

✓

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

Complaint No.16676/PWR/CUST/2026

Dated: 15.09.2026 *R.O. Peshawar

Mr. Roohullah,
Street Shalon Dakhana Chaman Zila
Killa Abdullah.

...Complainant

V e r s u s

The Secretary
Revenue Division
Islamabad.

...Respondent

Dealing officer	:	Mr. Sardar Ali Khawaja, Advisor
Authorized Representative	:	Mr. Malik Javed, Advocate
Departmental Representative	:	Ms. Iqra Shaukat, Deputy Collector (Enforcement) Peshawar
Date of Hearing(s)	:	06.10.2026

FINDINGS/RECOMMENDATIONS

The complaint was filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against Collector, Collectorate of Customs (Enforcement), Peshawar for not allowing refund of the sale proceeds to the complainant.



2. Briefly, the contents as mentioned in the complaint are as under:-

- 1) "That the custom mobile squad D.I.Khan seized Dry Milk 238-Bags vide seizure No.05/2025 dated 06.01.2025 from the petitioner.
- 2) That the custom appellate tribunal released the dry milk on payment of custom duty and 20% fine.
- 3) That the petitioner's dry milk was auctioned by the department.
- 4) That the value of the dry milk was fixed at Rs.6,430,500/- along with all taxes for the petitioner.
- 5) that for the auction purpose, the value of Milk was fixed at Rs.5,950,000/- along with all taxes for auction purpose.
- 6) That the Deputy Collector refund did not process the sale proceed according to the Section 201 of Custom Act.

- 7) That the petitioner submitted an application to the Collector Customs Enforcement for assessment of Sale proceeds through Principal Appraiser, Mr. Javed Iqbal but no action has been taken so far.
- 8) That according to Section 201 of the Customs Act, the petitioner is entitled to Rs.658,000/-, while Deputy Collector refund issued sale proceeds amounting to Rs.153,500/- online.

Therefore, it is most humbly requested to order collector customs enforcement to process the petitioners sale proceed through Principal Appraiser Mr. Javed Iqbal. Petitioner will be grateful to this act of kindness."

3. The complaint was referred to the Secretary Revenue Division, Islamabad for departmental reply/comments in terms of Section 10(4) of the FTO Ordinance, 2000, read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act (FOIRA), 2013. In response, The Collector, Collectorate of Customs (Enforcement), Peshawar, submitted comments vide letter dated 23.09.2026, which are reproduced hereunder:-

"Please refer to the Honorable FTO Peshawar's letter C.No.16676/PWR/CUST/2026 dated 16.09.2026 on the subject cited above.

2. The complaint has been examined. Brief facts of the case are that miscellaneous goods including dry milk along with offending vehicle was seized vide Seizure Case No.05/2025 dated 06.01.2025. The matter was subsequently adjudicated and the Customs Appellate Tribunal, Peshawar, released the goods mentioned at Serial Nos.2,3 and 4 of the Recovery Memo. Thereafter, the goods were duly auctioned through the prescribed procedure vide Lot No.11/AUC/P-Goods/DIK/02/2025.

3. The claim of the complainant that an amount of Rs.658,000/- is payable to him under Section 201 of the Customs Act, 1969 is not supported by the record. The amount payable is required to be determined after adjustment of all applicable government dues i.e redemption fine, taxes/duties, auction charges and other legally recoverable amounts. As per Section 30, para 6 of the Customs Act, 196, Provided further that in case of exercising option for redemption of fine in lieu of



confiscation of the goods seized during anti smuggling operations, the rate of duty shall be the rate prevalent either on the date of seizure or date of payment of duty and taxes, whichever is higher. Accordingly, the calculation was made on the basis of the applicable statutory provisions.



4. Moreover, the amount of Rs.153,072/- represents the amount legally payable after adjustment of the liabilities and charges recoverable under law. The department is not legally competent to release any amount beyond the amount determined on the basis of the statutory calculation and available record.

5. The allegation that the department has failed to process the sale proceeds in accordance with Section 201 of the Customs Act, 1969 is therefore factually incorrect and misconceived. The sale proceeds have been duly sanctioned and the amount payable has been determined in accordance with the relevant provisions of law.

6. In view of the above, the calculation of the admissible amount has been made strictly with reference to the relevant provisions of the Customs Act, 1969 and the available record.”

4. The case was fixed for hearing. The DR Ms. Iqra Shoukat, and the AR Mr. Malik Javed, Advocate, attended and the case was discussed as per written arguments.

5. The D/R referred to the calculations made at para “13” of the written report submitted by the Collector (Enforcement) stating that the sales proceeds cannot be refunded as the total recoverable government dues and fines amounts comes to Rs.3,954,808/-. Since the goods were auctioned for Rs.4,007,880/- and an excess amount of Rs.153,072/- remained after adjustment of all government dues, which was paid to the complainant.

The A/R objected to the calculations made by the Collector arguing that the department is legally bound to share the record of auction proceedings carrying all the details of the value of the released goods and the recoverable government dues. Neither the same has been shared nor proper order in writing has been passed,

which tantamount to "Maladministration" in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.

FINDINGS:

6. The AR and DR heard and record perused. Neither proper Refund rejection order has been passed, nor an opportunity of being heard has been afforded to the complainant, which is manifestation of the departmental neglect, inattention and ineptitude in discharge of its duties and the same tantamount to "Maladministration" in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

7. FBR to direct:

- (i) the Collector of Customs (Enforcement), Peshawar to dispose of the refund claim of the complainant, by way of passing a speaking order, in accordance with the relevant provisions of Customs Act, 1969, Rules/CGO's made thereunder and after providing an adequate hearing opportunity to the complainant; and
- (ii) report compliance within thirty (30) days.

Dated: 20 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

