THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NO.01158/SGD/IT/2026
Dated: 15.01.2026* R.O, Sargodha

Mr. Shahid Farooq,
Dhoke Jori, Mandi Bahuddin. ...Complainant

Versus

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

Dealing Officer	: Mr. Shaukat Mahmood, Advisor
Appraised by	: Mr. Khalid Javed, Advisor
Authorized Representative	: None
Departmental Representative	: Ms. Amna Niaz, DCIR, RTO, Sargodha

FINDINGS/RECOMMENDATIONS

Federal Tax Ombudsman Secretariat HQs FTO Islamabad

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 amounting to Rs.6,400,000/-, Rs.675,000/- & Rs.3,450,838/- for the tax years 2023, 2024 & 2025, respectively by Regional Tax Office (RTO), Sargodha, Federal Board of Revenue (FBR).

2. Main facts of the case are that the Complainant (having CNIC: 34402-1706710-7) is non-resident Pakistani and presently residing in France. The Complainant filed returns of income for the tax years 2023, 2024 & 2025 in terms of Section 114(1) of the Income Tax Ordinance (ITO), 2001 claiming refund of Rs.6,400,000/-, Rs.675,000/- & Rs.3,450,838/-, respectively. Withholding tax was deducted on purchase of property in terms of Section 236K of the Income Tax Ordinance 2001. According to the Complainant, refund applications were e-filed on 05.12.2025 & 11.11.2025. However,

* Date of registration in FTO Sectt.

despite repeated efforts of the Complainant, Department failed to dispose of refund applications under Section 170(4) of the Ordinance within the stipulated time. Hence, filing of instant complaint.

3. The complaint was sent for comments to the Secretary, Revenue Division, Islamabad in terms of Section 10(4) of the FTO Ordinance read with Section 9(1) of Federal Ombudsmen Institutional Reforms Act 2013. In response thereto, the Chief Commissioner IR, Regional Tax Office, Sargodha forwarded comments of Commissioner IR, Refund Zone, RTO, Sargodha dated 28.01.2026. At the outset preliminary objection regarding bar of jurisdiction was raised in terms of Section 9(2)(b) of the FTO Ordinance on the basis of Hon'ble President of Pakistan's decision in C. No.FTO/LHR/0000697/2016 and Hon'ble Lahore High Court's decision in Writ Petition No.5999/2017.

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4. The preliminary objection raised by the Deptt in terms of Section 9(2)(b) of the Ordinance is misconceived as the decision of Lahore High Court (LHC), Lahore in Writ Petition No.5999/2017. (M/s Shahzadi Polypropylene Industries VS Federation of Pakistan) is distinguishable due to its peculiar facts. (In the said case refund application submitted to FBR was not processed and due refund was not paid to him. During FTO's investigation proceedings, FBR acknowledged the availability of evidence supporting the claim of the complainant and made commitment before the FTO that the claim of M/s Shahzadi Polypropylene Industries would be settled in three weeks. ***In view of this commitment, the FTO did not give any finding or recommendation and disposed of the matter as per commitment***). Resultantly, the quoted case law does not apply to this case on all fours. Moreover, findings/recommendations

issued by this forum in C.No.329/KHI/IT/2017, were assailed by the Deptt. before the Hon'ble President by placing reliance on a judgment of Hon'ble Lahore High Court, Lahore in W.P. No. 5999/2017. While rejecting the representation of the Deptt., vide order No.165/FTO/2017 dated 29.01.2018, the Hon'ble President observed that:-

> ***"It is as clear as the crystal that FTO has made recommendations which are only to the extent to direct the Commissioner IR to complete the verification process and settle refund claims for the tax years 2014 and 2015, as per law, within 45 days thereafter. It is just a harmless order and only the Agency has to decide the issue as per law which was never denied in its written reply even by the Agency. The Agency has full powers to decide the issue either way, on merits and in accordance with the provisions of law. Thus, the findings of the learned FTO are quite sustainable and the Agency has unnecessarily filed this representation. In such circumstances, this representation is liable to be rejected having no merits and the recommendations/findings of FTO are sustainable and maintainable being unexceptional in nature in the eyes of law."***

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In view of the above factual and legal position, the preliminary objection regarding bar of jurisdiction being misconceived is overruled.

5. Furthermore, the Department in its report dated 28.01.2026 contended that refund applications for tax years 2023, 2024 & 2025 could not be processed as evidence of tax deductions were not provided by the Complainant. As soon as, the Complainant submits original documents and verification was completed, refund applications for tax years 2023, 2024 & 2025 would be disposed of, as per law.

6. Hearing was conducted on 19.02.2026. Complainant did not attend the hearing. DR, of RTO, Sargodha attended hearing on 19.02.2026. The DR reiterated the stance taken in parawise comments of the Deptt. dated 28.01.2026.

7. During hearing, DR stated that the complainant e-filed refund applications on 05.12.2025 & 11.11.2025 and she could not provide any justification for delay in processing of the refund applications for the tax years 2023, 2024 & 2025. Moreover, Deptt was required to have disposed of refund applications for the above said tax years in either way, within sixty days in terms of provision of Section 170(4) of the Income Tax Ordinance. However, the Deptt remained inactive and the stipulated time period got elapsed.

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MALADMINISTRATION:

8. This delay in disposing of refund applications is manifestation of Departmental neglect, inattention and ineptitude in discharge of its duties and the same is tantamount to maladministration in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS

9. FBR to-

(i) direct the concerned Commissioner-IR, RTO, Sargodha to dispose of refund applications of the Complainant for the tax years 2023, 2024 and 2025, after affording opportunity of hearing to the Complainant and as per law; and

(ii) report compliance within 60 days.

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

Dated: 02 MAR 2026