

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

Complaint No.16568/KHI/Cust/2026

Dated: 14/09/2026 *R.O. Karachi

M/s Subhan Trading Co.,

Room No.3, Apartment No.6, 2nd Floor,
Opp. United Bank, Shahnawaz Building,
Rehman Lane, Saddar town, Saddar Road,
Peshawar Cantt.

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer

: Mr. Gul Rehman, Advisor

Authorized Representative

: Mr. Muhammad Abbas, Advocate

Departmental Representative

: Mr. Arsalan Mughal, AC Customs
CoC, Appraisement (East), Karachi

Date of hearing(s)

: 07.10.2026

FINDINGS/RECOMMENDATIONS

The above mentioned complaint was filed on 14.09.2026 against the Collector, Collectorate of Customs, Appraisement (East), Karachi under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) regarding non-implementation of Customs Appellate Tribunal (CAT) order dated 03.11.2022 in Customs Appeal No.K-1653/2022.

2. In summary, the Complainant is agitated at non-implementation of aforementioned CAT's order which set aside the impugned Order-in-Appeal No.1976/2022 dated 31.05.2022 passed by the Collector of Customs (Appeals), Karachi.

3. The complaint was forwarded to the Secretary, Revenue Division for comments under Section 10(4) of the FTO Ordinance

* Date of Registration with FTO Secretariat





and Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. In response thereto, the Collectorate of Customs, Appraisement (East), Karachi submitted comments through letter dated 07.10.2026, wherein it was stated that the Complainant M/s Subhan Trading Company cleared a consignment of "HDPE Grade HE 3460 (High Density Polyethylene)", classifiable under PCT Heading 3901.2000, through GD No.KAPE-HC-115167 dated 22.12.2021, declaring transaction value at US\$ 1,360/PMT, which was enhanced to US\$ 1,410/PMT under Section 80(3) of the Customs Act, 1969. The assessment was challenged before the Collector of Customs (Appeals), Karachi, and thereafter before the Customs Appellate Tribunal, Karachi. The CAT, through judgment dated 30.11.2022 in Customs Appeal No.K-1653/2022, set aside the Order-in-Appeal as well as the assessment order. Consequent upon the aforesaid judgment, the importer filed a refund application through WeBOC on 09.05.2023, claiming refund of Rs.314,102/-, as under:

S.No.	Duty/Tax	Refund claimed (in PKR)
1.	Customs Duty	36,143
2.	Sales Tax	210,952
3.	Additional Sales Tax	37,226
4.	Income Tax	29,781
Total		314,102



The refund claim is being processed in accordance with Section 33 of the Customs Act, 1969 read with Office Order No.23/2023 dated 07.03.2023. The Customs Duty component of Rs.36,143/- may be sanctioned to completion of the requisite formalities. The remaining amount of Rs.277,959/- for processing of the Sales Tax, Additional Sales Tax and Income Tax component amounting to Rs.277,959/-, Collectorate has issued letter No.S1/MISC/101/DC-III/KAPE/2026 dated 02.10.2026 to the Commissioner Inland Revenue (Refund Zone), Regional Tax Office, Peshawar, for verification and

necessary adjustment/refund.

4. During the hearing on 07.10.2026, Mr. Muhammad Abbas, Advocate (AR) stated that their refund claim for Rs.314,102/- (Custom Duty Rs.36,143/-, Sales Tax Rs.210,952/-, Additional Sales Tax Rs.37,226/- and Income Tax Rs.29,781/-) is pending since 09.05.2023 despite the fact that CAT's order dated 03.11.2022 in Customs Appeal No.K-1653/2022 has attained finality. The Collectorate after filing of the complaint before this forum, through letter dated 02.10.2026 has now requested the Commissioner, Inland Revenue authority, Peshawar for verification and necessary adjustment/refund of the Sales Tax, Additional Sales Tax and Income Tax whereas as per Para 34-A of the Sales Tax Rules, 2006 notified through SRO 555(I)/2006 dated 05.06.2006, the amount of Sales Tax / Additional Sales Tax is to be refunded by the Collectorate of Customs after confirmation that no refund of Sales Tax/Additional Sales Tax has been refunded to the Complainant or adjusted by him. AR for the Complainant pressed for refund of Custom Duty Rs.36,143/- and sanctioning of the refund of Sales Tax Rs.210,952/- and Additional Sales Tax Rs.37,226/-. Mr. Arsalan Mughal, Assistant Collector (DR), on the other hand argued that the refund claim of Custom Duty of Rs.36,143/- is being processed in accordance with Section 33 of the Customs Act, 1969 read with Office Order No.23/2023 dated 07.03.2023 and shall be finalized shortly as per law. Regarding refund of Sales Tax of Rs.210,952/-, Additional Sales Tax of Rs.37,226/- and Income Tax of Rs.29,781/-, the Collectorate has issued letter No.S1/MISC/101/DC-III/KAPE/2026 dated 02.10.2026 to the Commissioner Inland Revenue (Refund Zone), Regional Tax Office, Peshawar, for verification and necessary adjustment/refund.



FINDINGS:

5. The refund claim relating to Customs Duty is being processed in accordance with Section 33 of the Customs Act, 1969 read with Office Order No.23/2023 dated 07.03.2023 and as per commitment of the DR, the same shall be finalized shortly as per law. The Collectorate of Customs, Appraisement (East), Karachi in terms of Para 34A of Sales Tax Rules, 2006 is required to sanction the Sales Tax related refund after due confirmation from the RTO that no Sales Tax refund has been granted or adjusted by the Complainant. The refund order sanctioned is thereafter sent to the RTO for processing/payment of the same. The Collectorate letter dated 02.10.2026 has erroneously forwarded the claim for refund for processing and issuance by the Refund Zone, RTO, Peshawar whereas in terms of Para 34A of Sales Tax Rules, 2006 read with SRO 918(I)/2019 dated 07.08.2019 the said refund was to be processed and sanctioned by the Collectorate after the verification of any issuance or adjustment of the said refund from the concerned RTO.

RECOMMENDATIONS:

6. FBR to direct the Collector, Collectorate of Customs, Appraisement (East), Karachi:

- (i) to expeditiously dispose of the refund claim of Rs.36,143/- relating to Custom Duty preferably within twenty (20) days through speaking appealable order as per law after providing him an opportunity of hearing;
- (ii) to process and dispose of the refund claim of the complainant for Sales Tax amounting to Rs.210,952/- and Additional Sales Tax of Rs.37,226/- in terms of Rule 34A of Sales Tax Rules, 2006 after making necessary





verification as to the issuance or adjustment of any refund by the Refund Zone, RTO, Peshawar and send the sanctioned claims to the RTO for payment in accordance with the Rule 34A ibid; and

(iii) report compliance within 45 days.

Dated: 15 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman



12 OCT 1970