THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NO.01390/ISB/IT/2026
Dated: 20-01-2026, Islamabad

M/s. Aujla & Associates Town Developers (Pvt) Ltd. ...Complainant
Main Palm Commercial, Royal Palm City
Housing Scheme, Gujranwala.

Versus

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

Dealing Officer	:	Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative		Mr. Waheed Shahzad Butt
Departmental Representative		Mr. Inayat Ullah Khattak, AD, RTO Islamabad

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against non-adjustment of pending refunds of previous TYs against tax liability for TY 2025. The Complainant stated that prior to filing of tax return for TY 2025 the department was approached well intime for adjustment of pending refund claims for TYs 2017, 2018, 2019, 2020 and 2023 against tax liability for TY 2025. Departmental inaction & delay has triggered this Complaint.

2. In response to the notice issued under Section 10(4) of the FTO Ordinance, read with Section 9(1) of Federal Ombudsmen Institutional Reforms Act, 2013, the Department submitted Parawise comments dated 12.03.2026, wherein it was contended that Notice u/s 170(4) has been issued for TY 2023 for compliance on 25th March, 2026 and refund will be processed after necessary verification.

*Date of registration in FTO Sectt.

3. The case was fixed for hearing on 17th March, 2026. From the department Mr. Inayat Ullah Khattak, AD (Audit) attended and reiterated the earlier written stance. AR, Mr. Waheed Shahzad was heard on phone because he had some unavoidable commitments at LHC, Lahore.

FINDINGS

4. Based upon written Complaint, Parawise comments and discussions during hearing, the following findings can be deduced;

i. Admittedly refund claims for TYs 2017 to 2020 have yet not gained finality and once appeal effect of ATIR's orders is allowed only then admissibility thereof or otherwise would be determined.

ii. For TY 2023 refund application was filed on 2nd October, 2025, claiming refund of Rs. 44.673 million. In terms of section 170(4) the department was obligated to dispose of this application not later than 2nd January, 2026. However, Department failed in discharge of this statutory obligation.

iii. On 9th January, 2026 the Complainant approached the department for adjustment of claimed refund u/s 170(3) against the tax liability for TY 2025 as the last date for filing of return for the said year was 31st January, 2026. No action was taken by the department.

iv. The Complainant approached this forum on 20th January, 2026 against the aforementioned inaction & delay. It is on record that only after issuance of notices by this office the department woke up from slumber and issued notice u/s 170(4) dated 10th March, 2026 for compliance on 25th March, 2026.

v. While phenomenal quickness in adjustment of refunds u/s 170(3), against tax demand created by the department is a common departmental practice, the same legal right is denied to the taxpayers despite their repeated requests. Such an arbitrary treatment needs to be discouraged.

In view of above arbitrary treatment, inaction and delay on the part of department it is clear case of maladministration in terms of section 2(3)(i)(b) and(ii) of FTO Ordinance, 2000.

RECOMMENDATIONS

5. FBR is directed to ensure that;
   i. RTO Islamabad dispose of pending refund claim for TY 2023 immediately, as per law;
   ii. Member-IR (Operations) issues necessary instructions to all field formations with the effect that coercive measures for recovery of any tax demand may only be initiated after disposal of pending refund claims/adjustment requests; and
   iii. Report Compliance in 60 days.

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: 08 APR 2026

Approved for reporting