

**Complaint No.233-KHI/Cust(70)/708/2009**

Dated: 5.11.2009

M/s. Sultex Industries

... Complainants

**Versus**

Secretary,  
Revenue Division,  
Islamabad.

... Respondent

**FINDINGS/RECOMMENDATIONS**

Dealing Officer : Mumtaz Ahmad,  
Advisor

Authorized Representative : Mr. Naeemuddin,  
Consultant

Departmental Representative : Mr. Salamat Ali,  
Deputy Collector (PaCCS)

The firm is manufacturer and exporter of textile made ups. Being aggrieved and dis-satisfied with alleged discriminatory treatment and due to intransigent attitude of customs authorities of Model Customs (PaCCS) and Model Customs Collectorate (Exports) for delay in payment of duty draw back (DDB) claims filed in terms of Rules 455 to 460 of Customs Rules, 2001, this complaint has been filed.

2. The claims relating to the years 2006-2009 shown pending till October 2009 (till filing of complaint) are as under:

- 1) Export Collectorate for the years  
2006 and 2008 ... 7 claims involving Rs. 86,709
- 2) PaCCS Collectorate for the  
years 2006 to 2009 ... 78 claims involving Rs. 1,271,225

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\* date of receipt in FTO Secretariat

3 Responding to the complaint, Mr. S.M. Tariq Huda, Additional Collector PaCCS vide his letter dated 9.12.2009 admitted pendency.

4. The AR stated that not only a number of letters were not responded to by the Department, the e-messages sent by the Department were also ambiguous and incomplete. In this regard, he quoted instances wherein Customs refund Nos. PRN151207 dated 20.3.2008, PRN151207 dated 24.12.2009, PRN050208 dated 4.4.2008, PRN050208 dated 24.12.2009 etc appeared on the window as "assessment of claims completed", when these were, in fact, under process.

5. The DR in rebuttal of the complaint stated that pace of disposal of claims had been accelerated. He stated that since December, 2009, (when Additional Collector's reply was communicated to FTO Office), 29 claims had been paid out to the Complainant. The Export Collectorate also confirmed that three rebate related cheques had been issued and the remaining 4 claims were in process of settlement. He, however, attributed delay to switch over to the automated system for processing of the claims and because objections were electronically messaged to the e-intermediary and sent to their window which the exporter might not be aware of. He referred to hugeness of the problem as over 150,000 claims were pending for the years 2006 to 2009. The AR lamented the delay observing that on the one hand the FBR was undergoing reform under Tax Administration Reform Project, the delay of 3 years in settling the claims was not unexceptionable, on the other. The AR stated that unless FBR addressed the issues, the 2009 claims, on the current pace, would come up for settlement somewhere in 2011-12 and the delays would continue to increase the cost of doing exports.

6. It is observed that the systemic issues are creating financial difficulties for the exporters. When export rebate is provided as incentive to the exporters to remain competitive, the delay of 2 to 3 years in payment by the FBR/Collectorates undermines the spirit of the scheme. Besides, a claimant is given priority or attention only when he either files a writ, or a complaint with the FTO Office.

**FINDINGS**

7. Due to delay, inattention, and inefficiency in handling the matter of DDB claims, maladministration is writ large.

**RECOMMENDATIONS**

8. The FBR to direct the Chief Collector to:
- (i) settle the Complainant's claims as per law within 30 days;
  - (ii) form a committee of relevant officials of Collectorates of Exports, PaCCS, PRAL, etc. to evolve workable strategy to address the systemic issue of unacceptable levels of delay in processing of claims;
  - (iii) settle all 150,000 pending refund claims, as per law, within three months; and
  - (iv) submit a monthly progress report to the FTO Secretariat.

**(Dr. Muhammad Shoaib Suddle)**  
**Federal Tax Ombudsman**

Dated: 17-03-2010  
mah/my

*Approved for reporting*

*Mirza Rafi-uz-Zaman*  
21-3-10

**Mirza Rafi-uz-Zaman**  
(R) District & Sessions Judge  
Advisor (Implementation & Monitoring)  
Federal Tax Ombudsman Secretariat  
Islamabad