

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

COMPLAINT NO.17108/KHI/IT/2026

Dated: 24.09.2026* RO, Karachi
(Tax Year 2025)

**M/S. WHITE EAGLE ENGINEERING
(PVT.) LTD.**

...Complainant

Registration # B331221

Plot No.W2/5 North West Industrial
Zone, Port Qasim Authority
Karachi.

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer	:	Mr. Sahibzada Abdul Mateen, Advisor
Appraised by	:	Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	:	Mr. Farooq Mansoori, A.R.
Departmental Representative	:	Mr. Mehran Khan, DCIR, CTO-II, Karachi
Date(s) of hearing	:	08.10.2026, 13.10.2026 & 16.10.2026

FINDINGS / RECOMMENDATIONS

The above-mentioned complaint has been filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against non-issuance of Refund for Tax Year 2025 by the Commissioner Inland Revenue, Refund Zone, Corporate Tax Office-II (CTO-II), Karachi.



2. Briefly stated the facts are that the complainant is a Private Limited Co. engaged in the business of manufacturing of Condensers and assessed to Tax with CTO-II, Karachi. The complainant filed refund application u/s.170 of the Income Tax Ordinance, 2001 for Tax Year 2025, claiming refund of Rs.6,566,746/- on 25.07.2026. The above-mentioned refund claim is based on the tax deductions u/s.148 (on Import) of the Income Tax Ordinance, 2001 which is adjustable tax. The Department did

* Date of registration with FTO Secretariat

not take cognizance of the refund application and failed to initiate any proceedings in that regard, hence this complaint.

3. The complaint was referred to the Secretary Revenue Division, Government of Pakistan for comments and hearing by the Departmental Representative (D.R.), in terms of Section 10(4) of the FTO Ordinance read with section 9(1) of the Federal Tax Ombudsman Institutional Reforms Act, 2013.

4. The Commissioner-IR, Refund Zone, CTO-II, Karachi submitted, which are placed on record stating therein as follows;

"Preliminary Submission;

3. *The complaint is barred by the jurisdiction of the honourable FTO in terms of section 9(2)(b) of the FTO Ordinance. As per clause (b) subsection (5) of Section 170 of the Ordinance, failure of the Commissioner IR to pass an order within time specified in subsection (4) of section 170 of the Ordinance is an appealable matter.*

4. *Without prejudice to the above, the claim requires thorough verification before any refund of public money can be issued. All of the withholding tax of Rs.7,401,458/- claimed in the return, is tax collected at import stage under section 148 of the Ordinance, including Rs.6,813,256/- collected at the rate of 5.5%. In terms of section 148(7) of the Ordinance, tax collected at import stage is minimum tax, except in the cases specified therein, such as raw material, plant and machinery imported by an industrial undertaking for its own use. Whether the goods imported fall within the exceptions, so that the tax collected is adjustable, is therefore required to be verified from the GDs. It is noteworthy that the refund claimed (Rs.7,401,458/-) corresponds almost entirely (92%) to the tax collected at 5.5% (Rs.6,813,256/-); to the extent such tax is minimum tax, the refund claimed would not be admissible.*

5. *Further, the complainant has not claimed any tax credit under section 153(1)(a) of the Ordinance on supply of goods, nor can any tax be verified from the IRIS portal. This aspect needs to be examined and the correct tax liability of the complainant needs to be determined.*

Para-wise comments;

Complainant's claim of being a manufacturer requires verification and determination separately.

Filing of refund application does not automatically entitle the complainant to the refund claim, instead it requires verification



and determination. The application is in process which shall be disposed of in its turn.

The claim is pending verification in accordance with law. No maladministration is established merely by the passage of time when the law itself provides a specific remedy. Failure to pass an order within the time specified in section 170(4) of the Ordinance is an appealable matter under section 17(5)(b) read with section 127 of the Ordinance, hence outside the jurisdiction of the Hon'ble FTO in terms of section 9(2)(b) of the FTO Ordinance.

The refund application shall be processed and decided in accordance with section 170 of the Ordinance after verification of the claimed deductions, including the nature of the tax collected u/s.148, and after affording an opportunity of being heard to the complainant. The refund, if any can only be issued once its admissibility has been determined."



5. Following preliminary objections have been raised by the department which are responded as under:-

Objections	Rebuttal
<i>The complaint is barred by the jurisdiction of the honourable FTO in terms of section 9(2)(b) of the FTO Ordinance.</i>	"None of the areas enlisted u/s 9(2)(b) will be adjudicated. <u>However administrative excesses & highhandedness, extra-legal coercive measures and unexplainable delays beyond statutory timelines shall be highlighted as these acts of maladministration are normally not touched by appellate fora.</u> Moreover, Section 9(2)(b) purely relates to <u>assessment of income or wealth determination of liability of tax or duty, interpretation of law, rules and regulations relating to such assessment, determination classification or valuation</u> <u>in respect of which legal remedies of appeal, review or revision are available under the Relevant Legislation.</u> However, matters relating to <u>refund have not been listed at section 9(2)(b) of FTO Ordinance 2000.</u> This exclusion is not an omission rather it <u>reflects the intent of legislature which recognizes the sanctity of taxpayers' money.</u> In view of this exclusion all refund cases involving



	maladministration u/s 2(3)(i)(a)(b)(c)(d)(ii)(iii)(d)(iv) and (v) are out of the ambit of section 9(2)(b) of FTO Ordinance, 2000 meaning thereby Complaints in such cases can be legally entertained & adjudicated by this forum. (<u>A common case specific objection and its rebuttal is given at the end of this table.</u>)
Objections	Rebuttal
As per clause (b) subsection (5) of Section 170 of the Ordinance, failure of the Commissioner IR to pass an order within time specified in subsection (4) of section 170 of the Ordinance is an appealable matter.	<u>"In the cases of delay beyond statutory timelines the Taxpayer has been given to 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."</u>

6. Both the parties attended the hearings and made submissions, which were considered and record perused.

7. FINDINGS:

- i. Departmental contention that *all of the withholding tax of Rs.7,401,458/- claimed in the return, is tax collected at import stage under section 148 of the Ordinance, including Rs.6,813,256/- collected at the rate of 5.5%. In terms of section 148(7) of the Ordinance, tax collected at import stage is minimum tax, except in the cases specified therein, such as raw material, plant and machinery imported by an industrial undertaking for its own use. Whether the goods imported fall within the exceptions, so that the tax collected is adjustable, is therefore required to be verified from the GDs. Department may like to examine GDs to ascertain the adjustability.*

- ii. Admittedly M/S “White Eagle Engineering Pvt. Ltd has entered into a Technical Assistance and Joint Venture Agreement with Hefei TATATO, a globally recognized manufacturer of refrigeration fittings and home appliance components. With large-scale production facilities in China and an annual capacity of 10 million evaporator sets, TATATO supplies leading international brands including Midea, Meiling, and TCL. This collaboration enables us to deliver advanced refrigeration solutions and international-quality products to Pakistan’s growing industrial and consumer markets.” (<https://whiteeagleengineering.pk/pages/about-us>)
- iii. Record confirms that the complainant filed his refund application under Section 170 of the Income Tax Ordinance, 2001 for Tax Year 2025, claiming refund of Rs.6,566,746/- on 25.07.2026. However, the Department did not process the said application of refund. Refund claims are required to be processed within sixty days from the date of filing of the application in terms of Section 170(4) of the Income Tax Ordinance, 2001.

It has been found that the concerned officer did not attend to the refund application with the diligence and attention required under the law and failed to act within the prescribed timelines. This omission amounts to “maladministration,” as it constitutes neglect, inattention, delay, incompetence, inefficiency and ineptitude, in discharge of duties and responsibilities; as defined under Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

8. FBR to direct;
- (i) the Commissioner-IR, Refund Zone, CTO-II, Karachi to dispose of refund claimed for the Tax Year 2025 in accordance with law after providing opportunity of being heard; and
 - (ii) report compliance within 30 days.

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: 27 OCT 2026

