THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NO.02227/ISB/IT/2026

Dated:03.02.2026* HQ Islamabad

Mr. Qasim Khan Durrani, ...Complainant
(Registration No:6110104991421)
House No. 09, College Road, F-7/3, Islamabad.

Versus

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

Dealing Officer	:	Mr. Muhammad Naseer Butt, Advisor
Appraised by	:	Mr. Khalid Javed, Advisor
Authorized Representative	:	Mr. Rahim Nawaz Khan Abbasi, AHC
Departmental Representative	:	Mr. Inayat ullah Khattak, AD (Audit), RTO, Islamabad

FINDINGS/RECOMMENDATIONS

The complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance 2000 (FTO Ordinance). The comments were obtained from the department, which were examined and placed on file. The AR and DR attended. Arguments were heard and record perused and complaint is disposed of on the basis of available record as under.

2. The complainant is **a non-resident** who stated that he claimed refunds for tax years 2020, 2021 and 2022 amounting to Rs. 375,000/-, Rs. 550,000/- and Rs. 2,931,933/- respectively aggregating to Rs. 3,856,933/-. The complainant further stated that the said refunds were unlawfully rejected by the concerned Commissioner Inland Revenue on untenable and illegal grounds, compelling the taxpayer to prefer appeals before the Hon'ble Appellate Tribunal Inland Revenue (ATIR). The Hon'ble ATIR, vide its order dated 07.08.2025, allowed the appeals and vacated the impugned orders passed by the Commissioner Inland Revenue.

* Date of registration with FTO Secretariat

3. The complainant further stated that despite lapse of over seven months since the receipt of order of ATIR, no action whatsoever has been taken by the concerned office to implement the ATIR order or to process the lawful refunds. The complainant prayed to direct the CIR to process and release the refund amounting to Rs. 3,856,933/- within 30 days, directly into the taxpayer's bank account as already available with FBR and take appropriate action against the officials found delinquent in the performance of their statutory duties.

4. The RTO, Islamabad filed written comments wherein, they stated that the refund orders u/s 170(4) for tax years 2020, 2021 and 2022 have already been processed.

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5. Perusal of the complaint and record shows that department passed order u/s 170(4) for tax year 2020 on 23.10.2024. The department created refund amounting to Rs. 375,000/- and the same was adjusted against demand for tax year 2022. Similarly, the department passed order u/s 170(4) for tax year 2021 on 30.08.2024 whereby, the department adjusted the amount of refund of Rs. 550,000/- against the outstanding demand for tax year 2022. It is further noted that for tax year 2022 the department amended the original assessment through an order passed u/s 122(1) on 28.08.2024 and created tax demand of Rs. 97,928,788/-. Therefore, the claim of refund for tax year 2022 became invalid and the tax officer issued order u/s 170(4) on 09.10.2024 rejecting the refund claim of the complainant as invalid.

6. Record further shows that, being aggrieved, the complainant filed appeal before the ATIR who vide order dated 07.08.2022 vacated the impugned order. The complainant was provided direct relief in appeal. In such a situation the department was required to

give appeal effect to the appeal order within 2 months in terms of section 124(4) of the Income Tax Ordinance, 2001. Due to delay, the total refund including the refund adjusted for tax years 2020 and 2021 against tax demand for tax year 2022 is lying pending with the department. The appeal effect has not been given to date by the department which is violation of the said statutory provision. During the hearing, the DR confirmed that no further appeal has been filed by the department against the order of ATIR.

7. Thus, there is no justification for delaying appeal effect in terms of section 124(4) when the demand has been vacated by the appellate authority. The delay in giving appeal effect to the order of tribunal for tax year 2022 and issuing due refund 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:

8. FBR to:

(i) direct the CIR concerned to give appeal effect to the ATIR order for tax year 2022 and issue due refund within 30 days;

(ii) report compliance within 45 days.

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: 17 MAR 2026

Federal Tax Ombudsman Secretariat HQ. Islamabad FTO