

LHC directs Customs to return confiscated gold bar

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LAHORE: The Lahore High Court has ordered the Customs Department to return a refined gold bar and \$10,000 to a petitioner, ruling that the authorities acted unlawfully by substituting confiscated property (gold brick) with an arbitrarily determined monetary value.

A two-judge LHC bench comprising Justice Malik Javid Iqbal Wains and Justice Khalid Ishaq recently passed a ruling while allowing a petition filed by Abbas Ali, bringing closure to a dispute dating back to 2004. The case originated when the petitioner was stopped at the departure lounge of Allama Iqbal International Airport, Lahore, on May 27, 2004, while travelling to Bangkok.

Customs officials recovered 3.085kg of gold and foreign currency, including \$12,000 and Thai Baht, from his baggage after he allegedly failed to declare the items.

The goods were confiscated under provisions of the Customs Act, 1969 and a criminal case was registered.

Later, the Customs adjudicating authority ordered outright confiscation of both the gold and the currency.

Over the years, the matter travelled through multiple legal forums, including the Customs Appellate Tribunal and the Lahore High Court, with conflicting outcomes.

In 2012, a larger bench of the Appellate Tribunal ordered the release of the gold and partial return of foreign currency to the petitioner.

However, the decision was later set aside by the LHC on technical grounds relating to the composition of the tribunal.

Subsequently, the tribunal again ruled in favour of the petitioner, directing the Customs to release the gold jewellery subject to a penalty of Rs100,000 and to return \$10,000.

The Customs challenged the decision before the Supreme Court, but its appeal was dismissed in June 2025, rendering the tribunal's order final.

During the pendency of the petition, Customs authorities revealed that the seized jewellery had already been sent to the Pakistan Mint in 2005, where it was melted and converted into a gold bar weighing 2.47kg.

The gold was later transferred to the State Bank of Pakistan in 2007 and its value calculated at Rs6.31 million based on international rates was deposited into the government treasury.

In 2025, Customs offered the petitioner Rs5.87 million (after deductions), calculated on the 2007 value of the gold, along with the foreign currency.

The department also failed to prove that the gold was ever sold/auctioned through a legally recognised process as required under the law. However, the LHC two-judge bench rejected the department's stance, holding that mere melting of gold does not extinguish ownership rights and the state acts only as a custodian of seized property.

The bench observed that statutory procedures for disposal of seized goods such as auction or sale are mandatory and bypassing them renders subsequent actions invalid.

The bench allowed the petition and directed the customs department to release gold bar No. 2959, weighing 2.47kg, to the petitioner upon payment of Rs100,000 penalty.

The bench further ordered the department to return \$10,000 or its equivalent in Pakistani rupees at the prevailing exchange rate at the time of payment