

THE HIGH COURT OF SINDH AT KARACHI

Constitution Petition No. D – 2670 of 2025

Present:

Mr. Justice Adnan Iqbal Chaudhry

Mr. Justice Muhammad Jaffer Raza

Petitioner : M/s. A.G.-GIGI (Pvt.) Limited,
through Ms. Nida Zafar Khokhar
Advocate.

Respondent No.1 : Nemo

Respondent 2 to 5 : The Chief (Refunds /CSTRO) FBR,
The Second Secretary
(Refunds/CSTRO) FBR, The Chief
Commissioner & the Commissioner
Inland Revenue , through Mr. Faheem
Ali Memon Advocate.

Respondent No.6 : Nemo

Date of Hearing : 14.10.2025.

Date of Order : 14.10.2025

ORDER

Adnan Iqbal Chaudhry J. - Grievance of Petitioner is that sales tax refund payment orders [RPOs] amounting to Rs. 24,997,243/- were issued by the Deputy Commissioner-IR in its favor in May 2023, but payment has still not been made by the FBR despite an order of the Federal Tax Ombudsman [FTO] to that effect. Therefore, Petitioner seeks a writ to the FBR to release the refund in furtherance of section 10(1) of the Sales Tax Act, 1990.

Learned counsel for the department points out that the order of the FTO was reviewed by it upon facts highlighted *infra*. He explains that after the RPOs were issued, it transpired that all refund claims made by the Petitioner were processed through the ‘Fully Automated Sales Tax e-Refund System’¹ [FASTER] which is intended exclusively for claims related to goods exported, whereas bulk of the Petitioner’s refund claims were under the Duty and Tax Remission Rules, 2001, which were to be processed by the ‘Sales Tax Automated Refund Repository’² [STARR]; for this reason a red flag was raised within the department, prompting a post-sanction audit of refund claims

¹ Rule 29(1)(a) read with Chapter V-A of the Sales Tax Rules, 2006.

² Rules 29(1)(c) and 30 of the Sales Tax Rules, 2006.

under Rule 36 of the Sales Tax Rules, 2006; and that, the audit is being delayed due to adjournments taken by the Petitioner to provide relevant documents.

After hearing learned counsel, we are of the view that the department has presented a plausible reason for withholding payment on the RPOs. However, at the same time, we are also of the view that post-sanction audit of refund claims cannot continue indefinitely. At this juncture, after taking instructions from officers present, learned counsel for the department states that post-sanction audit will be concluded by them within sixty (60) days hereof as per Rules and which will be within the time-line prescribed by the Rules. We take that statement as the undertaking of said officers to the Court and dispose of the petition and pending applications based on said undertaking. This is of course without prejudice to any further remedy that the Petitioner may have post audit.

JUDGE

JUDGE

NADEEM QURESHI P.A