THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINTS NO.29886, 29908, 29914, 29922, 29924 to 29926/KHI/IT/2025

Dated: 16.12.2025* RO, Karachi
(Tax Years 2016, 2018, 2020 to 2024)

Mr. Basharat Ullah Khan ...Complainant
M/s. ORIENTAL SECURITIES (PVT.) LIMITED
NTN 1336933-4
Office Nos.731-732, 7th Floor Stock Exchange Building,
Off I.I. Chudrigar Road
Karachi.

Versus

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

Dealing Officer	:	Mr. Syedain Raza Zaidi, Advisor
Appraised by	:	Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	:	Mr. Riazuddin, Advocate Mr. Tariq Masood, Advocate
Departmental Representative	:	Mr. Hamza Malik, DCIR, CTO, Karachi Mr. Muhammad Ali Beg, OIR, CTO Karachi

FINDINGS/RECOMMENDATIONS

The complaints have been filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) for failure to adjust the Income Tax Refund against Tax demand of Tax Year 2025 and non-issuance of Refund for Tax Years 2009 to 2013, 2016, 2018 & 2020 to 2024 by the Commissioner Inland Revenue, Refund Zone, CTO, Karachi. Since all the complaints are similar in nature hence they are clubbed together for the purpose of this consolidated order.

2. Briefly stated the complainant is a Private Limited Company and running a stock brokerage house in the Pakistan Stock Exchange (PSX) and assessed to tax with CTO, Karachi. The Complainant contended

* Date of registration with FTO Secretariat

that through letter dated 12.11.2025, the Respondents were informed that refunds amounting to Rs.7,865,248/- pertaining to Tax Years 2009, 2010, 2011, 2012, 2013, 2016, 2018, 2020, 2021, 2022, 2023, and 2024 were available in its case and were intended to be adjusted against its admitted tax liability for Tax Year 2025. However, the IRIS system did not allow the said refunds to be carried forward and adjusted in Tax Year 2025. In response to AR's letter dated 12-11-2025 an e-mail was received from the FBR Helpline wherein the Complainant was advised as under: -

> *"Thank you for contacting the Federal Board of Revenue. This is in reference to your Case number FBR-3615875-F0Y9J5. If the adjustment amount does not exceed 100,000, the system will allow the adjustment. If the refund amount exceeds 100,000, the system validates the checks mentioned below. refund application u/s 170 has been filed. At least 60 days have passed since submission, and it remains pending for decision. Refund adjustment shall then be allowed up to lesser of eligible amount or PKR 200000 Please feel free to contact us for any further queries."*

Federal Tax Ombudsman Secretariat (HQs) Islamabad FTO

The Complainant stated that the aforesaid system limitation of Rs.200,000/- was grossly inadequate, as refunds totaling Rs.7,865,248/- had remained unissued and unadjusted since Tax Year 2009. Accordingly, through letter dated 15.11.2025, the Respondents were once again requested to enable the IRIS system to allow adjustment of the available refunds against the admitted tax liability for Tax Year 2025 and to carry forward the remaining balance for adjustment in subsequent tax years. Alternatively, the Respondents were requested to process the pending refunds and pass orders under section 170(4) of the Income Tax Ordinance, 2001.

3. The complainant also filed applications for refund u/s.170(1) of the ITO, 2001 for the following tax years. The detail of said refund claims are tabulated as under:-

S.No.	Tax Year	Date of claim	Amount of Refund
1.	2016	19.12.2017	Rs.1,129,828/-

2.	2018	27.02.2019	Rs.357,859/-
3.	2020	28.01.2021	Rs.781,629/-
4.	2021	25.01.2022	Rs.350,994/-
5.	2022	16.03.2023	Rs.951,127/-
6.	2023	06.03.2024	Rs.1,447,799/-
7.	2024	12.03.2025	Rs.787,381/-

The Complainant contended that the refunds pertaining to the above-said Tax Years have neither been processed nor have any orders under section 170(4) of the Income Tax Ordinance, 2001 been passed by the Respondents, nor was adjustment of the said refunds allowed against its admitted tax liability for Tax Year 2025, despite repeated written and verbal requests. As a result, the Complainant has been compelled each year to discharge its admitted tax liabilities from its own resources, while its genuine refund amounts, aggregating to Rs.7,865,248/- for Tax Years 2009, 2010, 2011, 2012, 2013, 2016, 2018, 2020, 2021, 2022, 2023, and 2024, remain unlawfully withheld by the Respondents for several years. This prolonged withholding has caused severe financial hardship and liquidity constraints and poses a serious risk to the continuity of the Complainant's business.

4. The Complainant further alleged that despite continuous follow-up and personal visits, the departmental officers failed to process the refund applications, leaving the Complainant with no option but to file the instant complaint.

5. 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 Ombudsmen Institutional Reforms Act, 2013.

FINDINGS:

6. Both parties attended the hearings and made their submissions, which were duly considered, and the record was perused. However, para-wise comments were not furnished by the Respondent Department. Upon investigation conducted by this office and examination of the material available on record, it has transpired that the Complainant had filed refund applications under section 170 of the Income Tax Ordinance, 2001 well within the prescribed time. However, the Department failed to take timely cognizance of the said applications. Refund claims are required to be processed within sixty days of the filing of the application in terms of Section 170(4) of the Income Tax Ordinance, 2001, which states:

> *"170(4)*
> *The Commissioner shall, within sixty days of receipt of a refund application under sub-section (1), serve on the person applying for the refund an order in writing of the decision after providing the taxpayer an opportunity of being heard."*

Federal Tax Ombudsman Secretariat HQ. Islamabad FTO

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.

Similarly, FBR's internal instructions limiting adjustment of refunds u/s 170 (3) stating that *"If the adjustment amount does not exceed 100,000, the system will allow the adjustment. If the refund amount exceeds 100,000, the system validates the checks mentioned below. refund application u/s 170 has been filed. At least 60 days have passed since submission, and it remains pending for decision. Refund adjustment shall then be allowed up to lesser of eligible amount or PKR 200000."* Such any administrative instruction which circumvents any statutory provision, adversely impacting tax payer's rights is an act of maladministration in terms of section 2(3)(i) (a) (b) being;

(a) ***contrary to law, rules or regulations or is a departure from established practice or procedure,***

(b) ***perverse, arbitrary or unreasonable, unjust, biased, oppressive, or discriminatory;***

Federal Tax Ombudsman Secretariat HQs
FTO
Islamabad

RECOMMENDATIONS:

8. FBR to direct;

   (i) the Commissioner-IR, Refund Zone, CTO Karachi to process the refund claimed for the Tax Years 2009 to 2013, 2016, 2018 & 2020 to 2024 or allow adjustment thereof against the admitted tax liability for Tax Year 2025, as per law, after providing the opportunity of being heard;

   (ii) the Director General (IT & Digital Transformation) FBR to remove the checks in FBR system / returns of income and devise a mechanism that automatically allows genuine refunds to be carried forward to the years next following and same to be adjusted against the admitted tax liability of the taxpayers; and

   (iii) Report compliance within 60 days.

(M. Zafar-ul-Haq Hijazi)
Federal Tax Ombudsman

Dated: 28 JAN 2026

Approved for reporting