

PRESIDENT'S SECRETARIAT (PUBLIC)  
AIWAN-E-SADR

*M/s. Impact Knitwear (Pvt.) Ltd*  
*Vs*  
*Federal Board of Revenue*

Subject: REPRESENTATION PREFERRED BY M/S IMPACT KNITWEAR PVT LTD AGAINST FINDINGS / RECOMMENDATIONS DATED 31.05.2021 PASSED BY THE FTO IN COMPLAINT NO. 0725/LHR/ST/2021

Kindly refer to your representation on the above subject addressed to the President in the background mentioned below:-

This representation has been filed by M/s Impact Knitwear (Pvt) Ltd on 30.06.2021 against the order of the learned Federal Tax Ombudsman (FTO) dated 02.06.2021, whereby it has been held that:

*"FBR to direct:*

- (i) *the Chief (Projects/Refund), to roll back the refund claims/RPOs for various tax periods from November 2019 to August 2020;*
- (ii) *the officer concerned of Enforcement-II, CTO, Lahore to re-process and settle the rolled back claims, as well as settle the pending claims of missing amount in the light of procedure prescribed in Para 3(k) of the Circular No. 03 of 2020 dated 07.12.2020, as per law; and*
- (iii) *report compliance within 45 days."*

2. The above mentioned complaint was filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against:

- (i) *the Chief (Projects/Refund), FBR for failing to transfer payment of Rs.2.032 million, against four Refund Payment Orders(RPOs) for various tax periods from November 2019 to August 2020, into the Bank account of the complainant; and*
- (ii) *the Commissioner-IR, Enforcement-II, CTO, Lahore for delay in settling missing amount of Rs.0.341million, in respect of four claims filed by the complainant for various tax period from November 2019 to October, 2020.*

3. M/s Impact Knitwear (Pvt) Ltd, (the complainant), a commercial exporter registered with the Deptt under the Sales Tax Act, 1990 (the Act) alleged that the Deptt issued four Refund Payment Orders (RPOs) of Rs. 2.032 million for the various tax periods but the Chief (Project/Refund), FBR failed to issue cheques of the sanctioned amount. The complainant vide letters dated 03.02.2021 and 13.03.2021 also approached the CTO, Lahore for payment against unpaid RPOs, besides that of missing refund amounts for the tax periods November 2019, January 2020, July 2020 and October, 2020 but failed to evoke any response. He therefore took up the matter with the learned Federal Tax Ombudsman by filing complaint under Section 10(1) of the FTO Ordinance 2000.

4. The learned Federal Tax Ombudsman called the comments of the Secretary, Revenue Division, Islamabad. In response thereto, the Chief (Projects/Refund), FBR Islamabad submitted para-wise comments vide letter dated 17.05.2021. It was averred that the RPOs were processed by the CTO, Lahore but were appearing invalid in the Centralized Sales Tax Refund Office (CSTRO) System due to higher export value ratio as the amount of refund claimed and sanctioned was more than twelve percent (12%) of the export value. Therefore, to remove the System based objections, the RPOs needed to be rolled back. It was further averred that the complainant was required to approach CTO, Lahore for reprocessing of the claims within the limit set by the FBR in terms of Rule 39(C) of Sales Tax Rules, 2006. Additionally, the Chief Commissioner-IR, CTO, Lahore also forwarded para-wise comments of the Commissioner-IR, Enforcement-II, CTO, Lahore vide letter dated 05.05.2021 intimating that pending claims of missing amounts were under scrutiny and would be settled in due course of time.

5. Considering the respective stances, the learned Federal Tax Ombudsman proceeded to pass the above mentioned order. Hence, the representation by the complainant.

28/07/2021  
21/07/21

POC  
ms  
25/7/21

6. The hearing of the case was fixed for 11.01.2022. Mr. Ahmad Nawaz Khurram, Advocate has appeared on behalf of the complainant, whereas, Mr. Sohail Anjum, Deputy Commissioner Inland Revenue and Malik Hasmat Ahmad, Audit Officer have represented the FBR.

7. During the hearing proceedings, Mr. Sohail Anjum Khurram, Deputy Commissioner Inland Revenue states that in pursuance of the order passed by the learned FTO dated 31.05.2021, the Departmental Authorities have processed the pending claims as per observations contained in para-4 of the FTO Order and the orders so passed have been conveyed to the complainant. Since, the order sought to be assailed through this representation has already been implemented, some orders have been passed by the concerned Authorities and others are likely to be passed shortly. Thus, this representation has lost its efficacy and became infructuous which may be disposed of accordingly. In case, the petitioner still feels aggrieved of the said orders passed by the Departmental Authorities, the same can be assailed in proper proceedings.

8. In view of the circumstances, when the order of the learned Federal Tax Ombudsman has already been implemented by the Deptt, the representation has become infructuous which is liable to be disposed of accordingly.

9. Accordingly, the Hon'ble President, as per his decision above, has been pleased to dispose of representation of the complainant.

(Anwar-ul-Haq)  
Director General (Legal)

M/s. Impact Knitwear (Pvt.) Ltd,  
Room No. 6, 4<sup>th</sup> Floor, Al-Latif Centre,  
Main Boulevard, Gulberg, Lahore

The Chairman,  
Federal Board of Revenue,  
Islamabad

No.57/FTO/2021 dated 20.01.2022

Copy for information to:

1. The Registrar, Federal Tax Ombudsman, Islamabad.
2. The Chief (Legal-III), Federal Board of Revenue, Islamabad.
3. The Chief Commissioner-IR, Corporate Tax Office, First Floor, Tax House, Syed Mauj Darya Road, Lahore. 042.99211825, 99211827.
4. Mr. Ahmad Nawaz Khurram, Advocate, M. Nawaz Khan & Co, 1-Ground Floor, Farrah Centre, 2-Mozang Road, Lahore. 0300.5781227.
5. Master file.

(Anwar-ul-Haq)  
Director General (Legal)