THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

COMPLAINT NO.10844/ISB/IT/2026

Dated:11.06.2026* HQ Islamabad

M/s Sprint Oil & Gas Services FZC, ...Complainant
(Registration No:2209880)
C/o Mr. Muhammad Kashif Ashfaq, (Manager Finance, Plot No. 5-B, Sector I-10/3, Islamabad.

Versus

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

Dealing Officer	:	Mr. Muhammad Naseer Butt, Advisor
Appraised by	:	Mr. Muhammad Tanvir Akhtar, Advisor
Authorized Representative	:	Mr. Waheed Shahzad Butt, Advocate (Telephonic Hearing)
Departmental Representative	:	Mr. Bahader Sher Afridi, ADCIR, CTO, Islamabad
Date of hearing	:	15.07.2026

FINDINGS/RECOMMENDATIONS

The complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance 2000 (FTO Ordinance) and the case was fixed for submitting comments on 30.06.2026. The department filed comments, 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 M/s. Sprint Oil & Gas Services FZC is aggrieved by delay in processing of refund for tax year 2025 amounting to Rs. 42,862,774/-. The online refund application was filed u/s 170 of the Income Tax Ordinance, 2001 (the Ordinance) on **13.04.2026,** which was not processed by the department despite a lapse of statutory time of 60 days.

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* **Date of registration with FTO Secretariat**

3. The complainant further stated that the Hon'ble Islamabad High Court in WP No. 2173/2023, directed the FBR to implement an automated income tax refund system under Section 170A of the Income Tax Ordinance, 2001. The stated objective of that direction was to reduce taxpayer interaction with field formations and to streamline the refund disbursement process. Further, the direction has not been given effect by field formations, including CTO, Islamabad.

4. The complainant further stated that the continued non-issuance of the refund falls within the definition of "maladministration" as defined under Section 2(3) of the Federal Tax Ombudsman Ordinance, 2000, which encompasses, inter alia, "neglect, inattention, delay, incompetence, inefficiency and ineptitude in the administration or discharge of duties and responsibilities." The complainant prayed that that this Hon'ble Forum may graciously hold that the non-issuance of the lawfully determined income tax refund by CTO, Islamabad, constitutes maladministration within the meaning of Section 2(3) of the Federal Tax Ombudsman Ordinance, 2000; direct the tax functionaries at CTO, Islamabad, to forthwith release the determined income tax refund to the complainant together with compensation as provided under the law and direct the respondents to comply with the Hon'ble Islamabad High Court's directions in WP No. 2173/2023 regarding the automated refund system, so that similarly placed taxpayers are not subjected to avoidable hardship and to avoid futile litigation at the cost of precious taxpayer money.

5. The CTO, Islamabad filed written comments without annexture-A wherein, they stated that the complainant has very recently i.e. on 13.04.2026 filed application for refund. It is pertinent

to mention that Federal Board of Revenue vide Circular No.4(10) Rev Bud/2024-25/205490-R dated 17 October, 2024 has issued directions that refund applications shall be processed on First- in - First- out basis. The instant complaint has been filed for refund of tax year 2025 for which application has been filed two months ago. Despite this, their office has issued notice to the complainant u/s 170(4) of income tax ordinance 2001 to furnish the supporting documents in respect of the refund claim.

6. The CTO, Islamabad further stated that the assessment order u/s 120 of the Ordinance is only deemed assessment of income and tax liability filed by the taxpayer under the universal self-assessment Scheme. Such deemed assessment order is in no way authentication or finality of refund claim which to the contrary is subject to the proceeding's u/s 170 of the Ordinance.

7. The CTO, Islamabad further stated that the refund application of the complainant is still at the verification stage for which notice for production of payments record (CPRs etc.) has been issued to the complainant. As no adverse inference or an adverse order has yet been passed by the respondent therefore the cited judgments are not yet applicable to the instant complaint and is a ground taken prematurely. The CTO, Islamabad further stated that the complainant has not filed appeals before CIR(Appeals) which is the statutory requirement u/s 170(5) of the Ordinance. The instant complaint is therefore liable to be dismissed on this account alone.

8. **<u>As regards legal objection over jurisdiction of this office,</u>** it is stated that the matter has been taken up by this office to see if there is any act contrary to law, procedure and delay in disposing of pending refund application or departure from law and laid down procedure. The department's objection to the complaint on the basis

that it is an "appealable" matter lacks merit and reflects an attempt to evade accountability. The FTO's jurisdiction is clear in matters where the grievance stems from administrative delays. This distinction is crucial as it prevents tax authorities from using appealable grounds as a shield against their own administrative failings. The delay is apparent from record in the instant complaint. Therefore, the objection is not sustainable and is overruled.

9. Further, FBR's above pretext and validity of the cognizance of this forum on the issue of delayed refunds has been conclusively adjudicated by the Presidential Secretariat. In a judgment (Rep. No. 362 to 368/FTO/2025 date of decision: 14.01.2026), in a case wherein department had sought shelter from maladministration under FIFO's umbrella, the hon'ble President of Pakistan rejected FBR's plea stating;

> *"The policy of first in in first out will not absolve the department from deciding refund applications within a reasonable time.* ***In matters where the disposal of such applications is delayed beyond a reasonable time then regardless of this policy, such delayed disposal of refund applications will constitute maladministration. The learned FTO undoubtedly has the jurisdiction to deal with such issues to the exclusion of any other forum in the country, including the Federal Court, Supreme Court or other courts functioning within the limits of a province.*** *In this view of the matter, the representation of the FBR against the present respondent is not justified. Accordingly, the FBR is directed to implement the order of the learned FTO at the earliest. Although the compliance was to be reported within 45 days and that period has elapsed since long. However, it is trite law that when a law requires a thing to be done within a certain time and if it is not done within time, it shall still be done. It may be reiterated that the FBR will implement the order of the learned FTO at the earliest."*

In addition, the Board has issued instructions for processing of refund vide notification dated 17.10.2024. As per instructions First-

In-First Out (FIFO) principle, the said circular is not applicable to cases taken up by this office. Therefore, the objection based on the above circular is not sustainable and is overruled.

FINDINGS:

10.

i. The complainant had filed refund application on **13.04.2026** the instant Complaint was lodged on **11th June 2026** i.e. exact 60th day. Delay only beyond statutory time of 60 days tantamounts to maladministration.

ii. The issue of section 170A has already been taken by the Hon'ble Islamabad High Court. Any non-compliance of judicial orders is dealt by the respective courts themselves therefore; no finding is required from this forum on this issue.

iii. Notwithstanding the above, Section 170A of the Income Tax Ordinance, 2001 provides the legal framework for the centralized, automated electronic processing and issuance of tax refunds directly to a taxpayer's designated bank account without requiring manual applications or physical verification. While introducing this provision the legislature had left the operationalization of this section to FBR as it reads;

> *"170A.* ***Electronic processing and electronic issuance of Refunds by the Board***.—
>
> Notwithstanding anything contained in section 170 of this Ordinance, commencing from tax year 2021, *the Board* ***may*** *process and issue refund* to the taxpayer who has filed the return of income without requiring refund application by the taxpayer to the extent of tax credit verified by the ***Board's computerized system as may be prescribed***. The refund amount sanctioned under this section shall be electronically transferred in the taxpayer's notified bank account."

iv. The complainant, inter alia, claimed credit for tax deducted u/s 148 on account of import, tax deducted u/s

151(1)(b) on account of profit on debt, tax deducted u/s 231AB on account of advance tax on cash withdrawal, tax deducted u/s 236(1)(d) on account of internet bill and tax deducted u/s 236CB on account of functions/gatherings. During hearing on 15.07.2026, the DR confirmed that the case is under process and notice u/s 170(4) has been reportedly issued.

v. The refund application is still pending despite lapse of statutory timelines and 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.

vi. The claim of compensation is premature at this stage, in view of relevant legal provisions.

RECOMMENDATIONS

11. FBR to:-

(i) direct the CIR (Refund Zone), CTO, Islamabad to dispose of pending refund application of the taxpayer for tax year 2025 after ascertaining nature of tax paid/deducted as final or minimum or adjustable partially or wholly, in accordance with law; and

(ii) report compliance within 30 days.

12. While FBR has already launched Faceless Custom Clearance and Assessment Regimes, Board may also operationalize ***Faceless Refund Regime*** u/s 170A by prescribing proper mechanism, whereby refund amount to the extent of tax credit verified by the ***Board's computerized system,*** sanctioned under this section shall be electronically transferred in the taxpayer's notified bank account, without requiring formal refund application.

Federal Tax Ombudsman Secretariat HQs Islamabad FTO

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

Dated: 31 JUL 2026

Azeem

Approved for report.