

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

Complaint No.16075/KHI/Cust/2026

Dated: 04.09.2026* R.O. Karachi

M/s. Pakistan Steel Imports and Company,
House no. D-16, Block-9, Clifton,
Karachi.

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer
Authorized Representative
Departmental Representative

: Mr. Gul Rehman, Advisor
: Mr. M. Saad Shafiq Siddiqui, Advocate
: Mr. Muhammad Usman Ashraf, DC Customs
CoC, Appraisement (PMBQ), Karachi
: 06.10.2026

Date of hearing(s)

FINDINGS

The above mentioned complaint was filed on 04.09.2026 against the Collector, Collectorate of Customs, Appraisement (PMBQ), Karachi in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) regarding refund of excess coercive encashment of Rs.7,600,750/- and release of wrongfully withheld securities of Rs.6,519,500/- and order dated 04.03.2026 passed by the Collector of Customs, Port Muhammad Bin Qasim, Karachi issued in willful contempt and defiance of the binding order of the Hon'ble President of Pakistan dated 18.07.2025 in Representation No.70/FTO/2024 dated 15.02.2024 in FTO Complaint No.7202/KHI/CUST/2023.

2. In summary, the Complainant has agitated that they had imported 13 consignments of Alloy Steel through GD No.KPPI-HC-44664 dated 18.02.2023, KPPI-HC-44666 dated 18.02.2023, KPPI-HC-47246 dated 07.03.2023, KPPI-HC-48687 dated 17.03.2023,

Date of registration in FTO Sectt:





KPPI-HC-49008 dated 20.03.2023, KPPI-HC-49198 dated 20.03.2023, KPPI-HC-53916-18-04-2023, KPPI-HC-54356 dated 20.04.2023, KPPI-IB-53312 dated 14.04.2023, KPPI-IB-53313 dated 14.04.2023, KPPI-IB-56065 dated 04.05.2023, KPPI-IB-56066 dated 04.05.2023 and KPPI-IB-56067 dated 04.05.2023, out of which 8 were against Home Consumption ("HC") GDs (at serial No. 1 to 8) and 5 were against Into-Bond ("IB") GDs (at serial No. 9 to 13), which were assessed under Section 81 of the Customs Act 1969 and samples were drawn during examination for Lab Test to confirm the description and PCT for the satisfaction of assessing officer, after which the goods were provisionally assessed on the value of Non-Alloy Steel (derived from Valuation Ruling), whereafter HC GDs were released after securing the differential amount of duty/taxes between Alloy Steel & Non-Alloy Steel and IB GDs were allowed into-bonding subject to ex-bonding after confirmation of description and PCT through the Lab Test. In all cases, the Laboratory Test Reports established the correctness of the declared description & PCT. But, instead of returning the securities, illegal Demand Notices were issued for the 8 HC GDs through WeBOC message, pursuant to some arbitrary & fictitious assessment (illegally loading 40% to 60% above transactional value) after rejecting the Complainant's declared values (without even any cogent reason) on the pretext of higher values available in evidential data. The same arbitrary and exorbitant assessments on fictitious values were made on the 5 IB GDs. Complainant approached the assessing officer through letter dated 08.06.2023, seeking reasons for rejecting the transactional value and justification for assessment on unlawful values in defiance of mandatory parameters of section 25(5) & 25(6) of the Customs Act, 1969. The complainant, also argued about the wrong practice of deviation from import data,



whereby instead of applying export values of identical or similar goods sold for export to Pakistan in terms of section 25(5) & 25(6), the assessing staff unlawfully apply the customs assessed values. Unfortunately, the Deputy Collector of Customs, instead of adhering to the established guidelines and lawful procedure outlined by law, maintained the blatant violation of section 25(5) & 25(6) on illogical and unlawful grounds. Therefore, the Complainant approached the ADC-PMBQ through letter dated 16.06.2023, requesting for corrective measures to rectify the assessment, but unfortunately no action was taken. The Complainant then communicated with the Chief Collector of Customs, Appraisement (South) through letter dated June 24, 2023 and the Collector of Customs, PMBQ particularly with reference to ex-bonding of IB GD KPPI-IB-56067-04-05-2023. In the identical issue of unlawful and exorbitant assessment at Collectorate of Customs, Appraisement (East) purportedly based on import data, the Complainant approached to Collector of Customs, Appraisement (East) as to re-assessment of 3 HC GDs and 8 IB GDs filed under his jurisdiction through letter dated 03.10.2023 & 14.10.2023. The Collectorate was pleased in acceding the request in true spirit of Section 25(5) & 25(6) and lowered loading difference of 51% - 83% to 5% - 28% on all GDs. The complainant, bolstered by the precedent set by the Collector of Customs, Appraisement (East), diligently approached the Collector of Customs, Appraisement (PMBQ) through letter dated 16-10-2023, reiterating the urgency to rectify the persistent anomaly marred by flawed assessments. Despite articulating clear directives from the Customs Act 1969, specifically under Section 25(5) & 25(6), the complainant emphasized the stark absence of a meticulous and fair assessment process. Assessing officer purportedly quoted same notes to assessment of all GDs, but,



absence of a diligent evaluation existed in his unlawful assessment as a blatant deviation from the mandated legal procedure envisaged in section 25(5) & 25(6) of Customs Act 1969. "The declared value has been scrutinized in terms of section 25 read with Customs Rules, 2001(Valuation Rules). The evidential data of the ascertained PCT/goods having same origin and comparable quantities has been examined for arriving at true transactional value. Therefore, after detail scrutiny, in the light of evidential data of similar goods of same origin having comparable quantity, the GD is assessed accordingly, as per law." The Complainant also requested him to consider re-assessment as earlier done in GDs relating to our sister concern by the then DC-PMBQ. But he flatly refused, for the garb of encashing the securities to meet the Collectorates' revenue target. On 24-10-2023, the Complainant received a letter dated 20.10.2023 from the Deputy Collector, stating that request dated 16.10.2023 had been scrutinized at senior level and transpired that all the GDs had been assessed in accordance with section 25 of the Customs Act 1969, without even mentioning any sub-section of section 25. It mentioned that their assessment is appealable under Section 193 of the Customs Act 1969. After receipt of letter from Deputy Collector on 24.10.2023, the complainant was shocked to learn about the encashment of several securities on the same day, and by 26.10.2023, securities amounting to Rs.44.52 million stood encashed by the Collectorate in a blatant act of coercion. This action was executed in outright defiance of the provisional assessment mechanism under Section 81 of the Customs Act, 1969. All these acts of commission and omission by the respondents constitute severe administrative high-handedness and amount to maladministration as defined under Section 2(3)(1)(a), (i)(b), (i)(d), (iv), (v), and (vi) of the Establishment of the Office of Federal Tax

Ombudsman Ordinance, 2000. The details of the facts as listed as under:



A) That the exact details of this coercive encashment demonstrate a shocking abuse of authority for the reason that the Collectorate/Respondent No.03 with malafide intention, illegally and coercively encashed bank guarantees and pay orders totaling Rs.44,522,138 without considering that the disputed additional duty and tax demand was equivalent to Rs.36,921,388. This resulted in an immediate, unauthorized excess encashment of Rs.7,600,750 over and above even their own inflated demand. This high-handed action was taken in direct defiance of Section 25 and the security-securing limits of Section 81 of the Customs Act, 1969, as no provision of the Customs Act, 1969 provides any authority for encashing amounts in excess of the actual differential tax demand. This ultra vires act constitutes a flagrant abuse of power and maladministration under the FTO Ordinance, 2000.

B) That, in addition to the excess encashment of Rs.7,600,750, the respondents have willfully and wrongfully withheld securities amounting to Rs.6,519,500 to date against GD No.KPPI-HC-54356. In the Impugned Review Order, the Respondent No.03 correctly listed the actual provisional assessment date as 29.04.2023 and the final assessment date as 18.08.2023. Nevertheless, despite these dates on the face of the record proving a finalization period of 111 days—well beyond the mandatory 90-day statutory limit in Section 81(2)—the Respondent No.03 intentionally ignored and remained completely silent on the time-bar limit, willfully refusing to apply the automatic statutory finality at the

declared value under Section 81(4) of the Act *ibid*. This calculated silence constitutes a severe act of maladministration under Section 2(3)(v) of the FTO Ordinance, 2000.



C) That, regarding GD No.KPPI-HC-53916, the Collectorate committed a far graver act of administrative dishonesty to actively conceal its statutory violation. While the actual, documented provisional assessment date was 27.04.2023 and finalization Note took place on 22.08.2023 (spanning 117 days and representing a 27-day statutory over-run), the Respondent No.03 in the Impugned Review Order deliberately falsified the administrative record by substituting the Order-in-Original date (04.08.2023) as the provisional assessment note date. This fraudulent substitution arithmetically eliminated the 27-day delay on the face of the record to hide the time-bar and defeat the operation of Section 81(4) of the Customs Act, 1969. Furthermore, in blatant violation of Section 81(3), the respondents prematurely encashed Rs.8,820,000/- against this GD on 19.06.2023—more than two months before the final assessment note was even finalized or served, exposing the predatory, revenue-driven motives of the Collectorate.

Resultantly, the Complainant has filed Complaint No. 7202/KHI/Cust/2023 before this Forum, which was dismissed on the point of jurisdiction in terms of Section 9(2)(b) of the FTO Ordinance, 2000 alleging therein that the Complainant has not filed any appeal against the assessment notes. The said complaint was dismissed solely on the technical ground of jurisdiction, leaving the substantive allegations of maladministration completely unaddressed and



undecided on their merits. Nevertheless, the said order was reversed by the President of Pakistan in Representation No.70/FTO/2024 by way of order dated 18.07.2025 by issuing directions to address the complainant's issues concerning the evaluation and description of goods after providing proper opportunity of hearing, within a fortnight period. The Complainant multiple times approached Respondent No.03 and has submitted detail response concerning the issues; Respondent No.03 avoided and neglected to implement the Presidential order. Nevertheless, upon Complainant protest he passed an order, which is in itself contemptuous conduct, disrespect to the order of the President, act of maladministration, act of incompetency, violation of natural justice, a violation of Section 24 of the General Clauses Act and non-implementation of the Presidential order in letter and spirit. Respondent No. 03 has considered the assessment notes as assessment orders, which is violation of the Apex Court Judgment, wherein it is held that the assessment notes are not assessment orders. Further, the Respondent No.03 has deliberately neglected the grievances of the Complainant and has passed an order on the grounds which were already dismissed by the President of Pakistan. Not only this, he has also failed to address the issue of excess encashment of the amounts/pay orders secured at the time of provisional release of goods. Some details of the maladministration are listed as under:

- A. That, in pursuance of the Hon'ble President's binding Order dated 18.07.2025, the Complainant pro-actively participated in every hearing afforded by the Collectorate, placing before Respondent No.03 an exhaustive, unassailable evidentiary and legal framework across six rounds of detailed submissions spanning nearly eight



months (from August 2025 to January 2026). But, instead of genuinely engaging with this material, the respondents utilized these hearings as a bureaucratic checkbox to exhaust the Complainant, ultimately issuing the Impugned Review Order dated 04.03.2026 approximately eight months beyond the mandated Presidential fortnight deadline.

- B. That, the Complainant's detailed filtering analysis of the 90-day PRAL import data comprising 453 GDs proved that only one single qualifying evidential GD existed in the entire dataset: GD No.KPPI-IB-42944-09-02-2023 dated 09.02.2023 (declared transaction value: EUR 465/MT), which was placed on record by the department's own Appraiser. For the Complainant's six Home Consumption GDs (Serials 1-6), the declared transaction value of EUR 475/MT was actually higher than this evidential value, meaning no loading was legally justified under Section 25(1). For the five Into-Bond GDs (Serials 9-13), the reassessment value should have been capped at EUR 465/MT under Section 25(5). The respondents willfully suppressed this GD entirely in the Impugned Order to avoid the consequential obligation of releasing and refunding the Complainant's securities.
- C. That, the Complainant formally documented and proved a critical PRAL system database glitch to Respondent No.03 through a tabulated comparison of 7 Ex-Bond GDs in its submission dated 26.11.2025. This glitch causes Ex-Bond GDs in the PRAL database to erroneously display high customs 'assessed values' in the column designated for 'declared transaction values'. This flawed database



reflection was used by the Collectorate as a pretext to falsely claim higher 'transaction values' in the market, yet the Impugned Order willfully ignored this crucial proof.

- D. That, the department's own official records, as tabulated in the Impugned Order itself, prove that provisional assessment notes for GD No.KPPI-HC-53916 and GD No. KPPI-HC-54356 were allegedly finalized after 117 days and 111 days respectively. Because both finalizations exceeded the mandatory 90-day statutory limit in Section 81(2) of the Customs Act, 1969, both GDs attained irrevocable statutory finality at their declared transaction values by operation of law under Section 81(4) long before the final assessment orders were issued. Consequently, any value loading on these two GDs is legally barred.
- E. That, to actively conceal this severe statutory violation in respect of GD No.KPPI-HC-53916, the Respondent No.03, in the Impugned Review Order, resorted to the deliberate falsification of the administrative record by unlawfully substituting the Order-in-Original (ONO) date (04.08.2023) in place of the actual, documented provisional assessment date (27.04.2023). This deceptive substitution was calculatedly executed to arithmetically eliminate the 27-day statutory over-run on the face of the record, thereby fraudulently hiding the statutory time-bar and defeating the automatic operation of statutory finality under Section 81(4) of the Customs Act, 1969—an act of administrative dishonesty which constitutes maladministration, bad faith, and abuse of office of the gravest nature.
- F. That, in contrast to the active record-tampering detailed above, the Respondent No.03 adopted a strategy of willful,



calculated silence regarding GD No.KPPI-HC-54356. Although the Impugned Review Order correctly recorded the actual provisional assessment date (29.04.2023) and the final assessment note date (18.08.2023)—which arithmetically establishes an indisputable finalization period of 111 days—the Respondent No.03 intentionally remained completely silent on the mandatory 90-day statutory time-bar limit under Section 81(2), willfully refusing to apply the automatic statutory finality under Section 81(4) in order to unlawfully retain the Complainant's securities.

G. That, immediately following the receipt of the Impugned Order, the Complainant's counsel, M/s A & H Associates (led by Advocate High Court Munir UI Haque), issued a formal and comprehensive Legal Notice dated 28.03.2026 to the Collector of Customs PMBQ. This notice raised six specific, unanswerable queries of law and fact concerning the suppressed evidential GD, the PRAL glitch, the Section 81 record falsification, and the defiance of the Presidential Order. The respondents have maintained complete and deliberate silence to this day, offering no response whatsoever. This refusal to respond to a formal legal notice is an independent act of maladministration under Section 2(3)(ii) of the FTO Ordinance, 2000.

3. The complaint was referred to the Secretary Revenue Division, for comments, in terms of 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, Appraisement (PMBQ), Karachi submitted comments through letter dated 26.09.2026, wherein it was asserted that



subject matter of the instant complaint, relating to the assessment/valuation of the imported Alloy Steel Sheets/Coils, has already been agitated by the complainant before the FTO through Complaint No.7207/KHI/CUST/2023 dated 11.12.2023, which was dismissed through order dated 15.02.2024 on jurisdictional grounds. The complainant thereafter preferred Representation No.70/FTO/2024 before the Hon'ble President of Pakistan, which was decided through order dated 18.07.2025 and duly complied with by the Collectorate through order dated 04.03.2026 after affording due opportunity of hearing. The complainant has now filed the instant complaint on substantially the same subject matter, seeking re-opening of the finalized assessment. The instant complaint is, therefore, misconceived and not maintainable to the extent it seeks re-opening of the assessment/valuation already determined by the department. The subject complaint is not maintainable under the provisions of the FTO Ordinance 2000, specifically due to the bar under Section 9(2)(b) which excludes the Ombudsman's jurisdiction over assessment/valuation matters. On merits of the case, it was stated that the complainant M/s Pakistan Steel Imports Co., imported consignments of alloy steel sheets/coils during the period February to May 2023. The Collectorate assessed the goods in light of available data and released them provisionally under Section 81 of the Customs Act, 1969, pending receipt of the laboratory test report to determine whether the imported goods were alloy steel sheets/coils or otherwise. Upon confirmation through the laboratory report, the assessment was finalized in accordance with the declared description of alloy steel sheets/coils by applying 90-days evidential data under Sections 25(5) and 25(6) of the Customs Act, 1969. Nevertheless, the importer subsequently filed a complaint No.7207/KHI/CUST/2023 dated 11.12.2023 regarding the valuation



of the goods before the Federal Tax Ombudsman (FTO) and the complaint was dismissed on 15.02.2024 in the following terms:

“Heard both parties and perused the case file. Evidently, the assessment has been finalized by the department and an appealable assessment Order has been passed. Furthermore, the subject complaint is related to the valuation aspect of the imported goods, therefore, ousted from the jurisdiction of this forum in terms of Section 9(2)(b) of the FTO Ordinance, 2000. The complaint is, accordingly, dismissed and the case file be consigned to the record.”

Being aggrieved, the importer challenged the FTO order before the President Secretariat through Representation No.70/FTO/2024 wherein the case was decided through order dated 18.07.2025. The operating para is reproduced as under:

“This is a simple matter involving two questions. The first question is as regards the description of the consignment in question and the second question is regarding the evaluation of the goods imported. As these two short questions are involved, the matter is referred to the learned Collector to determine these aspects in accordance with law after providing an opportunity of hearing to the petitioners. He shall do the needful within a fortnight after receipt of this order and dispose it of accordingly. The order of the learned FTO is accordingly set aside, especially in such simple matters of evaluation, filing of appeals is a cumbersome process and the adjudicatory forums often are flooded with these cases and simple matters like the present one is made to linger on indefinitely. Disposed of accordingly.”



In compliance with the order passed by the President Secretariat (Public) dated 18.07.2025 against the order issued by the Federal Tax Ombudsman (FTO) in Complaint No. 7202/KHI/CUST/2023 dated 15.02.2024, multiple opportunities of hearing were afforded to the importer through letters No.Group-V-673-2023-PQ dated 09.08.2025, 01.10.2025, 24.11.2025 and 20.01.2026. Mr. Tariq Chobdar, Proprietor of M/s Pakistan Steel Imports Co., attended the hearings, and the case record was examined and perused in detail. Consequently, the classification was corrected and finalized accordingly. Furthermore, the concerned Assessing Officer finalized the valuation of the subject GDs on the basis of available evidential data, in terms of Sections 25(5) and 25(6) of the Customs Act, 1969, read with Rule 107-113 of Customs Rules, 2001. Keeping in view the classification determined in light of the laboratory report and accordingly, the final computerized assessment orders were passed. In view of the foregoing facts and circumstances of the case, it is evident that the importer did not avail the statutory right of appeal under Section 193 of the Customs Act, 1969. Consequently, the assessment orders passed under Section 80 of the Customs Act, 1969 by the Deputy Collector attained finality. As such, the assessment has acquired irrevocable finality in accordance with the provisions of the Customs Act, 1969. Therefore, in compliance with the directions of the President Secretariat (Public), it is concluded that both issues raised in the matter have already been duly examined and determined.

4. During the hearing on 06.10.2026, Mr. M. Saad Shafiq Siddiqui, Advocate (AR) stated that in terms of Hon'ble President of Pakistan order dated 18.07.2025, Deptt. was required to determine the description of the impugned imported goods and its evaluation within a fortnight in accordance with law whereas the Deptt. passed



the order on 04.03.2026, after almost $7 \frac{1}{2}$ months of the Hon'ble President directions which constitutes contempt of the Hon'ble Presidential order dated 18.07.2025 and they have filed contempt application before the Hon'ble President. AR for the Complainant further stated that the Deptt. has considered the assessment notes as assessment orders, which is violation of the Apex Court Judgment, wherein it is held that the assessment notes are not assessment orders. Further, the Respondent No.03 has deliberately neglected the grievances of the Complainant and has passed an order on the grounds which were already dismissed by the President of Pakistan. Not only this, he has also failed to address the issue of excess encashment of the amounts/pay orders secured at the time of provisional release of goods. AR for the complainant pressed to direct the Deptt. to refund the excess coercive encashment of Rs.7,600,750/- and release of the wrongfully withheld securities of Rs.6,519,500/- to the Complainant without further delay. AR also requested to direct the Deptt. to fully implement and enforce the binding order of the Hon'ble President of Pakistan dated 18.07.2025 passed in Representation No.70/FTO/2024, and issue a detailed, independent, and speaking assessment order on merits concerning all 13 subject Goods Declarations (GDs) strictly in accordance with Sections 25 read with Section 81(4) of the Customs Act, 1969. Mr. Muhammad Usman Ashraf, Deputy Collector (DR), on the other hand argued that the in compliance with the order passed by the President Secretariat (Public) dated 18.07.2025 against the order issued by the FTO in Complaint No.7202/KHI/CUST/2023 dated 15.02.2024, multiple opportunities of hearing were afforded to the importer through letters No.Group-V-673-2023-PQ dated 09.08.2025, 01.10.2025, 24.11.2025 and 20.01.2026. Mr. Tariq Chobdar, Proprietor of M/s Pakistan Steel Imports Co., attended the



hearings, and the case record was examined and perused in detail. Consequently, the classification was corrected and finalized accordingly. Furthermore, the concerned Assessing Officer finalized the valuation of the subject GDs on the basis of available evidential data, in terms of Sections 25(5) and 25(6) of the Customs Act, 1969, read with Rule 107-113 of Customs Rules, 2001. Keeping in view the classification determined in light of the laboratory report and accordingly, the final computerized assessment orders were passed. DR further highlighted that the importer did not avail the statutory right of appeal under Section 193 of the Customs Act, 1969. Consequently, the assessment orders passed under Section 80 of the Customs Act, 1969 by the Deputy Collector attained finality. As such, the assessment has acquired irrevocable finality in accordance with the provisions of the Customs Act, 1969. Therefore, in compliance with the directions of the President Secretariat (Public), it is concluded that both issues raised in the matter have already been duly examined and determined.

FINDINGS:

5. The Deptt. in pursuance of Hon'ble President order dated 18.07.2025 in Representation No.70/FTO/2024 filed against this Forum recommendations dated 15.02.2024 in FTO Complaint No.7202/KHI/CUST/2023 after examining the case record and providing opportunity of hearing to the Complainant on 09.08.2025, 01.10.2025, 20.11.2025 and 20.01.2026 and after examining the matter have concluded that both the issues viz description/valuation of the impugned imported goods raised in the matter have been duly examined and determined and upheld the earlier assessment orders passed under Section 80 of the Customs Act, 1969 as the same have attained finality.



6. In view of the position stated at para 5 ante, no interference is required on the part of this Forum. Complaint is disposed of and file consigned to record.

Dated: 20 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman