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**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.16181/FSD/CUST/2026

Dated: 07.09.2026 * RO Lahore

Mr. Ahmad Shah,
Mehmoodabad Mohallah Muslim Ittehad Colony, ... Complainant
Sector-3, Quetta

Versus

The Secretary,
Revenue Division, ... Respondent
Islamabad

Dealing Officer	:	Ms. Adila Rehman, Advisor
Authorized Representative	:	Mr. Shakil Ahmad, Advocate
Departmental Representative	:	Mr. Wardan Ali, DC Customs
Date of Hearing	:	07.10 .2026

FINDINGS

This Complaint was filed against the Collector, Collectorate of Customs, (Enforcement), Sargodha, in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000, for failure to release the goods on payment of duty and taxes, pursuant to the Customs Appellate Tribunal's Judgment dated 11.11.2025 in Appeal No.827/LB/2025.



2. Precisely, facts of the case, as reported by the Complainant, are that the Department seized goods i.e. 6500 KG, 260 Bags skimmed Milk Powder Brand Chalta Farm and 50 bags of Dairy fresh brand skimmed milk powder on 11.01.2025 and issued Seizure Report No.01/2015 dated 24.01.2025. The seized goods were confiscated on 24.02-2025 vide Order-in-Original No.218/2025 issued by the Collector of Customs (Adjudication), Faisalabad. Being aggrieved with the order, the Complainant filed an appeal before the Hon'ble Custom Appellate Tribunal, Lahore. The Customs Appellate Tribunal ordered to release the goods 310 bags of Skimmed Milk Powder on the

payment of Customs Duty and taxes vide Order-in- Appeal No C.A No 827/LB/2025 dated 11.11.2025. The Complainant submitted an application before the Department for assessment in the light of Customs Appellate Tribunal's order for the release of the goods after payment of customs duty and taxes. The Department replied that they have auctioned the impugned goods on 23.07.2025 vide Lot No 01-A/2025, case No 01-2025 Sargodha. The Department auctioned the Complainant's goods without issuing the notice under the Customs Act 1969 which was against law and natural justice. The Complainant further requested to release the refund after deduction of custom duty and taxes from the actual value of the goods which were assessed about Rs.8.100 million at the time of detention by the seizing department but the seizing department did not act upon the his request despite various visits of the Complainant to the Department. It was a well settled principle of law that a case pending for implementation of a lawful judgment/ order causing no financial loss to the government revenue was a blatant violation of express provisions of the constitutional rights and Article 24-A of the General Clauses Act. The Complainant prayed that the Department be directed to implement the Tribunal's judgment.

3. The Complaint was referred to Secretary Revenue Division for comments, in terms of Section 10(4) of the FTO Ordinance, read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. In response, the Collector, Collectorate of Customs (Enforcement), Sargodha, through letter dated 28.09.2026, submitted parawise comments, stating therein that the present grievance, if sustainable, at all, related entirely to the execution of a judgment of the learned Customs Appellate Tribunal and a consequential refund claim resulting from an auction held under the Customs Act, 1969.



Because the goods in question were lawfully seized, adjudicated, and auctioned under statutory authority prior to pronouncement of the Tribunal's judgment, the proper remedy, if any, lies in approaching the department with proof of ownership for claiming sales proceeds in accordance with applicable rules, rather than invoking the jurisdiction of this Hon'ble Forum on grounds of alleged maladministration. It was further submitted that the Department had acted strictly in accordance with the due process of law as prescribed under the Customs Act, 1969, and the rules and notifications made thereunder. The allegations of negligence, malafide, or non-compliance are legally untenable and not sustainable in the facts and circumstances of the case. The Department auctioned the goods due to their perishable nature in light of judgment of learned Collector Adjudication vide Order-In-Original No.218/2025 dated 24.02.2025 in Seizure No.01/2025 dated 24.01.2025, after serving proper notice to the claimant of the goods as per record under Section 201 of the Customs Act, 1969. The goods were placed in open auction and the entire process was conducted strictly in accordance with the provisions of law. The highest bid of Rs.5.250 million was accepted vide Lot No. 01-1/2025-26, and the due amount was realized vide PSID 20015617009925081 along with 10% withholding tax as per the Income Tax Ordinance, 2001. At the time of auction of the perishable goods, Order-in-Original No.218/2025 dated 24.02.2025 was in the field, and the claimant neither produced any stay order nor any other document restraining the Collectorate from proceeding with the auction. The goods were placed in auction, the auction was completed, and delivery was affected on 04.08.2025. The claimant approached the Collectorate of Customs (Enforcement), Sargodha, only on 20.05.2026 and furnished the judgment of the Hon'ble Customs Appellate Tribunal made vide Customs Appeal No.



827/LB/2025 dated 11.11.2025. The actions taken by the Department were strictly in accordance with the provisions of law, aimed at safeguarding the national exchequer and preventing the goods from deteriorating with the passage of time. The Complainant be directed to apply for the sale proceeds in accordance with Section 201 of the Customs Act, 1969 along with the documents/proof of ownership of goods unambiguously. The Department prayed for dismissal of the Complaint.



4. The AR and DR attended the hearing on 07.10.2026 and reiterated what had been mentioned in the written Complaint and parawise comments. The DR was asked to provide the relevant documents relating to the auction proceedings which were provided by the DR and placed on record. The AR was questioned regarding the filing of instant Complaint before the FTO by someone Mr. Ahmad Shah instead of the original owner of the goods, he replied that the original owner of the goods has given Special Power of Attorney to Mr. Ahmad Shah S/o Abdullah authorizing him to pursue and argue his case on his behalf.

5. Arguments of both sides have been heard and available record perused.

FINDINGS:

6. Perusal of the record reveals that no specific Power of Attorney has been provided by Mr. Ahmad Shah (Complainant) to plead his case before the FTO on behalf of Mr. Atiq Ullah, the original owner of the goods. The Power of Attorney available in the file, as reported by the Complainant's AR, pertains to appearance before the Customs authorities/Court and the same Power of Attorney is older that is, issued on 07.07.2026 whereas the instant Complaint was filed before

this Forum on 07.09.2026. In view of above, the Complainant is not competent to file the instant complaint on behalf of the original owner of the goods, therefore, the same is not maintainable.

7. It is further observed that the Department auctioned the goods due to their perishable nature in light of judgment of Collector of Customs (Adjudication) Order-In-Original No.218/2025 dated 24.02.2025 which was in the field, after serving proper notice to the claimant of the goods under Section 201 of the Customs Act, 1969. The goods were placed in open auction and the entire process was conducted strictly in accordance with the provisions of law as the claimant neither produced any stay order nor any other document restraining the Collectorate from proceeding with the auction. The highest bid of Rs.5.250 million was accepted vide Lot No. 01-1/2025-26, and the due amount was realized vide PSID 20015617009925081 along with 10% withholding tax as per the Income Tax Ordinance, 2001. The goods were placed in auction, the auction was completed, and delivery was affected on 04.08.2025. The record further reveals that the delivery was affected on 04.08.2025 prior to the issuance of CAT's judgment dated 11.11.2025. No maladministration has been established on behalf of the Department in completing the auction proceedings.

8. In view of the above, the proceedings are dropped and the case file is consigned to record.

Dated: 27 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

