THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

Complaint No.02908/MLN/IT/2026
Dated: 10.02.2026* R.O. Multan

Ms. Masooda Begum Aslam,
340/341, Tariqabad, Khanewal. ... Complainant

Versus

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

Dealing Officer	:	Dr. Khalil Ahmad, Advisor
Appraisement Officer	:	Mr. Khalid Javed, Advisor
Authorized Representative	:	Mian Masood Ashraf
Departmental Representative	:	Mr. Abdul Karim, DCIR, RTO, Multan

FINDINGS / RECOMMENDATIONS

The complaint has been filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against un-due delay in issuance of refund for Tax Years 2023 & 2024 amounting to Rs.0.023 & Rs.0.466 million respectively. According to the Complainant (Non-Resident), refund applications for both tax years were e-filed on 08.08.2024. The Deptt failed to pass order under Section 170(4) of the Ordinance, within the stipulated time.

2. 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 thereto, the DR submitted Para-wise comments of the Commissioner-IR, Refund Zone dated 18.03.2026 & 07.04.2026. At the outset Preliminary objection has been raised on point of jurisdiction and contended that in case statutory period for processing refund claim lapses the Complainant could have filed appeal before the CIR(Appeals) in terms of Section 127 of the Ordinance. Thus, the Hon'ble FTO does not have jurisdiction in the instant case in terms of Section 9(2)(b) of the FTO Ordinance.

* Date of registration in FTO Sectt.

3. On merits, the Deptt has contended that the Complainant e-filed refund application for Tax Year 2023 claiming refund under Section 236C of the Ordinance. In this regard notice under Section 170(4) of the Ordinance is being issued to the Complainant for provision of necessary documents / record to ascertain the veracity / verification of refund claim. As regards Tax Year 2024, the taxpayer has not claimed any tax deductions / corresponding section in income tax return.

4. Case was heard on 18.03.2026 & 30.03.2026. The AR & DR attended. The DR submitted comments for Tax Years 2023 & 2024 and notice under Section 170(4) of the Ordinance for Tax Year 2024. The AR committed to respond to notice. The Complainant is a Non-Resident Pakistani. Claim of refund relates to tax deduction on sale of immovable property in terms of Section 236C of the Ordinance.

5. Both the parties have been heard and record perused.

6. Preliminary objection raised by the Deptt regarding bar of jurisdiction in terms of Section 9(2)(b) of the FTO Ordinance, is not sustainable due to following reasons:

(i) The delay in payment of refund for any tax year beyond the statutory timeline as provided under Section 170(4) of the Ordinance squarely falls within the ambit of maladministration being in violation of the substantive / express provisions of law.

(ii) The taxpayer's legal rights as provided in the substantive law cannot be restrained through any administrative circular / directions such as FIFO principle. The exception provided in Board's circular is infact an admission / recognition of the fact that any delay in issuance of refund beyond the statutory period provided under Section 170(4) of the Ordinance is an act of maladministration.

(iii) The Hon'ble President in Representation No. 418/FTO/2025 dated 18.12.2025 filed by the FBR on the policy of FIFO has upheld the order of this Forum by holding as under:-

> ***"Suffice it to add that there is no cavil to the policy of first in and first out, but obviously the complainants who have gone to the FTO for processing of their refund applications are entitled to be given preference with regard to those who are not that hard pressed for recovery of the refund amount".***

8. In view of above discussion, the pretext of FIFO policy adopted by the Deptt. is misconceived and wrongly applied to the cases of this Forum and as such the same is overruled.

9. Admittedly, the Complainant e-filed refund applications for Tax Years 2023 & 2024 on 08.08.2024. In terms of Section 170(4) of the Ordinance, the Deptt was required to have disposed of refund application, either way, within 60 days of the filing, after providing opportunity of hearing. In the instant case, the Deptt, failed to dispose of Complainant's refund applications for Tax Years 2023 & 2024, within the time stipulated in terms of Section 170(4) of the Ordinance.

FINDINGS:

10. Inattention and delay in the administration or discharge of duties and responsibilities in disposal of refund applications for Tax Years 2023 & 2024, within the stipulated time is tantamount to maladministration, in terms of Section 2(3)(ii) of the FTO Ordinance.

RECOMMENDATIONS:

11. FBR to-

(i) direct the Commissioner-IR, Refund Zone to dispose of refund claim for Tax Years 2023 & 2024, under Section 170(4) of the Ordinance, as per law, after providing opportunity of hearing to the Complainant; and

(ii) report compliance within 30 days.

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: 14 APR 2026
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