

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.17204/KHI/IT/2026

Dated 27.09.2026 * R.O. Karachi

M/s Aero Globe (Pvt) Ltd NTN 3538659, ...Complainant
House No. 44/1, Khyaban-e-Shaheen, Phase -V,
DHA, Karachi.

Versus

The Secretary,
Revenue Division,
Islamabad. ...Respondent

Dealing Officer	: Mr. Badruddin Ahmad Quraishi, Advisor
Appraised by	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representatives	: Syed Shah Faisal, Advocate
Departmental Representatives	: Mr. Mustafa Ahmed, DCIR
Date of hearings	: 15.10.2026

FINDINGS

The above-mentioned complaint has been filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) for instructions that no coercive recovery under sections 138 or 140 of the Income Tax Ordinance, 2001 be effected against the Complainant on account of the advance tax demand of the Tax year 2027 except in accordance with the statutory requirements and the binding precedents declared in CIR v. Pakistan LNG Limited.

2. Briefly, as per the complaint, a system-generated Intimation to pay advance tax u/s 147 dated 07-09-2026 (barcode 100000310812323, due date 25-09-2026) intimated advance tax of Rs. 9,379,481/- for the first quarter of TY 2027 and invited the complainant to intimate any difference in its liability, supported by documentary evidence, on or before the due date through IRIS. On 25-09-2026, within the time allowed, the Complainant's Authorized Representative filed through IRIS a Memo to Provide Estimate for Advance Tax annexing a turnover statement. On the very next day,



Saturday, 26-09-2026, the Deptt passed an Order u/s 147 rejecting the Complainant's submission creating a demand of Rs. 7,637,616/- and declaring the Complainant in default with default surcharge u/s 205. No Notice or hearing thereof was ever afforded to the complainant whatsoever. On the same day at about 15:34 hours, the department issued a Notice u/s 138(1) requiring payment by 10:00 AM on Monday, 28-09-2026, and threatening attachment and sale of movable and immovable property, appointment of a receiver, and arrest and detention for up to six months. No demand notice u/s 137(2) was ever issued. No opportunity of being heard was afforded to the complainant taxpayer as required under the first proviso to section 147(6B) prior to disregarding or rejecting the revised estimates submitted by the taxpayer. The Order recites that "a notice under section 147 of the Income Tax Ordinance, 2001 was issued on 23-09-2026". No such notice appears on the Complainant's IRIS portal, and none was ever served. The FBR has barred manual issuance of notices and mandated issuance through IRIS. Passing an order on a notice that was either never issued or issued manually outside the system is contrary to law and a departure from established practice and procedure, and is perverse and arbitrary, constituting maladministration under section 2(3)(i)(a) and (b) of the FTO Ordinance.

The Islamabad High Court in W.P. No. 181/2019 etc. (decided 18-12-2024, 2025 PTD 1364) treated reliance on notices not routed through IRIS and recovery without due process as illegality warranting costs of Rs. 100,000 against the department. The Deptt faulted the Complainant for not producing sales ledgers, general ledger, management accounts and bank statements, records that are finalized after the close of the financial year, and demanded completed-quarter turnover before the quarter had closed. Without touching the merits,



the making of demands impossible to comply with within proceedings that confer no audit jurisdiction is unreasonable and amounts to administrative excess within section 2(3)(i)(b) and (d). Without issuing any demand notice u/s 137(2) allowing the statutory thirty days, the Deptt issued a Notice u/s 138(1) simultaneously with the Order u/s 147, on a Saturday at about 15:34 hours, requiring payment of Rs. 7,637,616/- by 10:00 AM the following Monday, in substance a few office hours, under threat of attachment, receivership, and arrest and detention of persons. This is in defiance of the law declared by the Supreme Court in CIR v. Pakistan LNG Limited (C.Ps. No. 3578 and 4598 of 2024, judgment dated 09- 04-2025), holding that an amount becomes recoverable "tax due" only after a section 137(2) notice remains unsatisfied, that coercive recovery must observe 'due process', and the Revenue Division. Unlawful coercive recovery in willful disregard of binding precedent is the very paradigm of maladministration under section 2(3)(i)(a), (b) and (d). The sequence as a whole, an order passed within twenty-four hours of the taxpayer's submission of Memo of Estimation, on a fabricated procedural history, followed within minutes by recovery threats over a weekend, discloses predetermination and haste that no bona fide exercise of public power can explain, and has caused the Complainant harassment, business disruption and injury to reputation; hence this complaint with the request for direction to follow due process of law for recovery of advance tax u/s 147 in terms of Honourable Supreme Court Decision dated 09.04.2025.



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. In response, the Commissioner Zone-VI, CTO-I Karachi, vide letter dated 13.10.2026, submitted comments stating that based on

the Complainant's own return of income for Tax Year 2025 (turnover Rs. 362,207,875/- and tax chargeable Rs. 31,264,938/-), an Intimation to Pay Advance Tax u/s 147 was issued through IRIS on 07-09-2026 intimating advance tax of Rs. 9,379,481/- for the quarter and the statutory due date of **25-09-2026**. The Complainant was thus given eighteen (18) days before the due date to pay or to intimate any difference with documentary evidence. As no payment was made, a Notice / Reminder to pay advance tax for the 1st Quarter of Tax Year 2027 was issued on **23-09-2026** through IRIS as an assignment ("Reminder Issued") within the same IRIS record of the Intimation. The said notice set out the complete working, allowed credit of Rs. 1,741,865/- (tax deducted u/s 233 and u/s 151 during the quarter) as "D", worked out net advance tax payable at Rs. 7,637,616/-, reminded the Complainant of the statutory due date of 25-09-2026, and invited objection with supporting documents. On the last date, i.e. 25-09-2026, the Complainant's Authorized Representative filed a "Memo to Provide Estimate for Advance Tax" through IRIS, claiming NIL liability on the basis of a self-stated quarterly turnover of Rs. 19,654,648/- "per books", supported by only a one-page "Turnover Breakup". No payment whatsoever was made by the due date. The statutory due date having lapsed without payment, the submission of the Complainant was considered, reproduced in the Order and decided with reasons through Order u/s 147 dated 26-09-2026, determining net advance tax of Rs. 7,637,616/-. A Notice u/s 138(1) was issued on the same date requiring payment of the arrears. The Complainant filed an appeal u/s 127 of the Ordinance before the learned Commissioner-IR (Appeals) on 27-09-2026 against the said Order, and on the same day filed the instant complaint. Upon coming to know of the filing of the first appeal, the Respondent office took no coercive measure whatsoever. No notice u/s 140 was issued to any bank or third party, no bank account was attached, no amount was recovered, no property



was attached or sold, no receiver was appointed, and no proceedings for arrest were initiated. The recovery stands in abeyance, pending decision of the first appeal.

4. Arguments heard, and record perused.

FINDINGS:

5. The judgment of the Supreme Court of Pakistan in Civil Petitions No. 3578 and 4598 of 2024 (*Commissioner Inland Revenue v. M/s Pakistan LNG Limited*, decided on 09.04.2025) as applied to advance tax determination and recovery under Section 147 of the Income Tax Ordinance, 2001. However, the department has assured that "No notice u/s 140 was issued to any bank or third party, no bank account was attached, no amount was recovered, no property was attached or sold, no receiver was appointed, and no proceedings for arrest were initiated. The recovery stands in abeyance, pending decision of the first appeal."



Moreover, since the instant case is sub judice before the Commissioner (Appeals), the Federal Tax Ombudsman shall not have jurisdiction to investigate or inquire into matters which are subjudice before a court of competent jurisdiction or tribunal or board or authority on the date of the receipt of a complaint, reference or motion by him in view of Section 9(2)(a) of the FTO Ordinance.

6. Accordingly, without discussing the merits of the instant case, the complaint is disposed of, and the case is consigned to record.

Dated: 27 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman