

**IN THE SUPREME COURT OF PAKISTAN**  
(Appellate Jurisdiction)

**Present:**

Mr. Justice Yahya Afridi, CJ  
Mr. Justice Muhammad Shafi Siddiqui  
Mr. Justice Miangul Hassan Aurangzeb

**Civil Petitions No. 2853 and 2854 of 2025**

[Against order dated 20.05.2025 of the Peshawar High Court, Peshawar passed in Customs Reference Nos.84-P and 85-P of 2025]

*Director, Intelligence & Investigation (Customs),  
FBR, Peshawar.*

[In both cases]

... *Petitioner*

**Versus**

*Muhammad Ishaq.*  
[In CP.2853/25]

*Muhammad Rizwan.*  
[In CP.2854/25]

... *Respondents*

**AND**

**Civil Petition No. 3566 of 2025**

[Against judgment dated 29.05.2025 of the Peshawar High Court, Peshawar passed in Custom Reference No.87-P of 2025]

*Director of Customs, (Enforcement), Model Custom Collectorate, Peshawar.*

... *Petitioner*

**Versus**

*Noor ud Din Shah and another.*

... *Respondents*

**AND**

**Civil Petition No. 3886 of 2025**

[Against judgment dated 29.05.2025 of the Peshawar High Court, Peshawar passed in Custom Reference No.86-P of 2025]

*Taj Muhammad and another.*

... *Petitioners*

**Versus**

*Collector Customs (Enforcement), Model Customs Collectorate, Peshawar.*

... *Respondents*

For the Petitioner:  
[In CPs.2853 & 2854/25]

Mr. Shahid Qayyum Khattak, ASC.  
[through video-link from Peshawar]

Mr. Junaid Akram, Addl. Director, Customs  
[at Islamabad]

For the Petitioners:  
[In CP.3886/25]

Mr. M. Zahid Mahboob, ASC.

For the Petitioner:  
[In CP.3566/25]

Mr. Aamir Bilal, ASC.

For the Respondents: Nemo.  
 [In CPs. 2853, 2854 & 3566/25]

For the Respondents: Syed Hammad Hussain Shah, ASC.  
 [In CP.3886/25] Syed Shaheed Raza, D.C. Customs.

Date of Hearing: 29.10.2025.

### **JUDGMENT**

**Muhammad Shafi Siddiqui, J.** The question involved in these petitions is whether a lawfully registered conveyance found carrying smuggled goods exclusively can be released on payment of redemption fine under section 181 of the Customs Act, 1969 (hereinafter referred to as '**the Act**'), after issuance of the Federal Board of Revenue's (Board) Notification S.R.O.499(I)/2009 dated 13.06.2009 (hereinafter referred to as '**the SRO, 2009**') read with its subsequent amendments, particularly S.R.O.1619(I)/2024 dated 03.10.2024.

2. To understand the controversy, we take up the facts of Civil Petition No.2853 of 2025 as leading case. On "07.10.2024", (being subsequent to amended SRO dated 03.10.2024) the staff of Field Intelligence Unit, Dera Ismail Khan, acting upon specific information, intercepted a Bedford truck bearing registration No. K-1780-D.I. Khan on Daraban Road, D.I. Khan. On search, foreign-origin *PU Coated Fabrics and old and used tyres* were recovered. The driver, Muhammad Ishaq could not produce any lawful import documents; hence the goods along with the vehicle were seized under sections 168 and 180 of the Act.

3. After completion of proceedings, the Additional Collector of Customs (Adjudication), Islamabad, Camp Office Peshawar, passed Order-in-Original No.367/2024 dated 18.12.2024, confiscating the goods and vehicle outright. On appeal, the Customs Appellate Tribunal, Peshawar, through consolidated judgment dated 13.03.2025, modified the order and directed release of the vehicle against payment of 40% redemption fine on its appraised value. The Department filed Custom Reference No. 84-P/2025 before the Peshawar High Court, which was answered in negative *vide* judgment dated 20.05.2025, holding that the amendment made on 03.10.2024 was penal in nature and not retrospective.

4. We have heard the learned counsel for the parties on the proposed question summarized in the opening paragraph of this judgment and perused the material available on record.

5. Section 157(2) of the Act renders every conveyance used in the movement of smuggled goods liable to confiscation. Section 181 of the Act empowers the adjudicating officer to offer the owner an option to pay fine in lieu of confiscation, *subject to the first proviso*, whereby the Board may issue orders specifying classes of goods for which such option shall not be given. In exercise of this power, the Board issued the SRO, 2009, the operative portion whereof prohibits such release for (a) smuggled goods falling under section 2(s) and (b) lawfully registered conveyance including packages and containers found carrying smuggled goods in false cavities or being used exclusively or wholly for transportation of offending goods under clause (s) of section 2 of the Customs Act, 1969 (IV of 1969).

6. This Court, in *Bashir Ahmed* case<sup>1</sup> has conclusively held that the issuance of SRO, 2009 creates a statutory bar, leaving no discretion with the adjudicating officer or the Tribunal to grant release on redemption fine if it had fallen within frame of (a) and (b) of SRO. It was further held that the subsequent amendment introduced on 03.10.2024 did not dilute the earlier prohibition rather includes vehicles with container as well. The relevant observation reads, as under:

*“When the Board has exercised its power and issued an order under section 181, the Tribunal is bereft of jurisdiction to order release of such conveyance by giving an option under that section.”*

7. In view of the statutory framework and the authoritative pronouncement of this Court in *Bashir Ahmad* (*supra*), it stands settled that upon the promulgation of SRO, 2009, the Board acting under the first proviso to section 181 of the Act divested itself of the authority to grant an option of fine in lieu of confiscation in respect of conveyances employed for the transportation of smuggled or non-custom-paid goods. The said SRO, 2009 unequivocally withdrew the discretion of the adjudicating officer by declaring that no such option shall be extended in cases of (a) smuggled goods falling under clause (s) of section 2 of the Act, and (b) lawfully registered

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<sup>1</sup> *Bashir Ahmed v. Director, Directorate of Intelligence and Investigation (Customs), FBR Peshawar* (2025 SCMR 684)

conveyances found used wholly or exclusively for the carriage of offending goods in false cavities. This statutory embargo remained in force continuously, except for a brief and limited relaxation introduced through S.R.O.1280(I)/2024 dated 20.08.2024, which conditionally permitted release of certain vehicles not falling within clause (b), seized for the first or second time. The said concession, however, stood rescinded by S.R.O.1619(I)/2024 dated 03.10.2024, thereby restoring the original and complete prohibition with insertion/inclusion of (ba). Consequently, the adjudicating fora, including the Board itself, have had no lawful competence to order release of any conveyance used for the transportation of smuggled goods against payment of fine, and confiscation in such circumstances is mandatory in law. The judgment of this Court in *Bashir Ahmad (supra)* thus affirms and reinforces the binding operation of SRO, 2009 in all pending as well as future proceedings.

8. Applying the above understanding of law to the case at hand, it is manifest that the Customs Appellate Tribunal as well as the learned High Court failed to appreciate the legal effect of the aforesaid statutory bar. Once the Board, in exercise of its powers under section 181 of the Act, had withdrawn the discretion to grant an option of redemption fine through SRO, 2009 as amended, neither the adjudicating officer nor the appellate fora retained jurisdiction to order release of a vehicle found used wholly or exclusively for transportation of smuggled goods. The record establishes that the vehicle in question was intercepted carrying only foreign-origin *PU Coated Fabrics and old and used tyres*, and no lawful import documents were produced to discharge the burden under section 187 of the Act. The plea that the vehicle was a hired public transport cannot override the explicit statutory bar created by the Board's notification. In such circumstances, the confiscation of the vehicle was the only course permissible under the law.

9. By empowering authorities to confiscate, without option of redemption fine, all vehicles and conveyances used in the transportation of smuggled goods, the amendment closes a longstanding loophole that previously allowed offenders to reclaim such assets through payment of fines. This measure strengthens the enforcement capacity of the authorities ensuring that the instruments of smuggling are permanently removed from circulation.

10. The reasoning adopted by the Tribunal, treating the words "liable to confiscation" occurring in section 157(2) as a matter of discretion, was misconceived and contrary to the clear mandate of the Act as reinforced by the binding precedent of this Court in *Bashir Ahmed (supra)*. The High Court, by affirming such view and construing the amending S.R.O. 1619(I)/2024 dated 03.10.2024 as discretionary, overlooked the enduring operation of the amended notification above, thereby falling into error apparent on the face of the record. Their interpretation that the case involved discretionary confiscation under section 157(2) is misconceived.

11. In view of the forgoing discussion, this petition is converted into an appeal and allowed. The judgment dated 20.05.2025 of the Peshawar High Court in Custom Reference No.84-P/2025 and the judgment dated 13.03.2025 of the Customs Appellate Tribunal, Peshawar are set aside. Consequently, Order-in-Original No.367/2024 dated 18.12.2024 passed by the Additional Collector of Customs (Adjudication), Islamabad, Camp Office, Peshawar, ordering outright confiscation of the goods and vehicle, is restored.

Civil Petitions No.2854 and 3566 of 2025: In view of the findings recorded and conclusion drawn in the connected case (Civil Petition No.2853 of 2025), these petitions are converted into appeals and the same are allowed. The impugned judgments of the High Court are set aside.

Civil Petition No.3886 of 2025: In view of the findings recorded and conclusion drawn in the connected case (Civil Petition No.2853 of 2025), this petition is dismissed and leave to appeal is refused.

Chief Justice

Judge

Judge

Islamabad:  
29.10.2025

Approved for Reporting  
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