THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NO.10886 & 10887/KHI/ST/2026

Dated: 12.06.2026* R.O. Karachi

M/s. Quality Towellers, ...*Complainant*
NTN 1331448
Plot no 123 Sector 15,
Korangi Industrial Area, Karachi

Versus

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

Dealing Officer	: Mr. Badruddin Ahmad Quraishi, Advisor
Appraising Officer	: Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	: Mr. Ali Raza, ITP
Departmental Representative	: Mr. Muhammad Ali Baig, OIR, CTO Karachi
Date of hearings	**: 02.07.2026 & 09.07.2026**

FINDINGS/RECOMMENDATIONS

The above-mentioned complaint was filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against the inability of the FASTER system to distinguish between commercial export GD and non-commercial sample GD, resulting in illegal deferment of the whole carry-forward amount instead of proportionate deferment contrary to the procedure laid down in STGO No. 09 of 2023 read with Section 7 & 10 of the Sales Tax Act 1990 (the Act) whenever the sample GD came under objection "GD not realized". (A Non-Commercial Sample Goods Declaration (GD) is a special customs document used for importing or exporting product samples that have **no commercial resale value**. It allows items like prototypes, testing materials, and trade show displays to bypass standard commercial duties and lengthy

* Date of registration in FTO Sectt

clearance processes.) The second complaint, being identical, is dealt with in a consolidated order.

2. Briefly, the complainant is an Individual engaged in the manufacturing and exporting of other textile items. 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 Second Secretary (CSTRO/FTO) vide letter dated 01.07.2026 in both complaints directed the CEO PRAL to examine the issue and address the issue by filing parawise comments. Accordingly, the Senior Manager System Support (ST) Development vide letter dated 30.06.2026 submitted a detailed response which is reproduced below:

> "I am directed to refer to your letter No. FTO-10887/KHI/ST/2026, dated 17.06.2026 regarding the subject cited above.

Federal Tax Ombudsman Secretariat HQs Islamabad FTO

RESPONSE REGARDING IRIS SYSTEM:

1. **PRAL'S ROLE IN THE IRIS SYSTEM**

   We have carefully reviewed the complaint and wish to place our position clearly before the Honourable Federal Tax Ombudsman. The IRIS Sales Tax Return System receives Export Goods Declarations (GDs) directly from Pakistan Customs through an automated data interface and loads them into the system exactly as received. PRAL plays no role whatsoever in the creation, filing, or content of these GDs. They are filed by exporters or, in the case of courier shipments, by courier companies under their own NTNs as consolidated declarations covering multiple parcels. The IRIS system simply reflects what Customs transmits — nothing more, nothing less.

2. **THE ROOT OF THE PROBLEM LIES WITH CUSTOMS DATA — NOT IRIS**

   The complainant has described a situation where GDs filed by a courier company under the courier's own NTN have been auto-linked to the complainant's taxpayer profile. If this indeed the case, the error lies at the source — in how the GD was filed with Pakistan Customs, or in how Customs data has been structured and transmitted. PRAL has no legal authority or technical ability to alter, correct, or override data received from Pakistan Customs. To do so would itself be improper. Any correction to the GD — whether to amend NTN attribution, revise parcel-level details, exclude a specific consignment from a consolidated declaration — must be made by Pakistan Customs through their own amendment procedures. That is the appropriate and lawful remedy available to the complainant.

3. **COMPLAINANT IS DIRECTED TO THE APPROPRIATE FORUM**

In view of the above, the complainant is respectfully advised to:

(a) Approach the relevant Collectorate of Customs and request correction or amendment of the impugned GDs, particularly with respect to NTN attribution and consignment-level data;

(b) Once Customs amends the GD data, the corrected information will flow into IRIS through the established data interface and the issue will stand resolved.

RESPONSE REGARDING FASTER SYSTEM:

The matter pertains to a change in system for which an approved CRF (Change Request Form) will be required. Therefore, the case may please be forwarded to the Domain Team of the Board for further necessary action."

Federal Tax Ombudsman Secretariat HQs Islamabad FTO

3. Arguments heard and record perused.

4. The core issue in the present complaint is the de-linking of non-commercial (sample/courier) export GDs from the Sales Tax Returns due to the inability of the FASTER system to distinguish between commercial export GD and non-commercial sample GD. These non-commercial sample/ courier GDs are automatically populated by the IRIS system in Annexure D (Exports) of the Sales Tax Return. These GDs do not legally require realization of export proceeds and do not qualify for any sales tax refund. The IRIS system initially allows these GDs to be de-linked from Annexure D. However, at the time of submission of the Sales Tax Return, the system generates the objection "Export GDs exist for current month", thereby preventing submission of the return unless the de-linked GDs are re-included in Annexure D. Consequently, the de-link option becomes ineffective and serves no practical purpose. The de-linking of these non-commercial GDs is essential because

their continued association with the Sales Tax Return is likely to create unnecessary objections during refund processing by the FASTER system. The FASTER system incorrectly treated the non-commercial GD as a commercial export GD and raised the objection "GD Not Realized." As a result, the FASTER system diverts the taxpayer's **total** refund claim instead of proportionate input tax in violation of clause (i) of STGO No.09 of 2023 from automated processing to manual processing through STARR by the field office, which involves human intervention. This amounts to denial of the taxpayer's statutory rights to automated refund processing without human intervention, solely due to a defect in the IRIS system.

FINDINGS:

5.

i. Currently FASTER system doesn't distinguish between commercial export GD and non-commercial sample GD, resulting in illegal deferment of the whole carry-forward amount instead of proportionate deferment contrary to the procedure laid down in STGO No. 09 of 2023 read with Section 7 & 10 of the Sales Tax Act 1990 (the Act) whenever the sample GD came under objection "GD not realized".

ii. Reply filed by PRAL makes it clear that the data related to GDs is structured and transmitted by the Customs Authorities. PRAL has no legal authority or technical ability to alter, correct, or override data received from Pakistan Customs. Any correction to the GD — whether to amend NTN attribution, revise parcel-level details, exclude a specific consignment from a consolidated declaration — must be made by Pakistan Customs through their own amendment procedures. Once

Customs amends the GD data, the corrected information will flow into IRIS through the established data interface and the issue will stand resolved.

iii. In consultation with Custom authorities an approved CRF (Change Request Form) is required to be steered by the Domain Team of the Board for changes to the FASTER system.

RECOMMENDATIONS:

6. FBR is directed to ensure that;

i. IR and Custom Operation wings, FBR jointly attend to this systemic & hazardous loophole which poses a threat to export sector;

ii. Domain Team of the Board prepares ***Change Request Form*** in consultation with Customs wing for changes to the FASTER system;

a. modifying FASTER to recognize non-commercial/sample export GDs and refrain from raising the incorrect objection "GD Not Realized" against such GDs;

b. ensuring that FASTER complies with STGO No. 09 of 2023 by deferring only the proportionate input tax refund relating to the export GD under objection;

c. ensuring that, where no refund has been claimed in the Sales Tax Return, the FASTER system does not defer any amount, since there is no proportionate refund available for deferment under Clause (i) of STGO No. 09 of 2023; and

iii. report compliance in 60 days.

Federal Tax Ombudsman Secretariat HQs
FTO
Islamabad

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: 24 JUL 2026
Azeem

Approved for reporting