However, despite the lapse of considerable time exceeding the statutory timeframe of 60 days, the department failed to pass an order u/s 170(4) or release the claimed refunds, causing severe liquidity and financial distress to the taxpayer.

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 Chief Commissioner IR, Regional Tax Office, Multan vide letter No. CCIR/RTO-MN/4851 dated 20.10.2026.

3. Following Preliminary objections have been raised by the department which are rebutted accordingly.



Objections	Rebuttal
The issue involved in the complaint pertains to processing refund claim under Section 170 of the Ordinance. Thus both in the event of the taxpayer being aggrieved with order made under Section 170(4) or in the event of failure by the department to make order within the stipulated time the appeal shall lie before the Commissioner Appeals under Section 127 of the Ordinance. Thus the complaint is premature and the Hon'ble FTO lacks jurisdiction to entertain the complaint.	"In the cases of delay beyond statutory timelines the Taxpayer has been given the options: to file an appeal or lodge a Complaint because such delay has been categorized as an act of maladministration u/s 2(3(ii) of FTO Ordinance, 2000. Fundamental rights under the Constitution of Pakistan ensure that citizens are dealt with in accordance with law, and the state cannot compel a person to surrender a legal right unless authorized by an act of parliament. Therefore, FBR cannot force a citizen to abandon one lawful choice for another arbitrarily."
The taxpayer has not submitted prescribed application as per Section 170(2)(a)(b) of the Ordinance read with Rule 71 prescribed at Part VI of the first schedule of the Income Tax rules, 2002, sine the application is not submitted as prescribed and verified in prescribed manner, therefore, this premature complaint may be filed.	The department may ask the complainant to file the required application in the prescribed manner. The refund application cannot be held as premature because department has never intimated the Complainant to make up the deficiency.

It was further stated that the statutory limitation period of 60 days has expired, and notices u/s 170(4) for verification of deduction u/s 154(1) and 235 have been issued.

4. Hearing in this case was conducted on 20.10.2026. The DR of the department joined the proceedings, but the complainant did not attend.

FINDINGS:

5. Perusal of the record confirms that the complainant submitted electronic refund applications u/s 170 of the Ordinance on 21.02.2026 via IRIS Barcode Nos. 100000271766841, 100000271765822, and

100000271766852 for Tax Years 2023, 2024, and 2025, respectively. Under Section 170(4) of the Ordinance, the department is legally bound to pass a formal order in writing, disposing of refund application within 60 days of its receipt. The Department explicitly admitted in its parawise comments that the statutory period of 60 days got expired long ago without disposing of the claims. Admittedly, the department remained inactive which manifests departments inaction, delay and ineptitude, which is tantamount to maladministration in terms of section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

6. FBR to direct:

- (i) the Commissioner-IR (Refund Zone), RTO, Multan to dispose of claim of refund of the complainant for the tax years 2023, 2024 & 2025, as per law, after affording opportunity of hearing to the complainant; and
- (ii) report compliance within 30 days.

Dated: 27 OCT 2026


(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

