

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

Complaint No.16693/KHI/CUST/2026

Dated: 16.09.2026 *R.O. Karachi

M/s S.H Corporation,

1st Floor Room No.7, Yousuf Chamber,
Shahrah e Faisal, Karachi.

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer

: Mr. Gul Rehman, Advisor

Authorized Representative

: Mr. Nasir Ahmad Malik, Advocate

Departmental Representative

: Mr. Shaharyar Ahmed, AC Customs
CoC, Appraisement (East), Karachi

Date of hearing(s)

: 08.10.2026

FINDINGS/RECOMMENDATIONS

The above mentioned complaint was filed on 16.09.2026 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 05.01.2024 in Customs Appeal No.K-1489/2018.

2. In summary, the Complainant is agitated at non-implementation of aforementioned CAT's order which set aside the impugned Order-in-Appeal No.1602/2018 dated 31.10.2018 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 and Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. In response thereto, the Collectorate of Customs,



* Date of Registration with FTO Secretariat

Appraisalment (East), Karachi submitted comments through letter dated 07.10.2026, wherein it was stated that the Complainant imported a consignment declared as Sodium Carboxyl Methyl Cellulose (CMC), Textile Grade, through GD No.KAPE-HC-163882 dated 16.03.2018. Following examination and the reported recovery of an invoice reflecting a higher value, adjudication proceedings culminated in Order-in-Original No.1117542/2018 dated 16.05.2018, imposing differential duties/taxes of Rs.156,451/-, redemption fine of Rs.1,817,230/-, and penalty of Rs.250,000/-, which were paid at clearance. After dismissal of its appeal by the Collector of Customs (Appeals), the importer preferred Customs Appeal No.K-1489/2018 before the Customs Appellate Tribunal. The CAT allowed the appeal on 05.01.2024, holding that the recovered invoice had no established nexus with the importer and could not sustain the allegation of misdeclaration. The departmental reference was subsequently dismissed as withdrawn by the Hon'ble High Court of Sindh on 04.11.2025. The importer initially sought refund of Rs.2,223,681/-, comprising differential duties/taxes, redemption fine and penalty. The departmental note sheets show examination of the judicial findings and referral of the case to the concerned sections for verification under Office Order No.23/2023 dated 07.03.2023. The Law Section has recorded that no litigation is pending in respect of the subject GD. Subsequently, through its letter dated 22.06.2026, the importer withdrew its claim for refund of Customs Duty, Additional Customs Duty and Income Tax, stating that it did not wish to pursue the certificate required in connection with Section 19A of the Customs Act, 1969. The present complaint seeks refund of redemption fine of Rs.1,817,230/- and penalty of Rs.250,000/-, aggregating to Rs.2,067,230/-. The said letter restricts the components of the claim; it does not itself grant an



exemption from Section 19A. The revised claim for fine and penalty is therefore to be examined on its own legal basis, separately from the withdrawn duty/tax components, and processed upon completion of the applicable verification and sanction requirements.

4. During the hearing on 08.10.2026, Mr. Nasir Ahmad Malik, Advocate (AR) stated that the CAT through order dated 05.01.2024 in Customs Appeal No.K-1489/2018 set aside the allegation of mis-declaration and held that the retrieved invoice had no nexus with the Complainant, and the said judgment having attained finality after dismissal of the Respondent's SCRA No.285 of 2024 by the Hon'ble High Court of Sindh through order dated 04.11.2025, the Respondents have failed to refund the amount of Rs.2,067,230/-, comprising redemption fine of Rs.1,817,230/- and penalty of Rs.250,000/-. AR for the Complainant pressed for refund of redemption fine and penalty in terms of CAT's order dated 05.01.2024 in Customs Appeal No.K-1489/2018. Mr. Shaharyar Ahmed, Assistant Collector (DR), on the other hand argued that the Deptt. is in the process of sanctioning of refund of fine and penalty as per law.



RECOMMENDATIONS:

5. Keeping the above in view and since the Collectorate has expressed its commitment to refund the fine and penalty to the complainant as per CAT's order dated 05.01.2024, the Collectorate is accordingly required to do the needful, well within 20 days under intimation to this Office.

Dated:

19 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman