

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

C.Nos.16647 & 16648/KHI/CUST/2026

Dated: 15.09.2026 ¹ R.O. Karachi

Mr. Irfan Ullah & 01 Other,

Office 102 1st Floor 9-C Lane 13,
Bukhari Commercial D.H.A PHASE-VI,
Karachi.

...Complainants

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer

: Mr. Gul Rehman, Advisor

Authorized Representative

: Mr. Amjed Ali Khan, Advocate

Departmental Representative

: Mr. Tofique Sheikh, DC Customs
CoC, Enforcement, Karachi

Date of hearing(s)

: 29.09.2026

FINDINGS/RECOMMENDATIONS

The above mentioned identical complaints were filed on 15.09.2026 against the Collector, Collectorate of Customs, Enforcement, Karachi under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) regarding not releasing the goods in terms of Order-in-Original No.913/2025-26 dated 30.06.2026 and No.911/2025-26 dated 29.06.2026, passed by the Collector of Customs (Adjudication-I), Karachi and are disposed of through a single consolidated order.

2. The complaints were forwarded to the Secretary, Revenue Division, in accordance with 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,

¹ Date of Registration in FTO Sectt:





Enforcement, Karachi submitted comments through letter dated 24.09.2026, wherein it was stated that the staff of the Anti-Smuggling Organization (ASO) of the Collectorate of Customs (Enforcement), Karachi seized the impugned goods on 22.01.2026. The case was duly adjudicated and the Adjudicating Authority, through Order-in-Original No.913/2025-26 dated 30.06.2026, ordered release of the impugned goods against payment of 20% Redemption Fine along with applicable duties and taxes. The said Order-in-Original was duly processed by the Collectorate and approval of the Competent Authority for implementation was accorded on 27.07.2026. In furtherance of implementation of the Order-in-Original a letter No.ASO-53/2026-HQ dated 27.08.2026 was addressed to the Principal Appraiser, Collectorate of Customs Appraisalment (West), for assessment of the value of the impugned goods in accordance with the provisions of the Customs Act, 1969, so that the goods could be released to the claimant against payment of the 20% Redemption Fine and applicable duties and taxes as ordered by the Adjudicating Authority. As regards the contention raised by the claimant before the FTO that the value of the goods had already been assessed and, therefore, there was no justification for forwarding the matter to the Collectorate of Customs Appraisalment (West) for assessment, the contention is not supported by the record or the applicable legal procedure. It is pertinent to clarify that the value reflected in the seizure report was not determined by the appropriate officer competent to undertake assessment nor does the relevant assessment sheet bear the requisite signature/stamp of the competent assessing officer. In this regard, Section 25 of the Customs Act, 1969 provides the statutory framework for determination of customs value for assessment purposes, while SRO No.52/2024 specifies/designates the



appropriate officers for different provisions of the Customs Act, 1969. Accordingly, the determination of assessable value and assessment of applicable duties/taxes are required to be undertaken by the competent Appraising/Valuation Officer in accordance with law. It is further submitted that the Adjudicating Authority, while ordering release of the impugned goods, did not direct that the goods be released on the value mentioned in the seizure report, nor did the Order-in-Original specify any particular assessed value for purposes of payment of duty and taxes. Rather, the operative direction was for release of the impugned goods against payment of 20% Redemption Fine and applicable duties/taxes on the assessed value. Therefore, determination of the legally applicable assessed value by the competent officer was a necessary procedural step for giving effect to the Order-in-Original. The Collectorate has neither disputed nor delayed implementation of the Order-in-Original. On the contrary, the Collectorate has consistently proceeded to facilitate release of the impugned goods in accordance with the adjudication order, subject to payment of the Redemption Fine and applicable duties/taxes on the value duly assessed by the competent officer. The forwarding of the case to the Collectorate of Customs Appraisement (West) was, therefore, not a fresh adjudicatory exercise or an attempt to modify the Order-in-Original; rather, it was a necessary step for determination of the assessable value and consequential calculation of the duties and taxes payable before release. Moreover, the applicable statutory provisions regarding the rate of duty in cases involving redemption of goods seized during anti-smuggling operations also require consideration. In terms of the proviso to Section 30 of the Customs Act, 1969, where an option for redemption of fine in lieu of confiscation is exercised in respect of goods seized during anti-



smuggling operations, the rate of duty is to be the rate prevalent either on the date of seizure or the date of payment of duty and taxes, whichever is higher. Accordingly, mere reference to a value appearing in the seizure report cannot dispense with the statutory requirement of assessment by the competent officer. The Collectorate was, therefore, legally justified in requesting the Collectorate of Customs, Appraisement (West) to determine the assessable value and applicable duties/taxes in accordance with the Customs Act, 1969 and the procedure in vogue. It is thus submitted that the action taken by the Collectorate was in furtherance of, and not contrary to, the Order-in-Original. The contention that the value stated in the seizure report constituted an already assessed value and that no assessment by the competent Appraisement/Valuation Officer was required is, therefore, not tenable in view of the statutory scheme governing assessment and determination of customs value. The reference to the Collectorate of Customs Appraisement (West) was accordingly made in accordance with law and the procedure in vogue, and was necessary for lawful and proper implementation of the Order-in-Original.

3. During the hearing on 29.09.2026, Mr. Amjed Ali Khan, Advocate (AR) pressed for release of the seized goods on the values given in the seizure report and the Order-in-Original No.913/2025-26 dated 30.06.2026 and No.911/2025-26 dated 29.06.2026, passed by the Collector of Customs (Adjudication-I), Karachi. Mr. Tofique Shaikh, Deputy Collector (DR), on the other hand argued that the Collectorate has decided to implement the Order-in-Originals, nevertheless, the Order-in-Originals were already approved for implementation on 27.07.2026, prior to the



claimant's application dated 18.08.2026. The Department did not delay or refuse implementation. It initiated the necessary procedural steps to release the goods in accordance with the Order-in-Original. The value mentioned in the seizure report was not a legally determined "assessed value", as it was not determined by the competent assessing officer and the relevant document did not bear the requisite signature/stamp. A fresh assessment by the competent Appraisal/Valuation Officer was therefore necessary under Section 25 of the Customs Act, 1969 and the applicable procedure/SRO, as the said section provide the statutory framework for determination of customs value for assessment purposes, while SRO 52(i)/2024 dated 18.01.2024 delineates powers of appropriate officer for exercising different provisions of the Customs Act, 1969. The Adjudicating Authority had ordered release against 20% Redemption Fine plus applicable duties and taxes alongwith personal penalty of Rs.250000/-, but had not directed that the duties/taxes be calculated on the value appearing in the seizure report. Therefore, the Department's contention that determination of the assessable value was necessary before release. The Department maintains that forwarding the case to Customs Appraisal (West) was merely a procedural step to determine the correct assessable value and calculate duties/taxes, not a modification or reconsideration of the Order-in-Original. The Department also relies on the applicable provision concerning the rate of duty for goods seized during anti-smuggling operations, contending that the legally applicable rate must be determined in accordance with the relevant statutory provision. Consequently, the Department argues that its actions were in furtherance of and consistent with the Order-in-Originals, and that the claimant's objection to reassessment is legally untenable.

FINDINGS:

4. Crux of the issue is that the dispute between the department and the complainant is primary regarding the assessment/valuation of seized goods prior to their release in order to calculate the leviable duty/taxes and the Redemption Fine. The jurisdiction of this Forum in matters of assessment and valuation of goods is barred in terms of Section 9(2)(a) of the FTO Ordinance, 2000. Nevertheless, department is required to implement the orders of Collector of Customs, Adjudication-I, Karachi without further delay.

RECOMMENDATIONS:

5. In view of the supra, FBR to:
- (i) direct the Collector, Collectorate of Customs (Enforcement), Karachi to promptly finalize the assessment of goods in order to implement Order-in-Original No.913/2025-26 dated 30.06.2026 and Order-in-Original No.911/2025-26 dated 29.06.2026, in accordance with law; and
 - (ii) report final compliance within thirty (30) days.

Dated: 20 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

