

THE FEDERAL TAX OMBUDSMAN ISLAMABAD

Complaint No.16567 & 16569/KHI/CUST/2026

Dated: 14.09.2026 *R.O. Karachi

Mr. Khawaja Adnan Vanood,
Flat No.4, B-13, Golf Course Road,
Phase-4, DHA, Karachi.

...Complainant

Versus

The Secretary,
Revenue Division,
Islamabad.

...Respondent

Dealing Officer
Authorized Representative
Departmental Representative

: Mr. Gul Rehman, Advisor
: Mr. Muhammad Abbas, Advocate
: Ms. Maria Gulzar, AC Customs
CoC, Appraisalment (SAPT), Karachi
: 07.10.2026

Date of hearing(s)

FINDINGS/RECOMMENDATIONS

The above mentioned identical complaints were filed on 14.09.2026 against the Collector, Collectorate of Customs, Appraisalment (SAPT), Karachi under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) regarding delay in issuance of custom duty, sales tax and income tax refund and are disposed of through a single consolidated order.

2. In summary, the Complainant has agitated that they imported a consignment of Sodium Sulphate anhydrous at the transaction value of US\$.15675/- for 137.50 M.Ton packed in 2750 bags each weighing 50 kg. The authorized clearing agent filed Goods Declaration bearing No.KAPS-HC-8508 dated 14.07.2025 and paid the upfront taxes amounting to Rs.2,112,196/-. The consignment was cleared from the Customs under provision of Section 83 of the Customs Act, 1969. It transpired after release of the goods that the



* Date of Registration with FTO Secretariat



authorized clearing agent committed a mistake and inadvertently added insurance to the extent of 29% instead of US\$.29/- as per the insurance memo. The excess amount was paid amounting to Rs.405,308/-. The Complainant immediately filed Refund Application through WeBOC System bearing No.KAPS-HC-8508-14-07-2025. The Complainant also requested the Additional Collector of Customs (Group-II), SAPT, Karachi for making changes in the GD to enable for sanctioning of the Refund as pointed out above. The Complainant further filed Refund Application on the above subject on 29.07.2025 and visited the office of SAPT for number of times but the refund could not be granted by the sanctioning authority. The Complainant through their Advocate also filed an Application before the Collector of Customs, Appraisement (SAPT), Karachi dated 19.09.2025. The Customs authorities on one pretext or the other have not sanctioned the Refund; hence the subject complaints.

3. The complaints were 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, Appraisement (SAPT), Karachi submitted comments through letter dated 29.09.2026, wherein it was stated that the grievances raised by the complainant have been addressed by the Department. The cheque in respect of the admissible Customs Duty refund has been handed over to the representative of the complainant, while a letter has also been issued to the concerned Regional Tax Office (RTO) for processing the admissible Income Tax and Sales Tax refunds of the Complainant. Thus, the requisite action has already been taken by the Department for redressal of the Complainant's grievances. In view of the foregoing, no grievance of the Complainant survives for

further consideration. Accordingly, the instant complaint may be treated as having been duly redressed and liable to be dismissed/disposed of accordingly.

4. AR for the Complainant submitted rejoinder, wherein it was stated that the Collectorate has granted refund of excess amount of Customs Duty in respect of GD No.KAPS-HC-8508 dated 14.07.2025 and for refund of sales tax and income tax, the Deputy Collector has written a letter to the Assistant / Deputy Commissioner, Regional Tax Office-I, 6th Floor, Income Tax House, Karachi for examination and processing as applicable under the relevant provision of law including Section 66 of the Sales Tax Act, 1990 read with Sales Tax Refund Rules, 2006 notified through SRO 555(I)/2006 dated 05.06.2006 and further requested that the position regarding passing on the incident of sales tax to the end consumer may be verified from the record available with the office. It is submitted that Rule 34A was inserted by Notification SRO 918(I)/2019 dated 07.08.2019 in the Refund Rules pertaining to sanction of refund claim of import related sales tax by the Collectorate of Customs. Sub Rule (1) of Rule 34A is reproduced as below:-

“Sales Tax Refund filed by an importer for import related sales tax paid in excess due to inadvertence error or misconception or as a result of competent adjudication or Appellate Authority, claimed within the period as prescribed under section 66 of the Sales Tax Act 1990 may be decided and allowed by the concerned officer of the Customs not below the rank of Assistant Collector subject to Sub Rules (2) and (3) below:-

(2) In the case of registered person while applying for refund to the concerned Customs Collectorate, the Applicant must endorsed a copy of the Refund Application to the Refund Division of the concerned RTO or LTU. The concerned Collectorate of Customs shall not process the claim unless a confirmation from such Inland Revenue office, that no



adjustment or payment of the amount claimed in refund has been made, has been received. The concerned RTO or LTU on receipt of a reference from Collectorate of Customs shall communicate such confirmation or otherwise within 30 days of the receipt of the reference.

(3) In case of unregistered importer, the refund shall be processed by the concerned Customs Collectorate without prior reference to RTO or LTU."

It is submitted that the Collectorate has not complied with the instructions contained in the Rule 34A(1) of the Sales Tax Rules and referred the case to the Assistant / Deputy Commissioner, RTO-I, 6th Floor, Regional Tax Office, Karachi for examination and processing the Refund. The Rule envisages that the competent authority for sanctioning import related refund is the concerned Officer of Customs. It is, therefore, prayed that direction may be given to the Collectorate for sanctioning of Sales Tax Refund as provided under the Rule 34A of the Sales Tax Refund Rules issued under Notification SRO 555(I)/2006 dated 05.06.2006.

5. During the hearing on 07.10.2026, Mr. Muhammad Abbas, Advocate (AR) for the Complainant stated that in terms of Para 34-A of the sales Tax Rules, 2006 notified through SRO 555(I)/2006 dated 05.06.2006 the amount of sales tax Rs.521,891/- and Additional Sales Tax of Rs.86,982/- 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. Ms. Maria Gulzar, Assistant Collector (DR), on the other hand argued that they have already sanctioned the amount of Custom Duty of Rs.263,581/- and issued through Cheque No.MCC-0548749 duly received by the Complainant.



FINDINGS:

6. The Collectorate of Customs, Appraisement (SAPT), 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 19.09.2026 has erroneously forwarded the claim for refund for processing and issuance by the RTO-I, Karachi 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:

7. FBR to:

- (i) direct the Collector, Collectorate of Customs, Appraisement (SAPT), Karachi to process and dispose of the refund claim of the complainant for Sales Tax / Additional Sales Tax in terms of Para 34A of Sales Tax Rules, 2006 after making necessary verification as to the issuance or adjustment of any refund by the RTO-I, Karachi and send the sanctioned claims to the RTO for payment on merits in accordance with law; and
- (ii) report compliance within 45 days.

Dated: 20 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

