

Customs Vehicle Confiscation in Pakistan: Supreme Court Explains the SRO 499 Redemption Bar

The Supreme Court ordered outright confiscation of a vehicle used exclusively for smuggled goods, holding that SRO 499 barred its release on redemption fine.

Civil Petition No. 327-P of 2020 | 2026-08-17

By Shahbaz Shah, Advocate High Court | Published 6 October 2026

Redemption must be legally available before a fine is calculated

The Supreme Court of Pakistan held that the vehicle in Collector of Customs, Model Customs Collectorate, Peshawar v Shamsur Rehman could not be released on redemption fine. It had been used exclusively to transport smuggled goods and fell within the excluded class in clause (b) of SRO 499(I)/2009 as applicable at the time of seizure.

The threshold question was whether redemption was available at all. The lower forums had concentrated on the basis for calculating a 20 per cent fine. That calculation could not overcome a statutory exclusion of the redemption option.

Civil Petition No. 327-P of 2020 was decided on 17 August 2026 by Chief Justice Yahya Afridi, Justice Naeem Akhter Afghan and Justice Muhammad Shafi Siddiqui. Justice Siddiqui authored the judgment. The supplied nine-page copy is approved for reporting, but no reporter citation for this decision is stated in it.

The seizure and the orders below

On 9 December 2018, a customs mobile squad assisted by police intercepted vehicle LE-854 (Lahore), coming from Jamrud. It carried foreign-origin goods for which lawful import documentation was not produced. The goods were seized under section 168 in connection with sections 2(s) and 16 of the Customs Act, 1969, read with section 3(1) of the Imports and Exports (Control) Act, 1950. The vehicle was seized under section 157.

Order-in-Original No. 477/2018 dated 13 December 2018 ordered outright confiscation of the goods but permitted release of the vehicle on a fine calculated at 20 per cent of its value. The Collector (Appeals) initially dismissed the appeals. Following a Tribunal remand for a fair hearing, consideration of evidence and a speaking order, the Collector (Appeals) again upheld the decision on 27 August 2019.

On 18 November 2019, the Customs Appellate Tribunal maintained confiscation of the goods but changed the vehicle's fine to 20 per cent of the proportionate customs value of the offending goods. The Peshawar High Court dismissed Customs Reference No. 23-P/2020 under section 196 on 16 April 2020. The Collector then approached the Supreme Court.

That procedural history explains the error addressed in the final judgment: successive forums debated the amount of redemption fine without first deciding whether the applicable notification allowed redemption of this vehicle.

Sections 157 and 181 serve different functions

Section 157(2) makes a conveyance used to remove goods liable to confiscation itself liable to confiscation. Section 181 concerns the option of paying a fine in lieu of confiscation. Liability to confiscation and eligibility for redemption are related but separate questions.

The first proviso to section 181 authorizes the Board to specify classes of goods for which that option cannot be given. The adjudicating authority's discretion is therefore subject to the statutory notification. It is not an unlimited power to release every confiscated conveyance whenever a fine appears appropriate.

A lawyer assessing a vehicle seizure should consequently examine both the basis for confiscation and the relevant notification governing redemption. Registration of a vehicle does not, by itself, answer either question.

Clause (b) of SRO 499: two alternative grounds

SRO 499(I)/2009 dated 13 June 2009 specified excluded classes. As reproduced and applied in the judgment, clause (b) covered lawfully registered conveyances, including packages and containers, found carrying smuggled goods in false cavities or used exclusively or wholly to transport offending goods under section 2(s).

Those are alternative descriptions. The judgment's decisive finding was that this vehicle was used exclusively to transport the smuggled goods. It is inaccurate to summarize the case as depending on an actual finding of a false cavity. Nor does the clause, as explained here, require both a false cavity and exclusive use before its exclusion can operate.

The decision also should not be presented as an automatic prohibition on redemption for every vehicle carrying any unlawful goods. The factual classification under the applicable exclusion remains essential. This vehicle fell within that class because of the exclusive-use finding.

Why serial No. 2(f) did not authorize release

The notification's table provided a 20 per cent rate under serial No. 2(f) for conveyances not covered by clause (b). That qualification was central. The table could not be read as an independent entitlement to redemption that overrode the notification's opening exclusions.

Paragraphs 9 and 15 explain that the notification must be read as a whole. First, determine whether the vehicle is within an excluded class. Only where the exclusion does not apply can the relevant redemption provision and rate be examined.

In this case, applying the 20 per cent entry without its qualification effectively reversed the notification's structure. Once clause (b) applied, the dispute about whether the fine should be tied to vehicle value or goods value could not justify release.

The Supreme Court authorities relied upon

The Court cited *Collector of Customs v Wali Khan*, 2017 SCMR 585, concerning the Board's power under the first proviso to section 181 to specify excluded classes. That authority supported the legal basis of the notification rather than an unrestricted adjudicating discretion.

It also relied on *Bashir Ahmad v Director, Directorate of Intelligence and Investigation (Customs), FBR, Peshawar*, 2025 SCMR 684. As described in the present judgment, that decision recognized the binding exclusion and the need to read the redemption table with the notification's prohibitions. A Tribunal could not release a conveyance falling within an excluded class through a fine that the scheme did not permit.

Director, Intelligence and Investigation (Customs), FBR, Peshawar v Muhammad Ishaq, 2026 SCMR 885, was discussed in relation to subsequent changes to SRO 499 and the continuing statutory bar. These citations and the limited propositions attributed to them come from the supplied Supreme Court

judgment. This article does not claim a separate examination of each full reported decision or add facts about those cases that this judgment does not provide.

Why the seizure date matters

The Court expressly treated the 2018 seizure as governed by SRO 499 in its form at that time. Later notifications were discussed to explain subsequent treatment of the scheme; they were not applied retroactively to create a redemption entitlement for this seizure.

Paragraph 11 records that SRO 1280(I)/2024 dated 20 August 2024 introduced a brief and limited concession for certain conveyances outside clause (b), with conditions linked to first or second seizures. The concession was rescinded through SRO 1619(I)/2024 dated 3 October 2024, including the relevant clause (ba).

For a different seizure, counsel must obtain the notification and amendments applicable to its own date. The historical discussion in this article is not a representation that every provision of the SRO remains unchanged today. The legal lesson is to match the facts and date to the applicable text before asserting a right to release.

The operative order and the question left unanswered

The Supreme Court allowed the appeal and set aside the High Court, Tribunal, Collector (Appeals) and original adjudication orders only to the extent that they permitted release of the vehicle on redemption fine. The vehicle was liable to outright confiscation under clause (b) of the applicable SRO.

The order did not disturb confiscation of the smuggled goods. It was not a decision convicting the owner of a criminal offence. It addressed the customs confiscation and redemption regime before the Court.

Paragraph 16 also matters to accurate reporting. Because redemption was unavailable at the threshold, the Court did not resolve as a general rule the competing calculation bases for fine in cases where redemption is lawful. It would be wrong to cite this case as deciding that every permitted redemption fine must always be based on either vehicle value or the value of the goods.

A practical checklist for customs counsel

The central documents are the seizure memo, vehicle and goods inventory, import records, registration documents, adjudication and appellate orders, and the relevant notification as it stood on the seizure date. Evidence concerning false cavities and whether the vehicle was used exclusively or wholly for offending goods must be examined separately.

For Customs, an outright-confiscation claim should identify the precise excluded class and the evidence bringing the vehicle within it. For the person seeking release, the first issue is whether that classification is legally and factually justified. Arguing for a lower percentage without confronting an applicable prohibition leaves the decisive issue unanswered.

Where redemption is legally available, its calculation can then be argued under the correct provision. This order of analysis follows the judgment's reasoning; it does not replace the applicable procedural requirements or determine facts in a future case.

Frequently asked questions

Can a registered vehicle be confiscated outright for carrying smuggled goods?

Yes. In this case, lawful registration did not overcome clause (b), because the vehicle was used exclusively to transport smuggled goods. The applicable notification and the proven facts determine whether the redemption exclusion applies.

Does SRO 499 always allow release on a 20 per cent fine?

No. The Court held that the table entry for conveyances outside clause (b) could not authorize release of a vehicle within that excluded class. Eligibility for redemption must be decided before its rate.

Did the Court decide whether fine should be based on the vehicle or goods value?

It did not settle that issue generally. Redemption was barred for this vehicle, making the competing calculation bases incapable of supporting its release.

Judgment source and paragraph guide

The complete supplied Supreme Court judgment is available through the judgment PDF download. The early paragraphs set out the seizure and proceedings; paragraphs 6 to 10 discuss the statutory scheme and SRO; paragraphs 11 and 12 address later amendments and the governing seizure date; paragraphs 13 to 17 apply the exclusion and give the order. The article PDF is a separate explanatory publication.

Primary sources and online article

[Online article and downloads](#)

[Complete supplied Supreme Court judgment](#)