THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NOs.02268 & 02269/ISB/IT/2026
Dated:03.02.2026* HQ Islamabad

Syed Baqar Hussain Shah, ...Complainant
(Registration No: 6110119013455)
Farm House No. 87, Street No. E-1,
Executive Block, Gulberg Greens,
Islamabad.

Versus

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

Dealing Officer	:	Mr. Muhammad Naseer Butt, Advisor
Appraised by	:	Mr. Khalid Javed, Advisor
Authorized Representative	:	Mr. Zohaib Hassan, Advocate
Departmental Representative	:	Mr. Inayat Ullah Khattak, AD(Audit), RTO, Islamabad

FINDINGS/RECOMMENDATIONS

The complaints were 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 DR and AR attended. Arguments were heard and record perused and complaints are disposed of on the basis of available record as under.

2. The complainant, a non-resident, is aggrieved by delay in processing of refund for tax years 2021 & 2023 amounting to Rs.2,481,755/- and Rs.3,913,943/- respectively. The online refund applications were filed u/s 170 of the Income Tax Ordinance, 2001 (the Ordinance) on 09.11.2021 and 03.12.2025 for tax years 2021 and 2023 respectively, which were not processed by the Department. The complainant prayed that the Department may be directed to process pending refund applications and issue refund.

* Date of registration with FTO Secretariat

3. Upon receipt of the complaints, comments were sought from the Department. In its written reply dated 18.02.2026, the Department stated that a notice under Section 111 of the Income Tax Ordinance, 2001 had been issued to the complainant for Tax Year 2024, and that on this basis the refund claims relating to the earlier tax years could not be processed.

4. The matter was examined in the light of the available record as well as the submissions made by the parties during the course of hearing. The principal issue requiring determination was whether the alleged pendency of proceedings for another tax year i.e. 2024 could lawfully justify withholding refunds relating to earlier tax years i.e. 2021 and 2023. Upon examination of the relevant provisions of law and the material placed on record, it becomes evident that mere possibility or pendency of proceedings for another tax year cannot, by itself, constitute lawful justification for delaying the processing of refunds.

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5. Another matter of concern also emerged during the proceedings. The Department, in its written submissions dated 18.02.2026, had stated that a notice under Section 111 of the Income Tax Ordinance, 2001 had been issued on 28.11.2025 to the complainant for Tax Year 2024, and that on this basis the refund claims relating to Tax Years 2021 and 2023 could not be processed. However, upon verification of the official record during the proceedings, this Secretariat found out that no such notice under Section 111 of the Income Tax Ordinance, 2001 had, in fact, been issued dated 28.11.2025, thus rendering the aforesaid statement factually incorrect. The making of an incorrect or misleading statement before this forum reflects a serious lapse, particularly as submissions made before the Federal Tax Ombudsman are expected to be verified from official record and presented with due

diligence by responsible public functionaries. It is a well-established principle that any attempt to mislead a judicial or quasi-judicial forum by making incorrect or misleading statements undermines the due administration of justice. The Federal Tax Ombudsman is vested with powers of a civil court for the purposes of investigation and adjudication, and therefore the accuracy and integrity of statements made before this forum must be ensured. Such conduct, if left unchecked, has the potential to erode the credibility of proceedings before this forum and therefore requires appropriate examination so that the standards of diligence and candour expected from public functionaries appearing before the Federal Tax Ombudsman are duly maintained. Accordingly, the concerned authorities need to investigate this issue that how a wrong statement was submitted before this Forum and who is actually responsible for initiating the misstated facts.

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6. It may be mentioned that the refund applications have to be decided within 60 days from the date of filing of refund applications, in either way, in terms of section 170(4) of the Ordinance. However, the applications are still pending despite passage of prescribed time limit. This delay is manifestation of departmental neglect and inattention 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:

7. In view supra,

(i) the concerned CIR is directed to dispose of pending refund applications for the tax years 2021 and 2023 of the taxpayer on merits and as per law within 20 days' time period;

(ii) the Chief Commissioner, RTO, Islamabad is directed to investigate the matter of misstatement of facts pertaining to issuance of notice u/s 111 for the tax year

2024 as discussed above and fix the responsibility in this regard and intimate the outcome within 15 days; and

(iii) report compliance as per above given time lines.

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: 16 MAR 2026