THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

Complaint No.30036/KHI/Cust/2025
Dated: 18.12.2025* R.O. Karachi

Mr. Muhammad Ishtiaq,
M 17 Green Belt Clifton Block 2, ...Complainant
Karachi.

Versus

The Secretary,
Revenue Division ...Respondent
Islamabad.

Dealing Officer	:	Mr. Gul Rehman, Advisor
Appraising Officer	:	Dr. Arslan Subuctageen, Advisor
Authorized Representative	:	Complainant in person
Departmental Representative	:	Ms. Sakeena, DC Customs CoC (Airports), Karachi

Federal Tax Ombudsman Secretariat HQS * Islamabad * FTO

FINDINGS

The above mentioned complaint was filed against the Collector, Collectorate of Customs, (Airports), Karachi in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) regarding refund of upfront paid duties and taxes.

2. The complaint was forwarded to the Secretary Revenue Division for comments under Section 10(4) of the FTO Ordinance and Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. In response, the Deptt. submitted comments vide letter dated 26.12.2025, wherein it was stated that the complainant imported a consignment declared to contain Lund Ventilator Uvent-T.S. and electronically filed the Goods Declaration (GD) No.KPAF-HC-26680 dated 23.10.2025 through their authorized Clearing Agent M/s Suri & Sons (CHAL 544) by declaring the value of the goods as AED 42,013.40 (Rs.3,285,056) and sought clearance thereof under Section 79(1) of the Customs Act, 1969. In order to confirm the

* Date of registration in FTO Secretariat

physical attributes of the goods, the said GD was selected for scrutiny in terms of Section 80 of the Customs Act, 1969 and was referred for examination. A detailed and comprehensive examination of the goods was carried out and the shed staff reported that a higher value invoice had been retrieved indicating value of the goods as AED 510,952 (Rs.39,951,677/- (C&F) instead of AED 42,013.40 (Rs.3,285,056) as declared by the complainant and as such the complainant committed an offence of misdeclaration by violating the provisions of Section 32(1), (2), 32A(1)(a)(c) and 209 of the Customs Act, 1969 read with other allied laws. Accordingly, a show cause notice was issued to the complainant and after considering the facts of the case particularly that the complainant had miserably failed to justify their position, the adjudicating officer established the charges leveled in the Show Cause Notice by passing speaking Order-in-Original No.2033277-20112025 and ordered for confiscation of the goods. However, an option was given to the complainant to redeem the same on payment of 35% Redemption Fine. A personal penalty of Rs.200,000/- was imposed upon the complainant and a personal penalty of Rs.200,000/- was also imposed upon the Clearing Agent. As the goods have been confiscated and the importer did not get them redeemed on payment of fine and penalty, therefore, the title of goods has transferred to the Government of Pakistan from the importer. Any refund claim under Section 33 of the Customs Act, 1969 is not entertainable as it does not qualify the criteria mentioned therein. In view of the facts and circumstances elaborated hereinabove, it is submitted that the complainant deliberately under invoiced and misdeclared value of goods in violation of the provisions of the Customs Act, 1969, which has been duly established through proper examination, issuance of Show Cause Notice, provision of opportunity of hearing, and a well-speaking Order-in-Original passed by the competent adjudicating authority. The complainant, instead of availing the statutory remedy of appeal under the law or complying with the adjudged liabilities, has opted to file the present complaint, which is not maintainable either on facts or in law. The goods having been lawfully ordered to be confiscated due to proven offence, therefore, no question of refund of duty and taxes arises at this stage. In terms of Section 194A of the Customs Act, 1969, the importer has the statutory right to file an appeal against the said Order-in-Original before the Appellate Tribunal. Moreover, as per Section 9(2)(b) of the FTO Ordinance, 2000, the instant complaint falls outside the jurisdiction of the FTO and as such is liable to be dismissed/rejected.

3. During the hearing, the complainant stated that they requested the Deptt. vide letter dated 15.12.2025 to confiscate the goods, allow refund of upfront paid duties and taxes and arrange auction of the confiscated goods in accordance with law as they did not intend to redeem the goods on payment of redemption fine in terms of Order-in-Original No.2033277 dated 20.11.2025 passed by the Collector of Customs (Adjudication-I), Karachi and have also not filed any appeal against the aforesaid Order-in-Original under Section 194A of the Customs Act, 1969 before the Customs Appellate Tribunal. However, no response has been received from the Deptt. so far. The complainant pressed for auction of the goods and refund of upfront paid duties and taxes. DR for the Deptt. on the other hand, argued that the complainant deliberately under invoiced and misdeclared the value of goods as evident from the invoice found from the container during examination of the consignment indicating value of the goods as AED 510,952 (Rs.39,951,677/- (C&F) instead of AED 42,013.40 (Rs.3,285,056) as declared by the complainant. Accordingly, a show cause notice was issued to the complainant and after considering the facts of the case, the adjudicating officer ordered for confiscation of the goods. However, an option was given to the complainant to redeem the same on

payment of 35% Redemption Fine. A personal penalty of Rs.200,000/- each was also imposed upon the complainant and the Clearing Agent. DR further elaborated that since the importer/complainant did not redeem the goods on payment of fine and penalty, the goods stand confiscated in favour of the Federal Government.

Findings:

4. In view of supra, it is evident that the Complainant deliberately under invoiced and misdeclared the value of goods as evident from the invoice found from the container during examination of the consignment indicating value of the goods as AED 510,952 (Rs.39,951,677/- (C&F) instead of AED 42,013.40 (Rs.3,285,056) as declared by the Complainant and on detection of this huge misdeclaration and under invoicing of AED 468,939/- i.e. PKR 36.6 million approx., the Deptt proceeded with issuance of Show Cause Notice (SCN), adjudication was conducted as per law and the impugned goods were confiscated vide O-in-O No.2033277 dated 20.11.2025, however, giving an option to the Complainant to pay redemption fine to the tune of 35% and also imposed personal penalties of Rs.0.2 million each on Complainant and his clearing agent but the Complainant instead of availing the option of filing an appeal before CAT, Karachi, approached this forum on 18.12.2025 anticipating to hoodwink this office by portraying his invalid innocence and tried to get relief. The matter has been examined threadbear which establishes the mens rea on part of the Complainant who attempted to defraud the National exchequer by under invoicing his consignment to the tune of Rs.36.6 million approx. in value due to sheer malafide and then instead of availing the redemption choice further continued with his sinister designs to misguide this office. No maladministration can be attributed towards the Customs Deptt, however, the malafide, mens rea and tainted approach of the Complainant on the other hand stands established for

which the Complainant on charges of criminal breach of trust and for cheating the State and the FTO Office as well as the Deptt of Customs, a penalty of Rs.01 million is imposed upon the Complainant under the provisions of Section 22(2) of the FTO Ordinance, 2000, which should be deposited in the Collector of Customs (Airports), Karachi's official head of account within a period of 30 days failing which the Collector would be at liberty to initiate recovery proceedings under the provisions of Section 202 of Customs Act, 1969. File consigned to record.

(M. Zafar-ul-Haq Hijazi)
Federal Tax Ombudsman

Dated: 29 JAN 2026

Approved for reporting.