

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO. 17760/MLN/IT/2026

Dated: 09.10.2026 - HQ* Islamabad

**M/s Ruby Mega Services (Pvt)
Limited,**
Opp. Niaz Petroleum Services Chowk
Qazafi, 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 (FTO Ordinance) against non-issuance and delay in processing of income tax refund claim of Rs. 2,158,520/- for the tax year 2023. The complainant, a private limited company, e-filed its Return of Income u/s 114(1) of the Income Tax Ordinance, 2001 for Tax Year 2023 on 15.01.2024 declaring taxable income of Rs. 6,131,963/-, tax chargeable of Rs. 2,324,834/-, and adjustable tax deductions/collections of Rs. 4,483,354/- u/s 231B(3), 234, 235, and 236(1)(a), thereby resulting in an excess refundable tax amount of Rs. 2,158,520/-. Subsequently, an electronic refund application u/s 170 of the Ordinance was submitted on 09.05.2025 through the Iris Portal. However, despite the lapse of a significant time period, the department failed to pass an order u/s 170(4) or release the refund claim, hence this complaint.



2. Notice u/s 10(4) of the FTO Ordinance, 2000 read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013 was issued to the Secretary, Revenue Division, Islamabad and Chief Commissioner IR, RTO Multan. In response, parawise comments dated 20.10.2026 were submitted through the Chief Commissioner IR, RTO Multan vide letter No. CCIR/RTO-MN/4853 dated 20.10.2026 enclosing the report of the Commissioner Inland Revenue (Refund Zone), RTO Multan.

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,	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.



therefore, this premature complaint may be filed.	
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On merits, the department conceded that the refund application was filed on 09.05.2025 and that the statutory period of 60 days had expired. The Department stated that a notice u/s 170(4) is being issued seeking requisite records/documents for verification of tax deductions claimed u/s 231B(3), 234, 235, and 236(1)(a) of the ordinance.

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

FINDINGS:

5. The available record and arguments presented by both sides have been thoroughly examined. The electronic filing of refund application under Section 170 on 09.05.2025 is verifiable from record. According to the provision of Section 170(4) of the Ordinance, the department was legally obligated to decide the refund application through a speaking order, in either way, within sixty (60) days of receipt of the application. However, in the instant case, the department remained inactive and failed to pass any order for over seventeen months until the lodging of the instant complaint. Routine administrative verifications cannot justify overriding the mandatory statutory timeline prescribed by law. As settled by the Hon'ble Supreme Court of Pakistan (2012 PTD 309 / PLD 1998 SC 64 / Pfizer Labs) and guaranteed under Article 24(1) of the Constitution, genuine refunds due to a taxpayer cannot be delayed or denied on administrative excuses or technicalities as public money is a trust.



6. The respondent department has failed to discharge its statutory obligation in disposing of the refund application under Section 170(4) within the prescribed time limit, which is a manifestation of inaction, delay, and ineptitude on the part of the department and the same tantamounts to maladministration in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.



RECOMMENDATIONS:

7. FBR to direct:

- (i) the CIR (Refund Zone), RTO Multan, to dispose of the pending refund application of the complainant for Tax Year 2023 in accordance with law, after providing proper opportunity of hearing; and
- (ii) report compliance within 30 days.

Dated: **27 OCT 2026**


(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

