

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.17535/KHI/ST/2026

Dated: 05.10.2026* R.O. Karachi

M/s JVS Textile Mills Pvt Ltd,
CNIC No. 4220148221267
B 118 Ground Floor Tipu Sultan Road,
Main Jinnah Avenue Malir Cantt Karachi

... *Complainant*

Versus

The Secretary,
Revenue Division,
Islamabad.

... *Respondent*

Dealing Officer	: Mr. Badruddin Ahmad Quraishi, Advisor
Appraising Officer	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	: Mr. Jamil Ahmed Karim, ITP
Departmental Representative	: Mr. Muhammad Ali Baig, OIR, CTO-I, KHI
Date of hearing	: 15.10.2026

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance), for pending deferred/missing amount refund claims for the tax periods of July 2025, Apr 2025, Nov 2025 & Mar 2026.

2. Briefly, M/s. JVS Textile Mills (Pvt) Ltd is a vertically integrated home textile manufacturer and exporter based in Karachi. As per the AR of the complainant, the details of the pending, missing, and deferred claims for processing are as follows:

Tax Period	Claim No.	Deferred Amount	Short/ Missing Amount	Remarks
Jul 2025	D110725104328	84,236	-	Deferred
Aug 2025	D110825104354	56,188	-	Deferred
Nov 2025	D111125104425	1,028,951	-	Deferred
Mar 2026	T110326104374	-	4,328,463	Missing
Total				1,169,375

* Date of registration in FTO Sectt



The FASTER system processed these refund claims, but a substantial amount was deferred or went missing. The missing amount pertains to Mar 2026, amounting to Rs.4,328,463/-, whereas the deferred amount pertains to 03 tax periods, amounting to Rs.1,169,375/- in total. The complainant approached the field office CTO-I, but without any success; hence this complaint.

3. The complaint was referred to the Secretary, Revenue Division, for comments in terms of Section 10(4) of the FTO Ordinance read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. The Deptt failed to file any written comments.

4. The arguments were heard, and records perused.

5. Admittedly, after processing sales tax refund claims through FASTER, a substantial amount related to deferred and missing claims remained pending for processing by the CTO-I Karachi. The missing amount pertains to Mar 2026, amounting to Rs.4,328,463/- whereas the deferred amount pertains to 03 tax periods, amounting to Rs.1,169,375/-. The issue of the missing amount has been resolved by FBR under Circular # 3 of 2020 Operations (Sales Tax) dated 07.12.2020 through a Standard Procedure for Sanctioning of Missing Amounts Stuck in FASTER System due to System Glitches.

The relevant portion of the said circular is as follows:

"(ii) Process of Past Missing Amounts"

The issue of past missing amounts has been resolved as under:

- (a) *That , in all case wherein the missing amounts could be effectively pulled by the system, have already been communicated to taxpayers for refiling after adequate modifications to the refund claims/ sales tax return;*
- (b) *That, in all remaining cases, where a taxpayer believes that a material amount of his refund claims have been unaccounted for, he may apply to the deputy Commissioner concerned; &*
- (c) *That the Deputy Commissioner will examine the case and after due verifications, will sanction the due amount.*



4. *The Chief Commissioner concerned would keep a complete log of the pending missing amount refund cases in their formations and ensure their disposal and processing in the shortest possible time as per law, and instructions. "*

6. As per the complaint, the AR has already approached the department vide letter dated 18.09.2026, followed by a reminder on 29.09.2026, but did not get any response. It is the responsibility of the Chief Commissioner to ensure disposal & and reprocessing of the missing amount in the shortest possible time as per law in view of clear instruction vide para 4 of Circular # 3 of 2020 Operations (Sales Tax) dated 07.12.2020. Moreover, the Second Secretary (Refunds/CSTRO) vide letter dated 21.11.2023 had already confirmed that PRAL would continue to add the missing amount in the system as per routine on the recommendations of the field formation.



7. As regards deferred claims for 03 tax periods, these claims are pending for processing by CTO-I Karachi. As per AR of the complainant, the case records have already been submitted before the TFD counter of CTO-I.

8. The refund claims are required to be processed within forty-five days of the filing of refund claims in terms of Section 10(1) of the Sales Tax Act 1990 (the Act), which states:

"10. Refund of input tax.— (1) If the input tax paid by a registered person on taxable purchases made during a tax period exceeds the output tax on account of zero rated local supplies or export made during that tax period, the excess amount of input tax shall be refunded to the registered person not later than forty-five days of filing of refund claim in such manner and subject to such conditions as the Board may, by notification in the official Gazette specify:"

Moreover, in case of processing through the FASTER module, these claims are required to be processed within seventy-two hours of submission of the claim, for onward advice to the respective bank for credit into the notified account of the claimant in terms of Rule 39F of Sales Tax Rules 2006, read with Section 10 of the Sales Tax Act 1990, which states:

"39F. Processing in FASTER module.— The claims routed to FASTER module shall be electronically processed. The data in the refund claim shall be scrutinized and verified by the system and the payable refund amount shall be determined on the basis of input consumed in exports or supplies. The refund payment order (RPO) of the amount found admissible shall be generated and the same shall be electronically communicated direct to the State Bank of Pakistan, within seventy-two hours of submission of claim, for onward advice to the respective banks for credit into the notified account of the claimant."

FINDINGS:

9. Nonpayment of sales tax refund for the tax periods of July 2025, Apr 2025, Nov 2025 & Mar 2026 within the prescribed period under section 10 of the Act is tantamount to maladministration in terms of section 2(3)(i)(a)(b) & (ii) of the FTO Ordinance.

RECOMMENDATIONS:

10. FBR to direct:-

- i) the Chief Commissioner, CTO-I Karachi, to ensure disposal & reprocessing of the correct missing amount for tax period Mar 2026 after detailed examination as per law and instruction in para 4 of Circular # 3 of 2020 Operations (Sales Tax) dated 07.12.2020, read with Second Secretary (Refunds/CSTRO) letter dated 21.11.2023 expeditiously;
- ii) the CIR, Refund Zone, CTO-I Karachi, to process deferred outstanding sales tax refund claim for the three tax periods July 2025, Apr 2025 & Nov 2025 amounting to Rs.1,169,375/- in terms of 'Chapter V (REFUND)' of Sales Tax Rules 2006, read with Circular 01 of 2020 dated 08.04.2020 in accordance with law expeditiously; and
- iii) report compliance within 30 days.

Dated: 27 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

