

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NO.17466/KHI/ST/2026

Dated: 03.10.2026* R.O. Karachi

M/s. Alfaz Enterprises,
NTN 0686236
F/41-A, SITE, 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	: Nemo
Departmental Representative	: Syed Sabih Hussain, DCIR, CTO-II 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 non-processing of deferred sales tax refund claims for the tax period Feb 2021 to Jan 2026.

2. Briefly, M/s. Alfaz Enterprises is engaged in the manufacturing of hosiery & knitwear textile goods and is registered with the Department under the Sales Tax Act 1990. As per the AR of the complainant, the details of the pending deferred claims for processing are as follows:

Sr.	Month	Claim No.	File Submission Date in Dept.	Total Balance Amount
1	Feb-21	T110221100937	16-Nov-2021	497,997
2	Aug-21	T110821100753	23-Dec-2021	230,987
3	Dec-22	T111222102726	26-Oct-2023	2,141,901
4	Jan-23	T110123100428	26-Oct-2023	1,001,824
5	Feb-23	T110223100961	07-Nov-2023	1,545,508
6	Mar-23	T110323101446	07-Nov-2023	3,030,619
7	Apr-23	T110423101421	07-Nov-2023	1,724,964
8	May-23	T110523100534	07-Nov-2023	2,014,377
9	Jun-23	T110623101336	21-Dec-2023	915,114

* Date of registration in FTO Sectt



Sr.	Month	Claim No.	File Submission Date in Dept.	Total Balance Amount
10	Jul-23	T110723100988	17-Jan-2024	519,349
11	Apr-24	T110424101653	02-Oct-2024	219,406
12	May-24	T110524101503	02-Jan-2025	199,602
13	Aug-25	T110825101427	22-Jun-2026	713,574
14	Jan-26	T110126101609	23-Jun-2026	3,104,126
			TOTAL	17,859,348

The complainant filed sales tax refund claims for tax periods Feb 2021 to Jan 2026 through the FASTER Refund system, but an amount of Rs.17,859,348/- remains pending on account of deferred refund claim before CTO-II, Karachi for processing. However, after a lapse of considerable time, the Department did not process these refund claims; 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. The DR states that this case has been recently transferred from CTO-1 Karachi. On receipt of soft data, the claims will be processed on merit as per law.

4. Arguments heard, and records perused.

5. Admittedly, the complainant is engaged in the manufacturing of hosiery & knitwear textile goods and filed sales tax refund claims for tax periods Feb 2021 to Jan 2026 through the FASTER Refund system, but an amount of Rs.17,859,348/- for Feb 2021 to Jan 2026 remains pending on account of deferred refund claims before CTO-II Karachi for processing. During the hearing, the DR states that soft data has not been transferred from CTO-I Karachi. On receipt of data, the claims will be processed on merit as per law. These 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 the 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:

6. Non-processing of outstanding sales tax deferred refund claims for tax periods Feb 2021 to Jan 2026 within the prescribed period of forty-five days is tantamount to maladministration in terms of section 2(3)(i)(a)(b) & (ii) of the FTO Ordinance.

RECOMMENDATIONS:

7. FBR to direct:-

- i) the CIR, Refund Zone, CTO-II Karachi, to process deferred outstanding sales tax refund claims for Feb 2021 to Jan 2026 in terms of 'Chapter V (REFUND)' of Sales Tax Rules 2006, read with Circular 01 of 2020 dated 03.04.2020 in accordance with law expeditiously; and
- ii) report compliance within 30 days.

Dated: 27 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

