



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
FEDERAL BOARD OF REVENUE  
(CUSTOMS)  
AND  
ISLAMABAD CAPITAL TERRITORY  
(RECEIPTS)  
AUDIT YEAR 2013-2014**

**AUDITOR-GENERAL OF PAKISTAN**

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## **ABBREVIATIONS & ACRONYMS**

AGPR	:	Accountant General Pakistan Revenues
AY	:	Audit Year
BCA	:	Bank Credit Advice
BG	:	Bank Guarantee
CAATs	:	Computer Assisted Auditing Techniques
CARe	:	Customs Administrative Reforms
CD	:	Customs Duty
CGO	:	Customs General Order
CIF	:	Cost Insurance and Freight
Cus	:	Customs
DAC	:	Departmental Accounts Committee
DG	:	Director General
DP	:	Draft Para
DR&S	:	Directorate of Research and Statistics
DTRE	:	Duty and Tax Remission for Exports
EDS	:	Export Development Surcharge
E&P	:	Exploration and Production
Exp	:	Expenditure
FAM	:	Financial Audit Manual
FBR	:	Federal Board of Revenue
FATA	:	Federally Administered Tribal Areas
FED	:	Federal Excise Duty
FTA	:	Free Trade Agreement
FTO	:	Federal Tax Ombudsman
FY	:	Financial Year
GD	:	Goods Declaration
GPO	:	General Post Office
GDP	:	Gross Domestic Product
GFR	:	General Financial Rules
GPS	:	Global Positioning System
HSD	:	High Speed Diesel
IB	:	Indemnity Bond
ICT	:	Islamabad Capital Territory
I&I	:	Intelligence and Investigation
INTOSAI	:	International Organization of Supreme Audit Institutions
IRS	:	Inland Revenue Service
ISAF	:	International Security Assistance Force
LNG	:	Liquefied Natural Gas
LTU	:	Large Taxpayers Unit

MCC	:	Model Customs Collectorate
MPNR	:	Ministry of Petroleum and Natural Resources
NAB	:	National Accountability Bureau
NAM	:	New Accounting Model
NATO	:	North Atlantic Treaty Organization
OMC	:	Oil Marketing Company
PATA	:	Provincially Administered Tribal Areas
RTO	:	Regional Tax Office
PAC	:	Public Accounts Committee
PaCCS	:	Pakistan Customs Computerized System
PCA	:	Post Clearance Audit
PCT	:	Pakistan Customs Tariff
PDC	:	Post Dated Cheque
PDL	:	Petroleum Development Levy
PMBQ	:	Port Muhammad Bin Qasim
POL	:	Petroleum Oil Lubricants
PRAL	:	Pakistan Revenue Automation Limited
PSO	:	Pakistan State Oil
RBD	:	Refined, Bleached and Deodorized
SED	:	Special Excise Duty
SRO	:	Statutory Regulatory Order
ST	:	Sales Tax
USA	:	United States of America
WHT	:	Withholding Tax
WeBOC	:	Web Based One Customs

## **Preface**

Articles 169 and 170 of the Constitution of Islamic Republic of Pakistan 1973, read with sections 8 and 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, require the Auditor-General of Pakistan to conduct audit of expenditure and receipts of Government of Pakistan.

The report is based on mega issue titled "Tax to GDP Ratio" and compliance with authority audit of revenue receipts, expenditure of Federal Board of Revenue (Customs) and receipts of Islamabad Capital Territory for the financial year 2012-13. The report also includes observations relating to previous years as well. The Directorate General of Audit Customs & Petroleum conducted audit during the period from July to Nov, 2013 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the audit findings carrying value of Rs 1 million or more. Relatively less significant issues are listed in the Annexure-I of the Audit Report. The Audit observations listed in the Annexure-I shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

Audit findings indicate the need for adherence to regularity framework besides instituting and strengthening internal controls to avoid recurrence of similar violations and irregularities.

Audit observations included in this report have been finalized in the light of discussions in the DAC meetings.

The Audit Report is submitted to the President in pursuance of the Article 171 of the Constitution of Islamic Republic of Pakistan 1973, for causing it to be laid before both houses of Majlis-e-Shoora [Parliament].

Dated: 06 March 2014

(Muhammad Akhtar Buland Rana)  
**Auditor-General of Pakistan**



## **EXECUTIVE SUMMARY**

The Directorate General of Audit Customs & Petroleum is responsible for audit of revenue receipts and expenditure of Federal Board of Revenue (Customs) and receipts of Islamabad Capital Territory. Audit of 222 out of 267 formations was conducted by utilizing 18,498 man-days, incurring expenditure of Rs 78.04 million.

### **a. Scope of Audit**

Target of customs duty for the financial year 2012-13 was Rs 241.20 billion against which actual collection was Rs 233.84 billion, reflecting less receipts of Rs 7.36 billion (3.05%). Customs duty was collected through FBR's field offices consisting of seventeen MCCs and other sister offices. Expenditure of FBR on Customs Wing during the year was Rs 5.12 billion.

Target of other taxes in Islamabad Capital Territory (ICT) for the financial year 2012-13 was Rs 2.50 billion against which actual collection was Rs 2.55 billion, reflecting excess receipts of Rs 0.05 billion (2%). These receipts were collected through ICT's six field offices.

The Directorate General of Audit Customs & Petroleum conducted audit of above receipts and expenditure on test check basis and during mega issue audit, overall system of tax collection was reviewed at macro level in accordance with audit methodology as envisaged in Financial Audit Manual.

### **b. Recoveries at the instance of Audit**

Recovery of Rs 47,219 million was pointed out by Audit in this report. Out of this, recovery of Rs 35,977 million was not in the notice of tax collecting authorities. FBR and ICT effected recovery of Rs 763 million, out of which recovery of Rs 312 million effected at the instance of Audit and verified during Feb, 2013 to Jan, 2014.

### **c. Audit Methodology**

Audit activity started with detailed planning, development of audit programmes, establishing resource requirements and timing. The planned activities were executed as per audit programmes and results thereof were evaluated at appropriate levels before issuance to auditee organizations. High value and high risk items were selected on professional judgement basis for substantive testing. Audit was conducted by applying CAATs.

#### **d. Audit Impact**

In last year audit report certain issues were highlighted, in response to which following changes have been made in the rules and regulations:

- an observation was raised that finished goods of five major export sectors covered under SRO 1125(I)/2011 should be charged to sales tax at statutory rate, FBR issued an SRO 504(I)/2013 on 12.06.2013 to tax the same at statutory rate.
- an observation was raised for revamping of SRO 542(1)/2006 and delinking of exemption of sales tax on import of mobile phones from the condition of presentation of mobile phone to the cellular company operator for activation or energization, FBR imposed sales tax on import of mobile phones vide SRO 280(I)/2013 dated 04.04.2013.
- an observation was raised that embroidery, barber, household and tailor scissors which did not cover under the definition of surgical, medical, veterinary and dental scissors were not entitled to rebate under SRO 96(KE)/2010. The Input Output Co-efficient Organization upheld the viewpoint of Audit vide clarification C.No.2(111)/IOCO/SIMA/2002/Vol-2/236 dated 26.03.2013.
- an observation was raised that goods charged to sales tax at reduced rate should be charged WHT at the rate of five percent, FBR referred the matter to IRS Wing for clarification.
- an observation was raised that service providers should also be charged to value addition tax at the rate of three percent, FBR issued an SRO 367(I)/2013 dated 08.05.2013 to change the rule 58B of Sales Tax Special Procedure Rules 2007, and
- Small and Medium Enterprises Rules, 2008 were also changed with reference to exemption of WHT vide SRO 1666(I)/2012 dated 08.11.2012.

In this report, following matters have been identified which need clarification from FBR:

- insertion of un-authorized PCT headings and rates of customs duty in the system of PRAL.
- grant of benefit under un-modified free trade agreement with China, and
- existence of duplicate PCT headings in SRO 659(I)/2007.

#### **e. Comments on Internal Controls and Internal Audit Department**

Internal controls of the department were found weak and ineffective as various control lapses were identified during audit. There was poor monitoring of collection of customs duty and related taxes, weak reconciliation mechanism,



inadequate coverage of internal audit and non-conducting of physical verification of inventories and assets. The report witnesses that internal control system is deteriorating day by day as a number of containers were found without invoices and packing lists, existence of duplicate PCT headings in SRO 659(I)/2007, feeding of lesser rates of customs duty and insertion of un-authorized PCT headings in the system of PRAL and clearance of imported goods without realization of assessed revenue. It depicted extreme failure of controls. Further, retention of sale proceeds of auction in current account of the Collector showed that the management itself was defeating the controls as well.

Internal Audit is an appraisal activity established within the department as a service to the entity. Its functions include, amongst other things, examining, evaluating and monitoring the adequacy and effectiveness of internal controls. Internal audit is an integral part of internal controls, sound financial management, and accountability structure.

Statutory audit placed a requisition for provision of internal audit reports for the last three years to evaluate the performance of internal audit and its productivity to FBR. The Internal Audit did not respond to the requisition and during discussion it was informed that the reports were yet to be compiled. Thus, Audit could not evaluate the performance of the internal audit organization.

Audit emphasizes proper implementation of financial reporting mechanism and enforcement of laws and regulations in letter and spirit for improving the internal controls and internal audit of the department.

**f. The Key Audit Findings of the Report**

**A. Mega Issue**

- i) Evasion of duty and taxes due to under invoicing and under valuation Rs 401,848 million<sup>1</sup>
- ii) Non monitoring of imports and their disposal by E&P companies<sup>2</sup>
- iii) Non-availability of invoice and packing list in the containers<sup>3</sup>
- iv) Loss of revenue due to smuggling and use of contraband items Rs 84,268 million<sup>4</sup>

.....  
<sup>1</sup>Para 2.4.1, 2.4.2, 2.4.4, 2.4.6, 2.4.14

<sup>2</sup>Para 2.4.5

<sup>3</sup>Para 2.4.7

<sup>4</sup>Para 2.4.8, 2.4.9, 2.4.10

## B. Compliance with Authority Audit

- i) loss of revenue due to manipulation in the system of PRAL and sale of bonded goods against doubtful documents - Rs 66.42 million<sup>1</sup>
- ii) non-production of record<sup>2</sup>
- iii) non-realization of revenue due to inadmissible exemptions and concessions - Rs 5,806.09 million<sup>3</sup>
- iv) non-inclusion of petroleum levy in the value for sales tax - Rs 2,804.33 million<sup>4</sup>
- v) non-realization of withholding tax - Rs 1,694.88 million<sup>5</sup>
- vi) non-modification of free trade agreement - Rs 415.61 million<sup>6</sup>
- vii) un-lawful permission to avail the facility of two manufacturing licenses Rs 379.71 million<sup>7</sup>
- viii) non-realization of assessed government revenue - Rs 378.63 million<sup>8</sup>
- ix) non-deposit of user ID fee into government treasury - Rs 365.44 million<sup>9</sup>
- x) blockage of revenue - Rs 24,656.25 million<sup>10</sup>
- xi) non-realization of redemption fine and penalty - Rs 285.98 million<sup>11</sup>
- xii) under valuation of imported goods - Rs 269.38 million<sup>12</sup>
- xiii) misclassification of imported goods - Rs 261.33 million<sup>13</sup>
- xiv) non-recovery of adjudged government dues - Rs 7,663.68 million<sup>14</sup>
- xv) non-finalization of cases of provisional assessment - Rs 62.05 million<sup>15</sup>
- xvi) excess payment of rebate - Rs 10.59 million<sup>16</sup>

Audit paras for the audit year 2013-14 involving procedural violations including internal control weaknesses and irregularities not considered worth reporting to the PAC have been included in Annexure-I.

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<sup>1</sup> Para	2.5.1, 2.5.2
<sup>2</sup> Para	2.5.3
<sup>3</sup> Para	2.5.4
<sup>4</sup> Para	2.5.5
<sup>5</sup> Para	2.5.6
<sup>6</sup> Para	2.5.8
<sup>7</sup> Para	2.5.9
<sup>8</sup> Para	2.5.10
<sup>9</sup> Para	2.5.11
<sup>10</sup> Para	2.5.12, 2.5.18, 2.5.19, 2.5.28, 2.5.41, 2.5.57
<sup>11</sup> Para	2.5.13
<sup>12</sup> Para	2.5.14
<sup>13</sup> Para	2.5.15
<sup>14</sup> Para	2.5.56
<sup>15</sup> Para	2.5.22
<sup>16</sup> Para	2.5.31

**g. Recommendations**

**A. Mega Issue**

FBR should:

- i) devise a mechanism and adopt measures to curb tax evasion due to under-invoicing, mis-declaration, smuggling, inadmissible exemptions and refunds to ensure actual collection of revenue
- ii) issue strict instructions to field offices for compliance of provisions of SRO 678(I)/2004
- iii) make necessary amendments in the rules for imposing exemplary penalty for non-availability of invoices and packing list in the containers
- iv) take appropriate steps to curb smuggling in the country and the culture of amnesty scheme be discouraged as a policy matter

**B. Compliance with Authority Audit**

FBR should:

- i) take action to prevent alteration in the system of PRAL
- ii) take appropriate measures to ensure production of auditable record
- iii) ensure that exemptions and concessions were granted according to law
- iv) clarify the matter regarding inclusion of petroleum levy in the value for sales tax
- v) direct the field offices to assess the imported goods as per law
- vi) take up matter with the ministry of commerce for modification of free trade agreement
- vii) issue instructions to field formations to abide by the laws while granting licenses
- viii) take steps to recover the assessed and adjudged government revenue
- ix) ensure deposit of user ID fee into government treasury
- x) issue instructions for timely disposal of confiscated goods, curb the under valuation and misclassification of imported goods
- xi) advise the field formations for early finalization of cases of provisional assessments
- xii) issue instructions to field formations to pay rebate as per notified rates



## **SUMMARY TABLES & CHARTS**

**Table 1: Audit Work Statistics**

*(Rs in million)*

Sr. No	Description	No.	Budget	
			Receipts*	Expenditure**
1	Total Entities (Ministries/PAOs) in Audit Jurisdiction	2	246,704	5,080
2	Total Formations in Audit Jurisdiction	267	246,704	5,080
3	Total Entities (Ministries/PAOs) Audited	2	246,704	5,080
4	Total Formations Audited	222	239,563	4,624
5	Audit & Inspection Reports	222	-	-
6	Performance Audit Reports	4	-	-

\* Customs receipts Rs 244,206 million including refund of Rs 10,367 million, ICT receipts Rs 2,498 million

\*\* Expenditure relates to Customs Wing only

**Table 2: Audit Observations Regarding Financial Management**

*(Rs in million)*

S.No	Description	Amount Placed under Audit Observations
1	Unsound Asset Management	-
2	Weak Financial Management	47,091
3	Weak Internal Controls Relating to Financial Management	128
4	Others	-
<b>Total</b>		<b>47,219</b>

**Table 3: Outcome Statistics***(Rs in million)*

Sr. No	Description	Receipts	Expenditure	AY 2013-14	AY 2012-13
1	Outlays Audited	239,563	4,624	244,187	199,663
2	Monetary Value of Audit Observations	47,114	105	47,219*	41,806
3	Recoveries Pointed out by Audit	35,952	25	35,977	30,117
4	Recoveries Accepted/Established at the instance of Audit	23,809	8	23,817	20,685
5	Recoveries Realized at the instance of Audit	762	1	763**	331

\* This does not include the amount of paras of audit of mega issue and management letter

\*\* The amount was verified from 1<sup>st</sup> Feb, 2013 to 31<sup>st</sup> Jan, 2014

**Table 4: Table of Irregularities Pointed Out***(Rs in million)*

Sr. No	Description	Amount Placed under Audit Observation
1	Violation of rules and regulations and violation of principles of propriety and probity in public operations.	23,274
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from IPSAS, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Weaknesses of internal control systems.	128
5	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public monies.	23,817
6	Non-production of record.	Nine Offices
7	Others, including cases of accidents, negligence etc.	-

**Table 5: Cost-Benefit***(Rs in million)*

<b>Sr. No.</b>	<b>Description</b>	<b>AY 2013-14</b>	<b>AY 2012-13</b>	<b>AY 2011-12</b>
1	Outlays Audited (Items 1 of Table 3)	244,187	199,663	152,006
2	Expenditure on Audit	78	64	31
3	Recoveries realized at the instance of Audit	763	331	247
<b>Cost-Benefit Ratio</b>		<b>1 : 10</b>	<b>1 : 5</b>	<b>1 : 8</b>

# **CHAPTER-1 PUBLIC FINANCIAL MANAGEMENT ISSUES [AGPR and FBR]**

## **Audit Paras**

Significant paras, pointed out during audit of customs revenue and expenditure for the financial year 2012-13, are as under:

### ***1.1 Federal Board of Revenue (Customs)***

#### **1.1.1 Need to open new detailed head of account for refund and rebate of customs duty**

***Risk Categorisation: High***

#### ***Criteria***

According to New Chart of Accounts, customs receipts are booked under the heads B020-Sea Customs and B021-Land Customs, whereas, refund & rebate being deduct receipt is booked under the head B02204-Customs Surcharge.

#### ***Observation***

The refund and rebate of customs duty was booked under the head B02204-Customs Surcharge, whereas, this should be booked by creating a detailed head under the head B-21-Land Customs. It is pertinent to mention that refund of income tax (B011), sales tax (B023) and federal excise (B024) was booked under refund of income tax (B01189), refund of sales tax (B02368) and refund of federal excise (B02490) respectively. On the same analogy, refund and rebate of customs duty was also required to be booked under a separate detailed head under the head B021-Land Customs.

#### ***Implication***

The figure of customs receipt was inflated and lead to unfair presentation of financial statements.



### ***Management Reply***

The department did not furnish reply till finalization of the report. However, the matter was discussed with AGPR in a meeting held on 25<sup>th</sup> Nov, 2013. AGPR agreed with the recommendations of Audit. The matter was also discussed with Directorate of Research & Statistics, FBR on 26<sup>th</sup> Nov, 2013. It was decided that the matter may be taken up with Members (Accounting) and (Customs), FBR.

### ***DAC's Recommendations***

DAC meeting was not convened till finalization of the report.

### ***Audit Comments***

Audit emphasizes creation of a new detailed head of account for refund and rebate of customs duty under the head B021-Land Customs.

[Para No.9 of MR]

### **1.1.2 Need to open new major head of account for export development surcharge**

#### ***Risk Categorisation: High***

#### ***Criteria***

Export development surcharge (EDS) is a receipt of Ministry of Commerce and is required to be spent by the said Ministry for the purpose of export development. EDS is deducted at source by commercial banks from export proceeds and is deposited into national exchequer under head B02203-Export Development Surcharge as laid down in New Chart of Accounts.

#### ***Observation***

Export development surcharge of Rs 5,620.55 million was disclosed with customs duty in financial statements which was inappropriate disclosure as this enabled the FBR to show inflated figure of customs receipt in its accounts.

### ***Implication***

This may lead to disclosure of inflated figure of customs duty and non-disclosure of EDS in the financial statements.

### ***Management Reply***

The department did not furnish reply till finalization of the report. The matter was discussed with AGPR in a meeting held on 25<sup>th</sup> Nov, 2013. AGPR agreed with the recommendations of Audit. The matter was also discussed with Directorate of Research & Statistics, FBR on 26<sup>th</sup> Nov, 2013. It was decided that the matter may be taken up with Members (Accounting) and (Customs), FBR.

### ***DAC's Recommendations***

DAC meeting was not convened till finalization of the report.

### ***Audit Comments***

Audit requires that EDS should be disclosed separately for true and fair presentation of accounts. There is a need to open a new major head of account under New Accounting Model.

[Para No.10 of MR]

### **1.1.3 Overstatement of revenue due to non-disposal of duty drawback cases - Rs 8,072.01 million**

#### ***Risk Categorisation: High***

#### ***Criteria***

According to para 51 (vii) of the Chapter-13 of the CGO 12 dated 15.06.2002, all duty drawback claims found in order are paid serially to ensure that no claim is left out without proper justification. A register for recording the date of receipt and disposal of claims shall be maintained by the Rebate Section. The Collector shall personally check the register fortnightly. In case of any deviation the rebate section concerned must indicate the reasons thereof.

### ***Observation***

MCCs Appraisement, Karachi, Islamabad, Sialkot and Peshawar did not process rebate cases expeditiously which resulted in non-processing of rebate cases for Rs 8,072.01 million. The delay was ranging from one month to years. On the other side, the MCC Appraisement, Lahore managed to collect an amount of Rs 50 million as advance customs duty on 29<sup>th</sup> June, 2013 which was refunded on 5<sup>th</sup> July, 2013. All this was manoeuvred to meet the revenue target fictitiously.

### ***Implication***

This led to overstatement of revenue in financial statements.

### ***Management Reply***

The department did not furnish reply till finalization of the report.

### ***DAC's Recommendations***

DAC meeting was not convened till finalization of the report.

### ***Audit Comments***

Audit emphasizes that duty drawback cases be processed as per law and practice of advance collection of customs duty should be discouraged.

[DP Nos. 1167, 1222, 1394, 1511-Cus, 816-CD/K& Para No.38 of MR]

## **CHAPTER-2 FEDERAL BOARD OF REVENUE**

### **2.1 Introduction**

The Central Board of Revenue was created on April 01, 1924 through the CBR Act, 1924. The Central Board of Revenue was renamed as Federal Board of Revenue (FBR) in July, 2007. Revenue Division was created for effective formulation and implementation of fiscal policy measures. The Chairman FBR/Secretary Revenue Division is assisted by two Deputy Chairmen i.e. Customs and Inland Revenue, five support members and four functional members, with other assisting Directors General and is responsible for:

- Formulation and administration of fiscal policies,
- Assessment and collection of federal taxes and
- Quasi-judicial function of hearing of appeals.

Pakistan Customs is the guardian of Pakistan's borders against movement of contraband goods and is facilitator of bona-fide trade. It provides a major source of revenue to the Government of Pakistan in the form of duties and taxes levied on the goods traded across the borders. It also helps to protect the domestic industry, discourage consumption of luxury goods and stimulate development in the under-developed areas. The Member Customs has the support of three Chief Collectors (North, South and Central) and seventeen Model Customs Collectorates besides organizations of Collectorates of Adjudication, Appeals and Directorates General of Intelligence & Investigation, Training & Research, Internal Audit, Post Clearance Audit, Transit Trade and Valuation.

### **2.2 Comments on Budget and Accounts**

This chapter deals with customs duty collected by the Customs department of FBR and expenditure thereof.

#### **2.2.1 Revenue Collection vs Targets**

FBR was assigned a revenue target for customs duty of Rs 247.50 billion during FY 2012-13. Subsequently, the revenue target was revised to Rs

241.20billion. FBR, however, collected customs duty of Rs 233.84 billion during the financial year, which was 3.05per centbelow the revised target as follows:

*(Rs in billion)*

Tax Head	Original Target	Revised Target	Collection 2012-13	Difference from Revised Target	
				Absolute (4-3)	Percent
1	2	3	4	5	6
Customs Duty	247.50	241.20	233.84	(7.36)	3.05

*Source: Federal Budget 2013-14 & Financial Statements of Federal Government 2012-13*

### 2.2.2 Variance analysis of Revenue Collection in FY 2012-13 and FY 2011-12

A comparison of net collection in FY 2012-13 and FY 2011-12 is tabulated below:

*(Rsin billion)*

Tax Heads	Collection		Difference	
	FY: 2012-13	FY: 2011-12	Absolute	Percentage
Customs Duty	233.84	216.92	16.92	7.80

*Source: Financial Statements of Federal Government 2011-12 & 2012-13*

FBR's collection for the FY 2012-13 was Rs 233.84 billion depicted an increase of Rs 16.92billion (7.80%) over Rs 216.92billion for FY 2011-12.

### 2.2.3 Budget vs Actual Expenditure

A comparison of original grant, final grant and actual expenditure for the FY 2012-13 is as follows:

*(Rs in million)*

Grant No.	Original Grant	Supple- mentary Grant	Final Grant	Actual Expenditure	Excess/ (Saving) (5-4)	%age (6/4)
1	2	3	4	5	6	7
39-Land Customs	4,665.04	415.13	5,080.17	5,120.82	40.65	0.80

*Source: Federal Budget 2013-14, Appropriation & Re-appropriation Accounts 2012-13*

There was an excess expenditure of Rs 40.65 million. The excess expenditure was unjustified despite obtaining Supplementary Grant of Rs 415.13 million. This showed that the department did not incur expenditure objectively.

### 2.3 Brief Comments on the Status of Compliance with PAC Directives

S.No.	Audit Report Year	PAC's Directives	Compliance received	Compliance not/partially received	Percentage of compliance
1	1985-86	32	29	03	91
2	1986-87	32	15	17	47
3	1987-88	26	0	26	0
4	1988-89	132	78	54	59
5	1989-90	10	07	03	70
6	1990-91	63	22	41	35
7	1991-92	53	46	07	87
8	1992-93	66	48	18	73
9	1993-94	09	03	06	33
10	1994-95	50	21	29	42
11	1995-96	45	23	22	51
12	1996-97	31	24	07	77
13	1997-98	66	49	17	74
14	Special 97	13	12	01	92
15	Special 98	03	0	03	0
16	1998-99	63	41	11	67
17	1999-00	30	19	11	63
18	2000-01	26	14	12	54
19	2001-02	04	0	04	0
20	2004-05	17	05	12	29
21	2005-06	26	17	09	65
22	2006-07	27	18	09	67
23	2008-09	65	29	36	45
<b>Total</b>		<b>889</b>	<b>521</b>	<b>368</b>	<b>59</b>

The table shows that compliance of PAC directives is not satisfactory. The compliance of the directives needs to be improved by FBR.



## **2.4 AUDIT PARAS**

### **A. Audit of Mega Issue-Tax to GDP Ratio**

#### **Introduction**

The Directorate General of Audit, Customs & Petroleum has conducted audit of mega issue on low tax to GDP ratio in Pakistan with reference to evasion of duty and taxes in FBR. The purpose of this audit is to explore that how tax to GDP gap can easily be bridged. If tax evasion is curbed, then there is no need to impose new taxation. Tax to GDP ratio in Pakistan includes federal taxes, surcharges, provincial taxes and levies. This audit encompasses only customs duty and allied taxes collected by FBR.

The target audience includes the public representatives, economic and fiscal policy makers, taxpayers and the public at large, whose daily lives are being affected by low tax to GDP ratio, contributing to poor living conditions in the society.

This effort identifies and examines certain tax evasion issues, having mega impact on the economy. FBR did not provide soft data or record to Audit for this task. In absence of relevant record, Audit attempted to assess the approximate losses and evasion of duty and taxes in certain identified areas based on third party sources and FBR reports available on its website.

Pakistan's tax to GDP ratio stands today at below ten per cent and the situation has remained the same since the last couple of years. The low tax to GDP ratio has made the task of development and macro-economic stabilization increasingly difficult as the taxes collected in Pakistan are barely sufficient to cover the debt servicing, defence and establishment expenditure and leaves no space for growth and development.

The aim of this audit is to highlight broad and systemic issues responsible for low tax collection in the country. Emphasis has been placed on fluctuating and inconsistent policy making by FBR which resulted in low tax collection. The audit aims to draw attention of the stakeholders to the need to develop



consistency in tax policy and plug loopholes in the system so that the objective of increasing tax to GDP ratio could be achieved. Tax to GDP ratio of Pakistan for last six years is illustrated below.

Year	Tax to GDP ratio on the basis of total revenue collection (%)	Tax to GDP ratio on the basis of tax revenue collection (%)	Tax to GDP ratio on the basis of federal tax revenue collection (%)	Tax to GDP ratio on the basis of federal tax revenue collection by FBR only (%)
2006-07	14.0	9.6	9.2	9.2
2007-08	14.1	9.9	9.5	9.5
2008-09	14.0	9.1	8.8	8.8
2009-10	14.0	10.1	9.7	8.9
2010-11	12.4	9.3	9.0	8.5
2011-12	12.8	10.3	9.8	9.4

Source: Economic Survey of Pakistan 2012-13

### Comparison with Regional Countries

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011
Bangladesh	8.07	8.11	8.22	8.17	8.05	8.82	8.60	9.00	9.98
India	8.96	9.41	9.91	11.03	11.89	10.75	9.64	10.09	10.39
Pakistan	10.78	10.28	9.60	9.43	9.84	9.86	9.28	10.02	9.31
Sri Lanka	12.71	13.47	13.73	14.58	14.22	13.28	12.80	12.93	12.42

Source: World Bank database

The above table reflects that India has shown a relatively consistent improvement in its tax to GDP ratio although there was a significant drop in the years 2008 and 2009. Sri Lanka has also shown a rising trend up till 2006 which was followed by a decline then. Pakistan has shown a lacklustre performance with constant decline from 2003 to 2006 followed by nearly static ratio for 2007 and 2008 and, a lonely spike in 2010 but showing an overall downward trend from the year 2003 to 2011.

## **Audit Objectives**

The major objectives of this audit were to:

- a) analyse the reasons for low revenue collection due to under invoicing, under valuation and smuggling.
- b) probe the impact of various taxation reforms on widening the tax base in the country and enhancing revenue generation.
- c) examine the effect of various SROs regarding tax exemptions, concessions, zero rating, reduction of tax rates and amnesty schemes, poor monitoring and enforcement for increasing revenue collection.

## **Audit Scope and Methodology**

Audit analysed the data for the years 2009-10, 2010-11 and 2011-12 and the documents for FY 2012-13 such as Economic Survey of Pakistan, FBR's yearbooks and where necessary, data for previous years was also utilized. Since FBR did not provide data for this audit, therefore, data was gathered from third party sources, surveys and previous audit reports.

## **Reasons for Low Tax to GDP Ratio**

Host of complex reasons contribute to persisting low tax to GDP ratio in Pakistan. There is mass scale unemployment among youth. Women are almost excluded from active formal economic activity. Large population is illiterate or semi-literate. There is very narrow tax base in the country. The rich elites have no will to pay their taxes. Due to loopholes in proper implementation of laws to tax the wealthy elites, successive governments have been resorting to indirect taxes mainly being collected from the already heavily taxed poor of the country. Then, there are socio-economic issues including worsening law and order conditions, terrorism, poverty, diseases and natural disasters. Purchasing power of majority of population is very low. The economy remains mainly un-documented. Weak enforcement of rules and regulations adds on the worsening scenario.

## **Tax Potential of Pakistan**

Audit is of the view that by preventing revenue losses, resorting to consistent tax policies, and controlling tax evasion, smuggling, abolition of unnecessary exemptions and concessions and, issuance of frequent SROs, the revenue collection in the country could, at least, be doubled. However, several important issues of specific nature emerged from the results of audit, having far-reaching effect on tax to GDP ratio, are discussed in succeeding paras.

## **Audit Paras**

### ***Under-invoicing and under-valuation***

#### **2.4.1 Evasion of customs duty and allied taxes –Rs305,429 million**

According to section 18 of the Customs Act 1969, customs duty shall be levied at such rates as prescribed in the First Schedule or under any other law for the time being in force on goods imported into Pakistan.

United Nations Statistics Division in its publications cited the figures of Pakistan's total imports valuing US\$ 43,578 million and as per Pakistan Bureau of Statistics, the imports were US\$ 40,414 million, during the year 2011. Keeping in view the reported figures, Audit worked out that the total imports valuing US\$ 43,578 million comprising imports of US\$ 28,568 million were dutiable and imports of US\$ 15,010 million were duty free which included POL products (excluding HSD), silk yarn, jute, raw cotton, fertilizers, insecticides, iron & steel scrap, wrought & worked aluminium and wood & cork. The rates of customs duty in this year were ranging from five per cent to fifty per cent on consumer goods and from sixty per cent to one hundred and fifty per cent on luxury items. When a mean of rate of customs duty at the rate of 13.94 per cent was applied, the collection of customs duty and related taxes would be Rs 1,051,818 million and when compared with actual collection of FBR of Rs 579,617 million and exemption of duty and taxes of Rs 166,772 million granted for the same year, there was a huge shortfall of duty and taxes of Rs 305,429 million. Further, if the revenue realized from sale proceeds of confiscated goods/vehicles and recovery of arrears gets excluded from actual collection of customs duty of Rs 185,000 million, the level of evasion would be much more.

When the calculations were made on the basis of Pakistan Bureau of Statistics' figures, the level of shortfall of duty and taxes still came to Rs 183,223 million. Apparently it seems there is evasion, as the succeeding audit paras and previous audit reports significantly substantiate the viewpoint of Audit. However, the matter requires further investigation and there is a need to plug the loopholes in the system to curb evasion of duty and taxes.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. The department replied that the figures gleaned from United Nations Statistics Division for Pakistan were unauthentic. The average/mean of fifteen per cent rate of duty against all imports was not justified as out of 6,808 total tariff lines, 2,323 tariff lines were subject to five per cent rate of duty, 871 lines to ten per cent and 423 tariff lines were subject to customs duty at the rate of zero per cent. Further, the maximum tariff during 2011 was thirty five per cent except few commodities which were subject to higher rates of more than sixty per cent. In the meeting, the department provided two statements showing the effective rate of customs duty for the FY 2011-12. When perused, the rates depicted on those two statements differed from each other as in one statement the effective rate of customs duty was calculated at the rate of 10.89 per cent while in the other statement the same was shown as 14.1 per cent for FY 2011-12. These two different rates could not be got verified during meeting. Audit was of the view that the figures of United Nations Statistics Division were quite reliable as the same were close to the figures of Pakistan Bureau of Statistics. The issue had roots in under-valuation, under-invoicing, misclassification, misdeclaration, inadmissible exemptions and concessions on imported goods.

Audit requires FBR to devise a mechanism and adopt measures to curb these ways of evasion of duty to ensure actual collection of revenue which would contribute significantly in improving tax to GDP ratio.

[Annexure-3]

#### **2.4.2 Loss to national exchequer due to underinvoicing of imports made from China - Rs 92,016 million**

Underinvoicing means the provision of an invoice that states price as less than is actually paid. This might be done on an import in order to reduce the amount that will be collected by an ad valorem tariff.

Pakistan and China entered into a treaty on 24.11.2006 under which Pakistan allowed exemption and concession on import of 5,909 items being produced and manufactured in China. A comparison of United Nations Statistics Division's figures of imports by Pakistan from China and corresponding figures of exports from China revealed that the goods imported from China were

consistently underinvoiced by the importers to gain illegal financial benefits. Resultantly, the national exchequer had to sustain revenue loss of Rs 92,016 million approximately in three years.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. The department replied that the difference between the imports reported by Pakistan and exports reported by China could not be as much as observed by Audit as other countries like India, USA and China also had variation in their mutual import and export figures. Further, there was also a difference of viewpoint regarding recording of imports and exports. Anyhow, FBR was cognizant of the need for assessing the goods at fair value. The initiatives like developing of valuation gateway, developing valuation data base of imports from various countries and regions, issuance of valuation rulings to curb both individual and group underinvoicing had been taken. However, FBR has directed the Director General, Valuation to ensure that imports from China are brought under focus and rulings may be issued to check underinvoicing. Audit requested FBR to provide a copy of instructions issued to Directorate of Valuation Karachi. Audit is of the view that the issue has roots in violation of law by the importers and lenient treatment of violations by the customs authorities. Variation in the figures is of least concern.

Audit requires FBR to devise a mechanism to verify the actual price of the imported commodity directly from the manufacturers and suppliers of the major trade partners and invoices of huge value may be referred to respective embassies of Pakistan especially where free trade agreements had been signed. It is also recommended that availability of invoices in the containers may be ensured and in case of violation, maximum penalty may be imposed to curb under invoicing. This will surely help in improving tax to GDP ratio.

[Annexure-4]

#### **2.4.3 Blockage of revenue due to non-finalization of provisionally assessed cases - Rs 3,314 million**

According to section 81 of the Customs Act 1969, in certain cases the assessment of goods and the liability of payment can be determined provisionally subject to payment of additional amount on the basis of provisional

assessment secured through bank guarantee or post-dated cheque of a scheduled bank along with an indemnity bond. The correct amount of duty, taxes and other charges shall be determined within six months of the date of provisional determination provided that the Collector of Customs may extend the period for final determination by not more than ninety days. If the final determination is not made within the stipulated period, the provisional determination shall be deemed to be the final determination. According to the explanation given under the section *ibid*, provisional assessment means the amount of duties and taxes paid or secured against bank guarantee or post-dated cheque.

Provisional assessment of imported goods was not finalized within the stipulated period by the department and no action was initiated to enforce the financial securities to recover the government revenue in 874 cases during the financial years 2010-11 to 2012-13. This resulted in blockage of revenue of Rs 3,314 million.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. The department replied that the para was general in nature and made on the basis of earlier audit paras relating to financial years 2010-11 to 2012-13. However, it was added that suitable instructions would be conveyed to field formations in this respect.

Audit recommends that field offices of FBR may make concerted efforts to assess the value of goods in terms of section 25 and invoke provisions of section 81 in exceptional circumstances only. Further, supervisory review of provisionally assessed cases may be enhanced for early finalization and encashment of financial securities as this will have healthy impact on low tax to GDP ratio.

[Annexure-5]

#### **2.4.4 Loss to national exchequer due to clearance of POL products without payment of duty and taxes - Rs 3,098 million**

According to First Schedule to the Customs Act 1969 read with SRO 567(I)/2006, high speed diesel (HSD) oil classifiable under PCT heading 2710.1931, is liable to customs duty at the rate of 7.5 per cent.

A comparison of collection of customs duty on HSD and its import value reported by FBR in its yearbook with customs duty calculated on the basis of figures of imported HSD reported by the Ministry of Petroleum & Natural Resources (MPNR) for the FY 2011-12 revealed that there was a loss of government revenue of Rs 3,098 million, as tabulated below:

*(Rs in million)*

<b>FBR</b>		<b>MPNR</b>		<b>Variation</b>	
Imp value	C.Duty	Imp value	C.Duty	Imp value	C.Duty
220,010	17,554	275,358	20,652	55,348	(3,098)

*Source: FBR yearbook 2011-12 and annual import data of MPNR 2011-12*

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. The department replied that the issue of reconciliation of import figures of POL products had been taken up with Ministry of Petroleum and Natural Resources vide letter No.7 (5) S-Val &Aud/3013 dated 23<sup>rd</sup> Oct, 2013.

Audit recommends that FBR may reconcile its figures with the MPNR on annual basis so that the correct amount of revenue may become the part of national exchequer which will improve tax to GDP ratio.

#### **2.4.5 Non-monitoring of imports made by E&P companies causing revenue loss of millions of rupees**

SRO 678(I)/2004 dated 07.08.2004 governs the import of machinery, equipment, materials, vehicle including specialized vehicles or vessels, pick-ups (4x4), helicopters, aircraft, accessories, spares, chemicals and consumables, as are not manufactured locally, imported by the Exploration and Production (E&P) Companies, their contractors, sub-contractors and service companies and LNG operator in Pakistan. As per condition (viii) of the SRO, each importer or E&P company shall develop a software within a period of one year from the date of issuance of said Notification and shall establish an online connection with the customs authorities for regulating the imports made under this notification and condition (vi)(a) states that in the event, an item other than vehicles, is sold to another company in the petroleum sector no import duties shall be levied or charged. Otherwise, it shall be sold through a public tender and duties shall be recovered at the rate of ten per cent ad valorem of the sale proceeds.



E&P companies and their service providers imported goods valuing Rs 21,690 million during last six years and enjoyed benefit of concession in customs duty, exemption from sales tax and withholding tax of millions of rupees. The details of imports and their disposal were never produced for audit purpose. Further, none of the E&P companies had developed software to establish the online link with the customs department so far, meaning thereby, the customs authorities themselves had no mechanism to monitor the imports and disposal thereof. Non-implementation of an effective monitoring mechanism provided in the SRO led to pilferage of revenue on disposals made by the E&P companies.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. The department replied that the Petroleum Policy 1994 provided a package of concessions to the E&P companies including their contractors, sub-contractors and service companies. All E&P companies, like any other importer, were required by law to maintain record of all imports and in case of failure, they are liable to penalty upto one million rupee in terms of section 156 (1)(96) of the Customs Act 1969. However, suitable instructions regarding implementation of conditions laid down in the SRO shall be issued by the Customs Wing.

Audit recommends that FBR may provide the details of penalty imposed on E&P companies in the past along with names of E&P companies who had developed the software. Further, details of revenue realized on disposals made by the E&P companies may also be provided to Audit.

[Annexure-6]

#### **2.4.6 Loss to national exchequer due to under valuation of imported goods Rs 546 million**

Customs value of the imported goods is determined according to the provisions of section 25 of the Customs Act 1969.

The Customs authorities had assessed imported goods either at value lower than fixed by the Directorate of Valuation, Karachi or by non/short inclusion of the freight, insurance charges etc. to arrive at the CIF value or duty

paid value, which caused loss to national exchequer to the tune of Rs 546 million during the financial years 2010-11 to 2012-13.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. The department replied that the observation of audit was not correct and was general in nature as no specific G.Ds/consignments were provided by the Audit. The values determined through valuation rulings were binding for the purpose of assessment of duty and taxes. In computerized environment of Customs, the valuation rulings were invariably fed in the system and the relevant valuation ruling kept on blinking on the screen of assessing officer. In this way, the chances of non-implementation of valuation ruling were minimal. Audit holds that all these cases were part of previous Audit Reports and are being highlighted time and again to identify the factors contributing in low tax to GDP ratio.

Audit recommends that FBR may ensure the implementation of valuation rulings in letter and spirit.

[Annexure-7]

#### **2.4.7 Loss of revenue of millions of rupees due to clearance of imported goods without authentic invoices/packing list required to be available inside the containers**

According to section 79(1)(a) of the Customs Act 1969, the owner of any imported goods shall make entry of such goods for home consumption or warehousing or for any other approved purposes by giving complete and correct particulars of such goods, duly supported by commercial invoice, bill of lading or airway bill, packing list. According to rule 389 read with rule 391 of the Customs Rules 2001, all imported cargo entered into customs area for clearance shall be accompanied with a copy of packing list and invoice, which shall be placed on the inner side of the door of container and liability of placing such documents vests with the owner of goods as well as on the carrier. According to section 156(1) of the Customs Act 1969, if any person contravenes any provision of this Act or any rules made thereunder, such person shall be liable to a penalty not exceeding rupees fifty thousand. Under invoicing means the provision of an invoice that states price as less than is actually paid. This might be done on an

import in order to reduce the amount which will be collected by an ad valorem tariff.

The field offices of FBR were clearing the imported goods by charging an average penalty of Rs 5,000 per container where the packing lists and invoices were not found placed inside the containers. It was a recurring and non-transparent phenomenon as forty three per cent containers were found without packing lists and invoices at Dry port, Thokar Niaz Baig, Lahore, eighty per cent at Dry port, Peshawar and twenty four per cent at Dry port Islamabad.

M/s Karakoram Traders imported 141 containers in Islamabad and M/s Ali Rehman Enterprises imported 198 containers at Peshawar during the FY 2012-13 which were not containing invoices and packing list in the containers. Importers and the carriers continued this practice to conceal the invoice value and declaration of correct physical description of imported goods. The customs authorities were free to assess the value of imported goods at their own. The law was being misused by both the importers and the customs authorities for financial benefits in terms of under invoicing and determination of less import value.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. The department replied that the provisions of rules 389 and 391 of the Customs Rules 2001 are not applicable on old and used motor vehicles imported under various schemes, Iron, steel, aluminium scrap, unpacked bulk cargo, goods imported under DTRE scheme, imports under section 22, old and used machinery, bulk imports of petrochemical, defence cargo, and polyethylene and polypropylene in terms of SRO 264(I)/2012 dated 14.03.2012. Audit did not agree with the viewpoint of FBR as only those cases were pointed out which did not cover under the SRO 264(I)/2012.

Audit recommends that FBR may take steps for necessary amendment in rules to discourage this practice of non-availability of invoices and packing lists in the containers. Such a lenient treatment for violation of rules provides room for misuse of law and tax to GDP ratio suffers accordingly.

[Annexure-8]

## ***Smuggling***

### **2.4.8 Loss to national exchequer due to smuggling and sale of contraband cigarettes - Rs 14,750 million**

Federal excise duty is applicable at rates specified in the First Schedule to the Federal Excise Act 2005, on imported and local cigarettes.

Federal Board of Revenue reported collection of federal excise duty on cigarettes of Rs 53,492 million during FY 2011-12, whereas, collection of federal excise duty on cigarettes, based on annual consumption of 88 billion cigarettes reported by BMA Capital Management Limited, came to Rs 68,242 million. The impact of pilferage of federal excise duty on cigarettes was thus calculated to the tune of Rs 14,750 million approximately. However, it may be mentioned that the loss is recurring in nature.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. FBR replied that almost seventy six per cent of estimated revenue based on market survey had been collected which was satisfactory level of achievement. Moreover, two agencies i.e. DG; I&I, Customs and DG; I&I, Inland Revenue had fully focused on smuggled and counterfeit cigarettes. The reply of the department is itself an admission that there was a pilferage of federal excise duty either through smuggling or through sale of contraband cigarettes.

Audit recommends that FBR may strengthen preventive measures to curb the smuggling and sale of counterfeit cigarettes as this would greatly contribute in improving tax to GDP ratio.

[Annexure-9]

### **2.4.9 Loss to national exchequer in the garb of tax amnesty scheme for vehicles - Rs 50,518 million**

FBR issued tax amnesty scheme vide SRO 172(I)/2013 dated 05.03.2013 allowing release of smuggled or non-duty paid motor vehicles, having

non-tampered engine or chassis numbers, which have been seized or voluntarily presented to Customs authorities on payment of redemption fine along with duty and taxes.

A number of 51,011 smuggled and non-duty paid vehicles were legalized under the amnesty scheme, across the country. This impugned activity had deep repercussions on the revenue as compared to revenue otherwise realizable on these vehicles under normal import or sale through open auction. Further, despite all measures to maximize the revenue collection through this amnesty scheme, the actual position had no comparison with the estimated revenue. It was assumed, while launching the scheme, that 23,000 vehicles would be legalized fetching revenue of Rs 30,000 million which comes to Rs 1,304,347 per vehicle. However, the number of vehicles legalized was more than double of the expected number but the revenue realized therefrom was only Rs 16,000 million. When the planned revenue per vehicle was applied on actual clearance of vehicles, the revenue should be Rs 66,518 million, meaning thereby, there was a shortfall of revenue to the tune of Rs 50,518 million.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. FBR argued that the scheme was an outcome of the emphasis laid down by the Apex Court on role of smuggled vehicles in present law and order situation in the country. Audit requested FBR that a copy of the approval of scheme with working of estimated number of vehicles to be legalized and revenue expected from the scheme may be provided but the meeting was apprised that no such estimation was made by FBR, neither for number of vehicles nor for expected revenue.

Audit recommends that FBR may not launch such schemes as a permanent policy, in order to encourage legal import and to safeguard the local industry.

[Annexure-10]

#### **2.4.10 Loss to national economy due to misuse of Afghan Transit Trade Agreement - Rs 19,000 million**

According to section 121(1) of Customs Act 1969, subject to the provisions of section 15 and the rules, the appropriate officer may, on application

by the owner of any goods imported at any customs station and specially and distinctly manifested at the time of importation as for transhipment to some other customs station or foreign destination, grant leave to tranship the same without payment of duty, if any, chargeable on such goods with or without any security or bond for the due arrival and entry of the goods at the customs station of destination. Further, Pakistan and Afghanistan entered into a Transit Trade Agreement in 2010 facilitating the contracting parties for movement of goods between and through their respective territory and to provide all possible facilities in accordance with the provisions of this agreement.

The Federal Tax Ombudsman, on directives of Supreme Court of Pakistan, conducted a detailed inquiry in case of missing containers of ISAF/NATO and identified that approximately Rs 19 billion were lost in 7,922 containers. The Apex court directed the NAB and FBR to ensure recovery at any cost. The unloading of NATO/ISAF containers in Pakistan has left serious impact on law and order situation. If the goods would have been imported through normal channel, the national exchequer would have benefited substantially. All this led to loss of revenue of Rs 19,000 million to national exchequer.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. The department replied that the matter is subjudice before the Honourable Supreme Court of Pakistan and on the directives of Apex Court, FBR and NAB were making efforts to ensure recovery of the evaded revenue.

Audit recommends that FBR may organize Afghan Transit Trade on competitive basis and only bonded carriers with technologically upgraded vehicles equipped with trackers and GPS be allowed to carry business. Customs clearance and cross border certification and reconciliation may also be improved.

#### **2.4.11 Blockage of revenue due to non-disposal of confiscated goods and vehicles - Rs 10,592 million**

According to section 182 of the Customs Act 1969 read with sections 82, 89, 169 and 201 of the Act, CGO 12 dated 15<sup>th</sup> June, 2002 and rule 58(1) of the

Customs Rules 2001, confiscated goods are required to be disposed of after observing codal formalities within the shortest possible time.

The customs authorities did not initiate action for disposal of 3,201 cases of confiscated goods and vehicles despite lapse of reasonable period. This resulted in blockage of government revenue of Rs 10,592 million during the financial years 2010-11 to 2012-13. This happened due to lack of proper supervision by the higher authorities.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. The department replied that the auction proceedings are governed by the Customs Rules 2001 where the goods ripe for auction, in terms of section 82 of the Customs Act 1969, are put to public auction after completion of procedural formalities. FBR had already taken steps to meet the revenue targets and instructed its field formations to constitute special teams for the expeditious disposal of auctionable goods vide Board's letters dated 19.04.2013 and 16.05.2013. However, it was added that suitable instructions shall be conveyed to the field formations in this respect. Audit is of the view that the auction process may be streamlined. Fixation of reserve price should be reviewed periodically to expedite recovery of government revenue.

Audit recommends that FBR may make arrangements for early disposal of confiscated goods and vehicles. Auction dates with list of auctionable goods for each Collectorate may be fixed to ensure transparency and healthy competition for quick disposals which will contribute in improving tax to GDP ratio.

[Annexure-11]

### ***Inadmissible exemptions***

#### **2.4.12 Loss to national exchequer due to inadmissible exemptions and concessions of SROs – Rs 30,828million**

Duty and tax exemptions and concessions notified vide various SROs issued under sections 19, 20 and 21 and rules made under section 219 of the Customs Act 1969, were admissible subject to fulfilment of certain conditions.

The customs authorities had extended the benefit of exemptions and concessions of duty and taxes under various SROs either without fulfilment of the requisite conditions by the importers or the departmental action had not been initiated as envisaged in the SRO(s). This resulted in loss of revenue of Rs 30,828million during the financial years 2010-11 to 2012-13.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. The department replied that without identifying a single specific case to enable the department to properly analyse the allegation of extending benefit of SROs without fulfilment of requisite conditions was incorrect. Further, all exemptions and concessions under SROs were not subject to fulfilment of conditions. However, it was added that suitable instructions shall be conveyed to the field formations in this respect.

Audit recommends that field offices of FBR may extend the benefit of SROs on merit as such inadmissible exemptions and concessions contribute to low tax to GDP ratio.

[Annexure-12]

#### **2.4.13 Loss to national exchequer due to application of reduced rate of advance income tax – Rs 51.63 million**

According to section 148 of Income Tax Ordinance 2001, the Collector of customs shall collect advance income tax from every importer of goods on the value of goods at the rate of five per cent. Further, according to clause 9 of Part II of Income Tax Ordinance 2001, tax under section 148 shall be collected at the



rate of one per centon the import of all fibres, yarn, fabrics,and goods covered by the zero rating regime of sales tax notified by Federal Board of Revenue.

The field offices of FBR were applying the rate of advance income tax at one per centmeant for the goods of zero rating regimes on imported goods which were chargeable to sales tax at reduced rate of fiveper cent. It seems that the Board itself was not clear on the issue as the Secretary (Withholding Tax) issued a clarification vide C. No.1 (23) WHT/2011 dated 28.01.2011 for collection of advance income taxat the rate offiveper centand within a week issued a rebuttal on 06.02.2012 circulated vide C.No.1 (23) WHT/2011 for collection of advance income taxat the rate ofone per centon all goods cleared under SRO 1125(I)/2011. The later was contradictory to Income Tax Ordinance, 2001. Resultantly, the national exchequer sustained a loss ofRs 51.63 million.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. The department replied that SRO 1125(I)/2011 dated 31.12.2011 stipulates different conditions where sales tax is chargeable at zero per centor, as the case may be, five per cent. The Model Customs Collectorates had collected tax in the light of the clarification of IRS Wing of FBR. Even after the issuance of clarification on 06.02.2012, one of the MCCs approached IRS Wing and sought explanation on the clarification. The viewpoint of Audit, however, has been conveyed to IRS Wing and subsequent action will be taken in the light of their reply.

Audit recommends that FBR may issue SROs, being delegated legislation, and clarifications thereon strictly in line with major laws to avoid implementation problems and revenue loss which adversely affectstax to GDP ratio.

[Annexure-13]

## ***Mis-classification and Mis-declaration***

### **2.4.14 Loss to national economy due to mis-declaration of imported goods Rs 759 million**

According to sections 79 and 104 of the Customs Act 1969, the owner of any imported goods shall make entry of such goods for home consumption or warehousing or ex-bonding for any other approved purposes, within certain period of the arrival of the goods, by filing a true declaration of goods, giving therein complete and correct particulars of such goods, duly supported by commercial invoice, bill of lading or airway bill, packing list or any other document required for clearance of such goods in such form and manner as the Board may prescribe.

The national exchequer sustained a revenue loss of Rs759 million during the financial years 2010-11 to 2012-13, as the customs authorities did not check the mis-declaration by importers where origin mentioned in FTA certificate and other import documents did not match. Further, the benefit was extended on PCT headings not covered in the SRO 659(I)/2007, incorrect lower rates were applied, less weight/value was declared as compared to import documents and sub-components were declared as raw material.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. The department replied that as no details of specific cases, against which objections raised, were provided by Audit so the action cannot be initiated at this stage. Further, the staffs of the Collectorates were well versed with their subject and possess highly professional and technical knowledge. FBR's database is also updated on regular basis and latest amendments in SROs were made available on its website. Audit is of the view that such mis-declarations were frequently committed by the importers to gain financial benefit and highlighted by Audit in previous audit reports.

Audit recommends that field formations may be directed to take the issue seriously. Further, exemplary penalty may be imposed for misdeclaration.

[Annexure-14]

#### **2.4.15 Loss to national exchequer due to misclassification of imported goods Rs 555 million**

Imported goods are classified according to First Schedule to the Customs Act 1969.

The customs authorities had cleared imported goods under incorrect PCT headings attracting lesser rates of customs duty instead of correct PCT headings with higher rate of customs duty. Resultantly, an amount of Rs 555 million remained out of national exchequer in 1,154 cases during the financial years 2010-11 to 2012-13.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. The department replied that Audit did not provide the details of these 1,154 cases to the Customs department. Classification of imported goods under correct PCT headings is a highly professional, technical and complex job and sometimes even customs officers with years of experience require necessary documentation for reference of exact specifications of imported goods to establish correct classification. As such, the Audit did not have the required capabilities to determine whether or not certain goods have been correctly classified. Audit is of the view that the imported goods were intentionally misclassified by importers and customs staff to avoid the leviable duty and taxes as recovery has been effected in number of cases being pointed out by Audit in the past.

Audit recommends that field offices may be directed to classify the imported goods strictly according to first schedule to the Customs Act 1969. Supervisory review may be enhanced to place effective check and balance on the field staff to plug such revenue leakages because tax to GDP ratio suffers proportionately.

[Annexure-15]

## ***Others***

### **2.4.16 Loss to national exchequer due to non-inclusion of fixed federal excise duty in the value for sales tax – Rs 1,089 million**

According to section 3(1) (b) read with section 7 of the Federal Excise Act 2005, federal excise duty in sales tax mode was to be levied on the goods falling in Second Schedule as per rate given in First Schedule of the Act. Besides, as per section 2(46)(d) of the Sales Tax Act 1990, value of supply of imported goods for purposes of sales tax means the duty paid value. The Federal Board of Revenue levied fixed amount of federal excise duty at the rate of Re. 1/Kg on edible oil at import stage vide SRO 24(I)/2006, dated 07.01.2006, in lieu of federal excise duty payable at the production or manufacturing stage of the said item. According to section 148 of Income Tax Ordinance 2001, the Collector of Customs shall collect advance income tax from every importer of goods on the value of goods determined under section 25 of the Customs Act 1969, as increased by leviable duties and taxes.

The field offices of FBR did not include the amount of fixed FED in value for the purpose of calculation of sales tax at import stage on imported edible oil i.e. RBD Palm Oil/RBD Olien, which resulted in loss of government revenue of Rs 1,089 million.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. The department replied that the para is based on two past paras. It appeared that the Audit intends to raise the issue of non-inclusion of amount of fixed FED in the value for calculation of FED and subsequently in advance income tax. Had this fixed duty been included in value, this would have tantamount to double taxation. However, it was added that suitable instructions shall be conveyed to the field formations in this respect. Audit is of the view that field offices of FBR should include the fixed federal excise duty in the duty paid value for calculation of sales tax on the same analogy as federal excise duty included at import stage.

Audit recommends that the matter may be clarified by the Board to eliminate the anomaly for smooth implementation of provisions of law as this will improve tax to GDP ratio.

[Annexure-16]

#### **2.4.17 Loss of government revenue due to application of incorrect rate of petroleum levy -Rs 91 million**

According to clarification issued by the Ministry of Law, Justice and Parliamentary Affairs vide U.O. No. 279/2011-Law-I, dated 21.06.2011, the date applicable for charging the petroleum levy would be the date of physical removal of product and not the date of filing the Ex-bond Goods Declaration.

M/s PSO filed goods declarations (G.Ds) in June 2011 and removed the oil in July 2011 i.e. in next FY 2011-12 in twelve cases, but applied the rate of petroleum levy prevailing on the date of filing of G.Ds. The rates prevailing on the date of removal of oil were required to be applied, as clarified by the Ministry of Law, Justice and Parliamentary Affairs. This resulted in loss of government revenue of Rs 91 million at MCC Faisalabad alone. If the removals from MCCs Multan and Karachi were also taken into account, the impact of revenue would be in billions.

The issue was raised in Oct, 2013 and discussed in a meeting on 20<sup>th</sup> Nov, 2013 at FBR Islamabad. FBR replied that the issue pertained to a specific Collectorate, so Audit may take the matter with the respective Collectorate.

Audit recommends that FBR may direct the concerned Collectorates for application of correct rate of petroleum levy in the light of clarification issued by the Ministry of Law, Justice and Parliamentary Affairs. The duality of application of rates of petroleum levy adversely affectstax to GDP ratio.

[Para No. 2.4.27 of AR-2012-13]

## **Conclusion**

The prevalence of corrupt practices in the taxation machinery, importers and taxpayers is a major cause of continued low tax to GDP ratio in the country. Inadmissible tax exemptions and concessions remain to be a major source too. Smuggling, under-invoicing, under-valuation, misdeclaration, misclassification, misuse of exemptions and concessions, disposal of confiscated goods at inappropriate price and inconsistent tax policies are the key tools of evasion of duty and taxes and factors responsible for low tax to GDP ratio.

## **B. Compliance with Authority Audit**

### ***Fraud & Misappropriation***

#### **2.5.1 Loss of revenue due to unauthorized insertion of PCT headings and rates of customs duty in the system of PRAL –Rs21.35million**

The Government of Pakistan and China entered into a treaty on 24.11.2006 under which Government of Pakistan allowed exemption/concession of customs duty at rates specified in the SRO 659(I)/2007 on import of 5,909 items being produced or manufactured in China.

MCC Islamabad assessed and classified the imported goods under PCT headings which were not provided in the SRO 659(I)/2007 but the customs authorities did not take penal action neither against the customs staff nor PRAL staff who intentionally fed those PCT headings in the system. Similarly, certain goods were cleared by applying rates of customs duty lower than those provided in the SRO ibid. This resulted in a loss of revenue of Rs 21.35 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014, the department reported that it was not the duty of the customs staff to feed the SRO(s) in the system. Audit held that the customs authorities were equally responsible for mis-feeding of incorrect PCT headings and rates of customs duty in the computerized system. This also reflected poor post-clearance monitoring mechanism. DAC directed the department to revisit the audit observation and submit comprehensive reply. Further progress was not reported till finalization of the report.

Audit recommends that the amount involved should be recovered, besides fixing responsibility against the persons at fault.

[DP Nos.1398, 1405, 1454-Cus]

### **2.5.2 Disposal of diplomatic bonded goods on doubtful documents Rs 45.07 million**

The procedure laid down for diplomatic bonds states that the purchase will be made strictly according to the quota fixed by the Ministry of Foreign Affairs and quantities mentioned in the exemption certificate.

M/s Tulip Diplomatic Bond under the jurisdiction of MCC Islamabad sold the bonded goods against invoices not signed by the authorized officer of respective embassies. Further, delivery orders were not signed by the receiving officer(s) or the signatures did not match with the signatures of authorized officer on the exemption certificate. This resulted in clearance of bonded goods involving duty and taxes of Rs 45.07 million.

The irregularity was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 the department replied that a detailed investigation has been conducted by a senior official deputed by Additional Collector, Customs. The matter is also being taken up with the foreign office to verify the veracity of clearance documents. DAC directed to re-examine the issue and submit comprehensive reply. Further progress was awaited till finalization of the report.

Audit requires implementation of DAC's directive, besides fixing responsibility.

[DP No. 1464-Cus]



## ***Non-Production of Record***

### **2.5.3 Non-Production of Record**

According to section 14(2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, the officer-in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition. Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules.

Ninefield offices of FBR did not produce complete auditable records despite pursuance by Audit. Resultantly, Audit could not verify the accuracy of revenue collection or record of expenditure. The statutory obligation was intentionally violated to conceal the irregularities committed by the department.

The irregularity was pointed out to the department during Dec, 2013. The department replied that the record is now available for inspection by Audit. DAC in its meeting held in Jan, 2014 took the issue seriously and directed the department to produce the requisite record immediately. Further progress was not reported till finalization of the report.

Audit emphasizes issuance of strict instructions to ensure timely production of record to Audit, besides fixing responsibility for non-production of record.

[Annexure-17]

## ***Irregularity & Non-Compliance***

### **2.5.4 Non-realization of revenue due to inadmissible exemptions and concessions - Rs 5,806.09 million**

Concessions in duty, exemptions and zero rating of tax, notified under SROs issued in terms of sections 19, 20 and 21 of the Customs Act 1969 and rules made thereunder were admissible subject to fulfilment of certain conditions.

Ten MCCs extended the benefit of exemptions and concessions of duties and taxes under certain SROs without fulfilment of requisite conditions which resulted in non-realization of revenue of Rs 5,806.09 million.

The irregularity was pointed out to the department during July to Dec, 2013. In DAC meeting held in Jan, 2014, the department reported that an amount of Rs 3.16 million was recovered, Rs 31.08 million was not due, Rs 395.58 million under recovery, cases for Rs 23.39 million subjudice in courts, cases for Rs 2.10 million under adjudication and cases for Rs 2,838.79 million were contested. No response was submitted in respect of Rs 2,511.99 million. DAC settled the para to the extent of amount recovered/not due and directed the department to expedite recovery proceedings, pursue the cases in the courts and submit comprehensive reply for Rs 5,350.78 million. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC's directives, besides fixing responsibility for extending inadmissible concessions and exemptions.

[Annexure-18]

### **2.5.5 Short-assessment of revenue due to non-inclusion of petroleum levy in import value for sales tax purpose - Rs 2,804.33 million**

According to section 3 read with section 2(46) of the Sales Tax Act 1990, there shall be charged, levied and paid sales tax at the rate applicable from time to time on duty paid value of imported goods determined under section 25 of the

Customs Act 1969 including customs duty and federal excise duty. Further, according to notification issued under section 3 of the Petroleum Product (Petroleum Development Levy) Ordinance 1961, Petroleum Levy is to be collected at the time and in the manner of customs dues at import stage and federal excise mode in the local supply, as the case may be.

MCCs Lahore, Multan and Faisalabad did not include the amount of petroleum levy in the value for the purpose of sales tax. In case of local supply, the amount of petroleum levy is being included in the value of supply at the time of clearance of POL products from refineries. This resulted in short-realization of sales tax of Rs 2,804.33 million.

The irregularity was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 the MCCs replied that the case was referred to FBR for clarification. DAC directed the department to pursue the matter for early clarification. Further, progress was not reported till finalization of the report.

Audit requires early implementation of DAC's directives.

[DP Nos. 1088, 1277, 1278, 1364-Cus]

#### **2.5.6 Non-realization of withholding tax - Rs 1,694.88 million**

Section 148 of Income Tax Ordinance 2001, provides the rates for collection of withholding tax at import stage.

Ten MCCs and Directorate of Intelligence & Investigation Karachi either did not collect withholding tax on imported goods or collected it at lower rates. This resulted in non-realization of revenue of Rs 1,694.88 million.

The irregularity was pointed out to the department during July to Dec, 2013. In DAC meeting held in Jan, 2014, the department reported recovery of Rs 4.37 million, Rs 40.76 million as not due, Rs 4.32 million as vacated, Rs 200.01 million as under recovery, cases for Rs 5.21 million as under adjudication, cases for Rs 198.94 million subjudice in the courts and cases for Rs 547.24 million were contested. No reply was furnished for Rs 647.75 million. The MCCs Export Karachi and PMBQ replied that realization of Rs 46.28 million

of advance income tax at import stage was the function of import Collectorates, therefore, the para needs to be transferred to import Collectorates. DAC settled the para to the extent of Rs 43.79 million, being recovered, not due and vacated, directed the department to expedite recovery proceedings, and re-examine the cases being contested, and not responded. It was also directed that the paras pertained to withholding tax may be transferred to the concerned Collectorates and furnish incorporation certificates to Audit. Further, progress was not reported till finalization of the report.

Audit recommends expeditious recovery, besides fixing responsibility for allowing undue financial benefit to the importers.

[Annexure-19]

#### **2.5.7 Non-realization of revenue from DTRE users - Rs 511.78 million**

According to rule 307D of SRO 450(I)/2001 dated 18.06.2001, a DTRE user shall file to the regulatory Collector, a reconciliation statement in the form as set out in Appendix-III, within sixty days of the expiry of utilization period or earlier after export.

MCC Faisalabad did not take appropriate action against DTRE users who submitted incorrect calculation sheets in which a huge quantity of duty free imported raw material was not reflected. Further, post exportation audit was also not conducted by the Collectorate. This resulted in inadmissible remission of duty and taxes of Rs 511.78 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014, the department did not furnish reply in respect of Rs 507.06 million and contested the balance amount of Rs 4.72 million. DAC directed the MCC to furnish comprehensive reply. Further progress was, however, awaited till finalization of the report.

Audit requires implementation of DAC's directives and strict compliance of DTRE rules.

[DP Nos. 1059, 1061, 1063, 1064&1066-Cus]

### **2.5.8 Irregular grant of concession/exemption of customs duty under un-modified free trade agreement – Rs 415.61 million**

According to para 3(1) of article 8 of the Free Trade Agreement between the Government of Islamic Republic of Pakistan and the Government of the People's Republic of China in 2006, the modalities for review and modification of tariff reduction shall be reviewed and modified after every five years by the Committee on Trade in Goods and the first review and modification shall be undertaken either at the end of the fourth year or at the beginning of the fifth year of entry into force of this Agreement.

MCCs Islamabad and Faisalabad extended the benefit of exemption or concession of customs duty under the un-modified free trade agreement on goods imported on or after 1<sup>st</sup> January, 2013 without seeking guidance from the Board or Ministry of Commerce. The role of both the Board and Ministry of Commerce was also objectionable as neither the Board referred the matter to the Ministry for clarification nor the Ministry itself took up the matter with the Chinese authorities to decide the modalities for tariff reduction for the next phase. This resulted in irregular exemption and concession of customs duty of Rs 415.61 million.

The irregularity was pointed out to the department in Dec, 2013 with the request that a reference be made to the Ministry of Commerce and FBR simultaneously for clarification regarding fate of goods imported after expiry of first phase of the agreement. In DAC meeting held in Jan, 2014, the department reported that the concession of customs duty was granted on the basis of rates fed in the PRAL/WeBOC. The reply of the department was not appropriate as the tariff reduction was required to be modified for the next five years or as agreed upon between the two governments. DAC directed the department to revisit the audit observation and furnish comprehensive reply. Further progress was not reported till finalization of the report.

Audit recommends that the matter may be referred to FBR and Ministry of Commerce simultaneously to decide the fate of imported goods from 1<sup>st</sup> Jan, 2014. Further, Audit also requires that the modified list of rates of customs duty applicable for next phase may be provided at the earliest.

[DP Nos.1042, 1400, 1438-Cus]

### **2.5.9 Loss of revenue due to un-lawful permission to avail the facility of two manufacturing licenses - Rs 379.71 million**

According to rule 8(2) of the Export Oriented Units and Small and Medium Enterprises Rules 2008, a unit shall be allowed to avail license either under these rules or under Chapter XV of the Customs Rules 2001.

Three MCCs ignored the provisions of rules and allowed the benefit to a manufacturer to avail two licenses i.e. one under Export Oriented Units and Small and Medium Enterprises Rules 2008 and other under Chapter XV of the Customs Rules 2001. This resulted in loss of revenue of Rs 379.71 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department reported that case for Rs 1.45 million was under examination and cases for Rs 378.26 million were under adjudication. DAC directed the department to refer the matter to FBR for clarification and finalize the adjudication. Further progress was not reported till finalization of the report.

Audit requires recovery of revenue from the licensees and cancellation of one license immediately, besides fixing responsibility against responsible.

[DP No.1279-Cus, 727 & 813-CD/K]

### **2.5.10 Non-realization of assessed government revenue – Rs 378.63 million**

The procedure of re-export of imported consignment has been prescribed in CGO 2 of 2005. According to para 9(g) of the Export Policy Order 2012, re-export of imported goods stored in bonded warehouse and imported goods already cleared for home consumption is allowed.

MCC Lahore allowed re-export of mobile phones imported from China, which were not cleared for home consumption, under the provisions of para 9(g) which allows re-export of imported goods stored in bonded warehouse or imported goods already cleared for home consumption. The leviable duty and taxes were assessed but the same were not realized before re-export of the subject goods. This resulted in non-realization of revenue of Rs 378.63 million.

The irregularity was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 the department replied that the goods were correctly cleared for re-export in terms of provisions of Export Policy Order 2012. Audit is of the view that Export Policy Order 2012 allows re-export of imported goods already cleared for home consumption only. The goods under question were not cleared for home consumption. DAC directed the department to re-examine the case and furnish comprehensive reply. Further progress was awaited till finalization of the report.

Audit requires implementation of DAC's directive, besides fixing responsibility for non-realization of assessed revenue.

[DP No. 1619-Cus]

#### **2.5.11 Non-deposit of user I.D. fee into government treasury Rs 365.44 million**

Section 155C of the Customs Act 1969 provides procedure for issuance of user I.D. to the importer who wishes to be registered as a user of the Customs Computerized System. Further, according to rule 93 of the Customs Rules 2001, a fee of Rs 5,000 was required to be charged for written examination from customs clearing agents. According to rule 7 of Federal Treasury Rules, all moneys received by or tendered to government officers on account of revenue should be deposited in a treasury or designated bank in full without any delay.

MCC Appraisalment (East) Karachi and Directorates of Training and Research (Customs) Karachi and Islamabad collected fee of Rs 500 per unique User I.D, Rs 250 per G.D. and examination fee of Rs 5,000 from each candidate but the same was not deposited into government treasury. This resulted in illegal retention of government money of Rs 365.44 million.

The irregularity was pointed out to the department in May and Dec, 2013. The department informed that the amount so collected was spent on welfare of staff, maintenance of I.T system and arrangements of conducting examination. In DAC meeting held in Jan, 2014 the para pertaining to Directorate of Training and Research (Customs) Islamabad was not discussed. Audit is of the view that government money collected under the provisions of Customs Act 1969 is

required to be deposited in the government treasury and cannot be utilized for any other purpose. DAC directed the department to revisit the cases and furnish comprehensive reply. Further progress was not reported till finalization of the report.

Audit requires early deposit of collected fee in the treasury, besides fixing responsibility for misappropriation of government money.

[DP Nos. 1314-Exp, 388-Exp/K, 516-CD/K]

#### **2.5.12 Blockage of revenue due to non-encashment of bank guarantees and post-dated cheques – Rs21,280.68 million**

According to section 18 of the Customs Act 1969, all the goods imported into Pakistan are cleared on payment of customs duty and other taxes. Further, under section 81 the goods assessed provisionally and under other various provisions of the Act and concessionary SROs shall be cleared without payment of duty and taxes on submission of bank guarantees or post-dated cheques. On non-fulfilment of required conditions the government dues are required to be recovered by encashment of bank guarantees and post-dated cheques.

Ten MCCs and Directorate of Transit Trade Karachi did not encash the bank guarantees and post-dated cheques despite expiry of maturity period where the importers failed to fulfil the requisite conditions. This resulted in blockage of revenue of Rs 21,280.68 million.

The irregularity was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014, the department reported a recovery of Rs 20.47 million, B.Gs for Rs 9,434.36 million as released (yet to be verified), Rs 55.25 million as not due, Rs 273.98 million under recovery, cases for Rs 155.44 million subjudice in the courts and cases for Rs 4,450.20 million were contested, cases for Rs 6,413.80 million needed reconciliation, cases for Rs 10.68 million under adjudication. No reply was furnished for cases of Rs 466.50 million. DAC settled the para to the extent of amount recovered/not due and BGs released subject to verification by Audit, and directed the department to expedite recovery process, revisit the cases being contested and pursue the cases stuck up in the courts, finalize the adjudication proceedings, reconcile the amount of



Rs 6,413.80 million and furnish reply for cases not responded. Further progress was not reported till finalization of the report.

Audit requires immediate encashment of financial instruments where importers failed to fulfil requisite conditions, besides fixing responsibility for intentional blocking of government revenue.

[Annexure-20]

### **2.5.13 Non-realization of redemption fine and penalty - Rs 285.98 million**

SRO 499(I)/2009 dated 13.06.2009 read with section 156 of the Customs Act 1969 provides rates of redemption fine and penalty in case of offence of misdeclaration. Provisions of section 79 (1) of the Customs Act 1969 permits the owner to examine the goods and thereafter make entry of such goods before filing of a goods declaration. Further, under section 205, an authorized officer of customs may, in his discretion, on payment of prescribed fee, authorize any document, after it has been presented at the customs house to be amended.

Seven MCCs cleared imported and confiscated goods without imposition of redemption fine and penalty where the importers committed offence of misdeclaration. Further, MCCs Lahore and Faisalabad allowed amendments in weight to same importers time and again under section 79(1) where the difference between ascertained and declared weight ranged from sixper cent to forty fiveper cent. The amendments were allowed to avoid the provisions of SRO 499(I)/2009. This resulted in non-realization of fine and penalty of Rs 285.98 million.

The irregularity was pointed out to the department during July to Dec, 2013. In DAC meeting held in Jan, 2014, the department reported recovery of Rs 0.28 million, Rs 1.97 million as not due, Rs 14.93 million under recovery, cases for Rs 192.32 million subjudice in courts, cases forRs 1.40 million were vacated, cases for Rs 59.66 million contested and no reply was furnished for Rs 15.42 million. DAC settled the para to the extent of amount recovered, vacated and not due and directed the department to expedite recovery proceedings, pursue the cases subjudice in the courts, and furnish comprehensive reply for cases being contested, and not responded. Further progress was, however, awaited till finalization of the report.

Audit requires implementation of DAC's directives, besides fixing responsibility against the persons for non-imposition of fine and penalty.

[Annexure-21]

#### **2.5.14 Short-realization of revenue due to under valuation of imported goods - Rs 269.38 million**

Section 25 of the Customs Act 1969 provides the detailed procedure for determination of value of the imported goods. The Directorate General of Valuation, Karachi may also fix the value of imported goods or class of goods.

Eleven MCCs did not assess the imported goods at values fixed by the Directorate General of Valuation, Karachi. This resulted in short-realization of revenue of Rs 269.38million in 929 cases.

The irregularity was pointed out to the department during July to Dec, 2013. In DAC meeting held in Jan, 2014, the department reported a recovery of Rs 2.15 million, Rs 32.25 million under recovery, cases for Rs 10.20 million were subjudice in courts, cases for Rs 7.87 million under examination, cases for Rs 67.65 million were contested and no reply furnished for Rs 148.61million. DAC settled the para to the extent of amount recovered and directed the department to expedite recovery proceedings, pursue the cases in the courts and furnish comprehensive reply in respect of cases being contested and under examination. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC's directives, besides fixing responsibility against the persons at fault.

[Annexure-22]

#### **2.5.15 Short-realization of revenue due to misclassification of imported goods - Rs 261.33 million**

According to section 18 of the Customs Act 1969, imported goods are classified under the First Schedule to the Act.

Five MCCs misclassified the imported goods under the PCT headings attracting lower rates of customs duty. This resulted in short-realization of revenue of Rs 261.33 million.

The irregularity was pointed out to the department during July to Dec, 2013. In DAC meetings held in Jan, 2014 the department reported recovery of Rs 0.22 million, Rs 0.84 million as not due, Rs 5.46 million under recovery, cases for Rs 0.09 million under adjudication, cases for Rs 7.30 million were subjudice in the High Court and cases for Rs 160.20 million were contested. DAC settled the para to the extent of amount recovered/not due and directed the department to expedite recovery, finalize adjudication proceedings, pursue the cases in the court, revisit the cases being contested and furnish comprehensive reply. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC directives, besides fixing responsibility for misclassification of imported goods.

[Annexure-23]

#### **2.5.16 Non-realization of value addition tax - Rs 238.07 million**

According to rule 58B of Sales Tax Special Procedure Rules 2007, the sales tax on account of minimum value addition shall be levied and collected on goods at import stage at the rate of three per cent of the value of goods in addition to the tax chargeable under section 3 of the Sales Tax Act 1990.

Six MCCs and two Directorates did not realize value addition tax at the time of clearance of imported goods and at the time of releasing of confiscated goods respectively. This resulted in non-realization of revenue of Rs 238.07 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014, the department reported recovery of Rs 0.42 million (yet to be verified), Rs 0.39 million as not due, Rs 7.15 million under recovery, cases for Rs 82.73 million subjudice in the courts. Cases for Rs 23.94 million were contested and no reply was furnished for Rs 123.44 million. DAC directed the department to expedite recovery proceedings, pursue the cases in the courts

and furnish comprehensive reply for cases being contested, and not responded. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC's directives, besides fixing the responsibility against the persons for non-realization of value addition tax.

[Annexure-24]

#### **2.5.17 Non-realization of duty and taxes on temporarily imported goods Rs 177.78 million**

SRO492(I)/2009, the Customs Rules 2001 and the SRO 327(I)/2008 allow temporary import of goods without payment of duty and taxes on submission of financial securities, subject to subsequent exportation of goods within specified period or the extended period, as the case may be.

MCCs Hyderabad, Exports PMBQ, Appraisement (East), Preventive and Exports, Karachi did not recover duty and taxes in sixty seven cases where the importers failed to export temporarily imported goods within the specified or the extended period. This resulted in non-realization of duty and taxes of Rs177.78 million.

The irregularity was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 the department reported that cases for Rs 111.12 million were under recovery, cases for Rs 65.08 million contested and no reply was furnished for Rs1.58 million. DAC directed the MCCs to expedite recovery, furnish relevant documents in contested cases and comprehensive reply in cases being not responded. Further progress was not reported till finalization of the report.

Audit requires early implementation of DAC's directives.

[Annexure-25]

### **2.5.18 Blockage of revenue due to non-disposal of confiscated goods and vehicles - Rs 2,586.55 million**

According to section 182 of the Customs Act 1969 read with sections 82, 89, 169 and 201 of the Act, CGO 12 dated 15<sup>th</sup> June, 2002 and rule 58(1) of the Customs Rules 2001, confiscated goods are required to be disposed of after observing codal formalities within the shortest possible time.

Eleven MCCs and five Directorates did not dispose of confiscated goods and vehicles which resulted in blockage of revenue of Rs 2,586.55 million.

The irregularity was pointed out to the department during July to Dec, 2013. In DAC meeting held in Jan, 2014 the department reported recovery of Rs 44.33 million, Rs 1,548.95 million under recovery, Rs 28.19 million not due, cases for Rs 47.21 million subjudice in courts, cases for Rs 49.88 million under adjudication and cases for Rs 698.90 million were contested. No reply was furnished for cases of Rs 169.09 million. DAC settled the para to the extent of amount recovered and not due, and directed the department to expedite the recovery process, finalize adjudication, pursue the cases in the courts and furnish comprehensive reply for cases being contested, and not responded. Further progress was not reported till finalization of the report.

Audit requires early implementation of DAC's directives.

[Annexure-26]

### **2.5.19 Blockage of revenue due to non-clearance of bonded goods Rs 291.10 million**

According to section 98 of the Customs Act 1969, non-perishable imported goods may remain in warehouse for a period of six months. The period can be extended by the competent authority for further three months.

MCCs Hyderabad and Sialkot did not initiate action for recovery of duty and taxes from licensees of bonded warehouses who failed to clear the warehoused goods within the stipulated period. This resulted in blockage of revenue of Rs 291.10 million.

The lapse was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 the department replied that goods involving duty and taxes of Rs 54.59 million were ex-bonded, an amount of Rs 162.31 million under recovery and no reply was furnished for Rs 74.19 million. DAC directed the department to expedite the recovery and submit comprehensive reply for cases not responded. Further progress was not reported till finalization of the report.

Audit requires early implementation of DAC's directive.

[DP Nos. 1210, 1212-Cus & 671, 672-CD/K]

#### **2.5.20 Short-realization of revenue due to application of incorrect rate of duty and taxes - Rs 103.84 million**

According to section 18 of the Customs Act 1969, customs duty shall be levied at such rates prescribed in the First Schedule or under any other law for the time being in force on goods imported into Pakistan. Further, through Finance Act 2013, the rate of sales tax leviable under section 3 of the Sales Tax Act 1990 was enhanced from sixteenper cent to seventeenper centw.e.f. 13.06.2013.

Six MCCs cleared imported goods by applying incorrect rate of customs duty and sales tax which resulted in short realization of revenue of Rs 103.84 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department reported recovery of Rs 0.02 million, Rs 0.24 million not due, Rs 1.09 million under recovery, Rs 0.32 million under adjudication and cases for Rs 5.77 million were contested. No response was furnished for cases of Rs 96.40 million. DAC directed the department to expedite recovery, finalize adjudication and furnish comprehensive reply for cases being contested, and not responded. Further progress was, however, awaited till finalization of the report.

Audit requires early implementation of DAC's directives besides, fixing responsibility for application of incorrect rate of duty and taxes.

[Annexure-27]

### **2.5.21 Non-realization of federal excise duty - Rs 73.47 million**

According to section 3 of the Federal Excise Act, 2005 read with SRO 24(I)/2006 dated 07.01.2006 federal excise duty at import stage was imposed on specified items at rates given in the Table thereof.

Three MCCs cleared imported goods without realization of federal excise duty which resulted in non-realization of revenue of Rs 73.47 million.

The irregularity was pointed out to the department during July to Dec, 2013. In DAC meeting held in Jan, 2014 the department reported that an amount of Rs 6.70 million was under recovery, cases for Rs 2.01 million under examination and contested the balance amount of Rs 64.76 million. DAC directed the department to expedite recovery proceedings and furnish comprehensive reply for cases being contested, and under examination. Further progress was, however, awaited till finalization of the report.

Audit requires implementation of DAC's directives, besides fixing the responsibility against the persons for non-realization of federal excise duty.

[DP Nos. 1085, 1282, 1403, 1407-Cus]

### **2.5.22 Non-finalization of cases of provisional assessment - Rs 62.05 million**

Under section 81 (1) and (2) of the Customs Act 1969, the assessment of goods and the liability of payment can be determined provisionally subject to payment of additional amount on the basis of provisional assessment secured through bank guarantee or post-dated cheque of a schedule bank along with an indemnity bond and such provisional determination shall be determined within six months of the date of provisional assessment or extended period, being allowed by Collector or Director of Valuation, for final determination which shall in no case exceed ninety days.

MCCs Lahore and Islamabad did not finalize cases of provisional assessment within the stipulated period of six months or extended period, as the case may be. This resulted in blockage of revenue of Rs 62.05 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department reported a recovery of Rs 0.38 million, Rs 13.69 million under recovery, cases for Rs 24.23 million under examination, and cases for Rs 23.75 million were regularised (yet to be verified). DAC directed the department to expedite recovery process and furnish comprehensive reply for cases under examination. Further progress was, however, awaited till finalization of the report.

Audit requires early finalization of cases of provisional assessment.

[DP Nos.1360 & 1401-Cus]

### **2.5.23 Short demand of government dues - Rs 47.02 million**

Government dues adjudged against any person are to be demanded and recovered under section 202 of the Customs Act 1969.

MCC Hyderabad did not raise correct demand for recovery of Rs 62.69 million decided by the Appellate Tribunal on 27.10.2011. The demand was issued for Rs 15.67 million only. This resulted in short demand of government revenue of Rs47.02 million.

The irregularity was pointed out to the department in Dec, 2013. During DAC meeting held in Jan, 2014 the department reported that the revised demand for Rs 62.69 million was issued. Further progress was not reported till finalization of the report.

Audit requires early recovery of government dues.

[DP No.670-CD/K]

### **2.5.24 Short-realization of revenue due to short accountal of imported goods - Rs 42.50 million**

According to rule 358 of the Customs Rules 2001, if any licensee fails to give proper account of warehoused goods, input goods or finished goods to the satisfaction of an officer of customs not below the rank of an assistant collector, the licensee shall pay on demand an amount equal to the customs duty, central excise duty, sales tax and income tax leviable thereon as if they were imported



and used for home consumption and shall also be liable to penalties imposed for such violation under the Act.

MCC Appraisement, Lahore cleared sixteen outdoor units of split air conditioners of higher value found in excess than declared by treating them as front panels of lower value. In another case, duty and taxes were not realized on the G.Ds which were not entered by the licensee of a manufacturing bond in the bond record. MCC Islamabad did not realize duty and taxes on net weight declared on bill of lading, carrier manifest and transshipment permit. This resulted in short realization of revenue of Rs 42.50 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 MCC Lahore replied that the goods were stuffed wrongly as the importer had imported two consignments and cleared accordingly. It was further added that the licensee had submitted the revised monthly statement of input goods and there was no omission of GDs in the bond register. MCC Islamabad replied that duty and taxes were correctly realized on ascertained weight. Audit is of the view that there was no such indication in the examination report that the goods were wrongly stuffed. Further where the importers declared excess weight on bill of lading, carrier manifest and transshipment permit, they should be either charged to duty and taxes as per their declaration or penalized for misdeclaration of weight. DAC directed the department to revisit the cases and furnish comprehensive reply. Further progress was, however, awaited till finalization of the report.

Audit requires implementation of DAC's directives.

[DP Nos. 772, 1380 & 1431-Cus]

#### **2.5.25 Non-realization of additional customs duty - Rs 25.51 million**

According to SRO 693(I)/2006 dated 01.07.2006, certain goods are liable to additional customs duty at the rates specified in Appendix-I and Appendix-II of the SRO.

Five MCCs cleared imported goods without realization of additional customs duty which resulted in non-realization of revenue of Rs 25.51 million.

The irregularity was pointed out to the department during July to Dec, 2013. In DAC meeting held in Jan, 2014 the department reported recovery of Rs 0.25 million, Rs 0.82 million as not due, Rs 2.52 million under recovery, and cases for Rs 21.93 million were contested. DAC settled the para to the extent of amount recovered and not due, and directed the department to expedite recovery process and furnish comprehensive reply for cases being contested. Further progress was, however, awaited till finalization of the report.

Audit requires implementation of DAC's directives, besides fixing responsibility against the persons for non-realization of additional customs duty.

[Annexure-28]

#### **2.5.26 Non-realization of anti-dumping duty - Rs 25.89 million**

Anti-dumping duty is leviable at rates determined by the National Tariff Commission and notified in the official gazette under the Anti-Dumping Duty Ordinance 2000 which are also incorporated in the First Schedule to the Customs Act 1969.

MCCs Faisalabad and Peshawar did not realize anti-dumping duty on imported polyester staple fibre and steel sheets of secondary quality. This resulted in non-realization of revenue of Rs 25.89 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014, the department replied that the amount pointed out was under recovery. DAC directed the department to recover the amount expeditiously. Further progress was, however, awaited till finalization of the report.

Audit requires recovery of revenue, besides, fixing responsibility for non-realization of anti-dumping duty.

[DP No.1056, 1077, 1113-Cus]

### **2.5.27 Non-realization of revenue from licensees not having valid analysis certificates - Rs 20.46 million**

According to rule 352(1) of the Customs Rules 2001, the input goods, for production of finished goods according to the specification approved in the analysis certificate, shall be procured by the licensee of a manufacturing bond in the prescribed manner.

Five MCCs did not realize duty and taxes on raw material imported by the licensees of manufacturing bonds who utilized duty free raw material in manufacturing of goods without valid analysis certificates. This resulted in non-realization of revenue of Rs 20.46 million.

The irregularity was pointed out to the department during July to Dec, 2013. In DAC meeting held in Jan, 2014 the department reported that an amount of Rs 4.45 million was under recovery, Rs 0.53 million contested and no reply was furnished for Rs 15.48 million. DAC directed the department to expedite recovery, revisit the cases being contested, and not responded. Further progress was, however, awaited till finalization of the report.

Audit requires implementation of DAC's directives, besides fixing responsibility against the persons at fault.

[Annexure-29]

### **2.5.28 Blockage of revenue due to non-disposal of perishable seized and confiscated goods- Rs 59.26 million**

According to section 182 of the Customs Act 1969, read with sections 82, 89, 169 and 201 of the Act *ibid*, CGO 12 dated 15<sup>th</sup> June, 2002 and rule 58(1) of the Customs Rules 2001, seized/confiscated goods are required to be disposed of after observing codal formalities within the shortest possible time.

MCCs Hyderabad, Preventive Karachi, PMBQ, and the Directorate of Investigation & Intelligence, Karachi did not dispose of seized and confiscated perishable goods in twenty seven cases despite lapse of considerable period of time. This resulted in blockage of revenue of Rs 59.26 million.

The irregularity was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 the department reported disposal in four cases for Rs 2.87 million and informed that four cases for Rs 9.59 million were subjudice in the courts. DAC directed the department to pursue the cases in the courts and expedite disposal of goods in remaining nineteen cases for Rs 46.80 million. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC's directives, besides, fixing responsibility for delay in disposal of perishable goods.

[Annexure-30]

#### **2.5.29 Non recovery of duty and taxes on unconsumed input goods Rs 17.17 million**

According to rule 307-A (2) (C) of the Customs Rules 2001, a DTRE user may, with the permission of the Regulatory Collector, dispose of the input goods through local sale on payment of duties and taxes leviable at the time of such sale.

MCCs Lahore and Faisalabad did not recover duty and taxes on un-utilized imported raw materials from DTRE users who failed to utilize the same for approved purpose, within the prescribed period. This resulted in nonrecovery of revenue of Rs 17.17 million.

The lapse was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department reported that cases for Rs 3.16 million were under recovery and balance amount was contested. DAC directed the MCCs to expedite recovery and furnish comprehensive reply for cases being contested. Further progress was not reported till finalization of the report.

Audit emphasizes early recovery of revenue.

[Annexure-31]

#### **2.5.30 Loss of revenue due to excess claim of wastage- Rs 19.45 million**

According to rule 352(10) of Customs Rules 2001 read with section 95 of the Customs Act 1969, no wastage of input goods in terms of quantity, volume,

weight or number, as the case may be, shall be allowed except as determined and approved in the analysis certificate.

MCC Exports Custom House Karachi, Appraisement Lahore and Faisalabad did not recover duty and taxes from licensees of the manufacturing bond who claimed wastage in excess than permitted in the analysis certificates. This resulted in non-realization of revenue of Rs 19.45 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department reported that an amount of Rs 16.42 million was under recovery and contested the cases for Rs 3.03 million. DAC directed the department to expedite recovery proceedings and furnish comprehensive reply for cases being contested. Further progress was not reported till finalization of the report.

Audit emphasizes early recovery of revenue.

[Annexure-32]

### **2.5.31 Excess payment of rebate - Rs 10.59 million**

Rates of duty drawback or rebate on exported goods are provided in SROs 209 to 212(I)/2009, all dated 05.03.2009.

MCCs Lahore (Preventive), Sialkot and Islamabad allowed rebate at rates higher than admissible, on goods not covered under the SROs and in cases barred by time. This resulted in excess payment of rebate of Rs 10.59 million in 277 cases.

The irregularity was pointed out to the department during July to Dec, 2013. In DAC meeting held in Jan, 2014 the department reported that cases for Rs 6.89 million were under recovery, cases for Rs 0.46 million contested and no reply was furnished for Rs 3.24 million. DAC directed the department to expedite recovery proceedings and furnish comprehensive reply for cases being contested, and not responded. Further, progress was not reported till finalization of the report.

Audit requires early implementation of DAC's directives.

[Annexure-33]

### **2.5.32 Non-realization of revenue due to non-consumption of input goods and non-export of manufactured goods - Rs 15.79 million**

According to rule 350(4) of the Customs Rules 2001, input goods imported or procured locally by a manufacturing bond licensee shall be consumed within a period not exceeding two years from the date of in-bonding or procurement of locally purchased goods. For duly justified reasons, extension may be granted for another one year by special written approval of an officer not below the rank of Additional Collector of Customs.

MCC Appraisement Lahore did not realize duty and taxes from a licensee of manufacturing bond who failed to consume input goods and export of manufactured goods within stipulated period of two years. The extension in the period was neither requested by the licensee nor granted by the competent authority. This resulted in non-realization of revenue of Rs 15.79 million.

The irregularity was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 the MCC replied that period for warehousing was enhanced from two to three year vide SRO 493(I)/2009 dated 13.06.2009. Audit is of the view that the period was again notified as two years vide SRO 601(I)/2010 dated 28.06.2010. DAC directed the MCC to revisit the case and furnish comprehensive reply. Further, progress was not reported till finalization of the report.

Audit requires early implementation of DAC's directives.

[DP Nos. 1383, 1384-Cus]

### **2.5.33 Non-realization of duty and taxes due to defective order in original Rs 13.84 million**

According to rule 297(1) (b) of the Customs Rules 2001, the DTRE facility under sub-chapter 6, shall be available to the persons who make value addition in manufacture and export of goods in accordance with prevalent value addition of relevant industry but which shall not be less than fifteen per cent.

Collector Adjudication, Faisalabad imposed a penalty of Rs 0.10 million and did not pass order for recovery of remitted amount of duty and taxes from a DTRE user who failed to make fifteen per cent compulsory value addition while exporting the manufactured goods. This resulted in non-realization of revenue of Rs 13.84 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department did not furnish reply. DAC directed the department to examine the case and furnish comprehensive reply. Further progress was, however, awaited till finalization of the report.

Audit requires implementation of DAC's directives.

[DP Nos. 1021-Cus]

#### **2.5.34 Non-realization of export development surcharge – Rs 2.89 million**

According to Finance Act 1991 as amended by the Finance Acts 1992 and 1996, there shall be levied and collected a special customs duty as export development surcharge (EDS) on the exportation of all goods at the rate of 0.25 per cent of the value of the said goods as determined under section 25, as the case may be, fixed under section 25B of the Customs Act 1969.

Four MCCs paid rebate on the basis of bank credit advices (BCAs) on which export development surcharge at the rate of 0.25 per cent was not deducted by the respective commercial banks. This resulted in loss to government of revenue of Rs 2.89 million.

The irregularity was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 the department replied that it was the duty of commercial banks to deduct EDS on bank credit advices. Audit is of the view that it was also the responsibility of customs authorities as well to ensure deduction of revenue due to government before processing of rebate cases. DAC directed the department to revisit the cases and furnish comprehensive reply. Further progress was, however, awaited till finalization of the report.

Audit requires that rebate should not be paid on the basis of BCAs on which EDS was not deducted.

[DP Nos. 180,378, 1225, 1288, 1508-Cus& 484, 761-CD/K]

#### **2.5.35 Illegal release of vehicles under amnesty scheme – Rs 15.11 million**

According to SRO 172 (I)/2013 dated 05.03.2013 smuggled or non-dutypaid motor vehicles having non-tampered engine and chassis numbers which have been seized or voluntarily presented to customs on or before the 31<sup>st</sup> March, 2013 shall be allowed release on payment of redemption fine along with duty and taxes under amnesty scheme.

Three MCCs and Directorate General, I&I, Islamabad released the confiscated vehicles illegally under amnesty scheme instead of disposing them through public auction as the same were not voluntarily presented to Customs. This resulted in loss of government revenue of Rs 15.11 million.

The lapse was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department reported an amount of Rs 0.25 million as not due, Rs 0.11 million under recovery and cases for balance amount were under examination. DAC directed the department to expedite recovery, re-examine the cases and furnish comprehensive reply. Further progress was awaited till finalization of the report.

Audit requires implementation of DAC's directives, besides fixing responsibility for illegal release of confiscated vehicles.

[Annexure-34]

#### **2.5.36 Illegal clearance of goods imported in violation of import policy order - Rs 39.79 million**

According to Import Policy Order 2012, import of certain items is banned or allowed on fulfilment of certain conditions.

Four MCCs cleared the imported goods which were either banned or restricted under the Import Policy Order 2012. This resulted in illegal clearance of banned and restricted goods valuing Rs 39.79 million.



The irregularity was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 the department reported recovery of Rs 0.05 million, Rs 1.66 million as not due, cases for Rs 13.22 million contested, produced irrelevant record for Rs 23.46 million and no reply was furnished for Rs 1.40 million. DAC settled the para to the extent of amount recovered and not due and directed the department to re-examine the cases being contested and not responded, and furnish a comprehensive reply with relevant record. Further progress was awaited till finalization of the report.

Audit requires strict adherence to the import policy order, besides fixing responsibility for release of banned or restricted items.

[Annexure- 35]

#### **2.5.37 Illegal release of smuggled goods – Rs 11.92 million**

According to section 2(s) of the Customs Act 1969, smuggle means to bring into or take out of Pakistan, in breach of any prohibition or restriction for the time being in force or evading payment of customs duties or taxes leviable on any goods notified by the Federal Government in official gazette which, in each case, exceed one hundred and fifty thousand rupees in value.

MCC Islamabad and Directorate, I&I Faisalabad released the smuggled goods by splitting the assessed value among such number of persons to avoid the limit of one hundred and fifty thousand rupees, whereas these were required to be disposed of through public auction. This resulted in release of government property valuing Rs11.92 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department replied that the goods were correctly released as the value of smuggled goods was not covered under section *ibid*. Audit is of the view that the value was intentionally split to bring the same below one hundred and fifty thousand rupees. DAC directed the department to re-examine the cases and furnish comprehensive reply. Further progress was awaited till finalization of the report.

Audit requires implementation of DAC's directive, besides fixing responsibility.

[DP Nos. 1033, 1516-Cus]

### **2.5.38 Non-deposit of laboratory charges - Rs 14.69 million**

According to rules 4 to 8 of the GFR, Vol-I, all monetary transactions to which a government servant may be a party in his public capacity should be brought to account without delay. All the money received as due to government or for deposit in the custody of the government should be credited to the public account by depositing it in the bank or treasury.

MCC Appraisement (West) Karachi, generated revenue from the laboratory fee and retained the same into common pool fund instead of depositing the same in the government treasury. It is pertinent to mention here that salary of the lab staff of Rs 20.98 million was paid from the federal consolidated fund. This resulted in non-deposit of lab charges of Rs 14.69 million in government treasury.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department informed that the laboratory charges were deposited in the bank. DAC directed the department to deposit the laboratory charges in government treasury immediately and get it verified from Audit. Further progress was awaited till finalization of the report.

Audit requires early implementation of DAC's directives, besides fixing responsibility for non-deposit of laboratory charges in government treasury.

[DP Nos.743-CD/K, 289, 313-Exp/K]

### **2.5.39 Non-realization of surcharge on late payment - Rs 15.15 million**

According to section 83(2) of the Customs Act 1969, where the owner fails to pay import duty and other charges within ten days from the date on which the same has been assessed under sections 80, 80A or 81, he shall be liable to

pay surcharge at the rate of KIBOR plus three per cent on import duty and other charges payable on such goods.

MCCs Appraisement (West), Preventive Karachi and Islamabad did not realize late payment surcharge from importers who failed to pay assessed revenue within ten days from the date of assessment. The delay ranged from 11 to 385 days. This resulted in non-realization of surcharge of Rs 15.15 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department reported that Rs 13.51 million under recovery and no reply was furnished for Rs 1.64 million. DAC directed the department to expedite recovery and furnish comprehensive reply for cases not responded. No further progress was intimated till finalization of the report

Audit requires early recovery of government dues, besides fixing responsibility for non-recovery of surcharge.

[DP Nos. 1418, 1457-Cus, 587&700-CD/K]

#### **2.5.40 Excess deduction of commission by GPO- Rs 9.84 million**

According to para 90 of CGO 12 of 2002 dated 15<sup>th</sup> June 2002, GPO, Karachi is authorized to collect customs duty and sales tax on inward postal parcels after due assessment by the customs authorities. According to the laid down procedure, the Senior Postmaster shall issue two cheques i.e. for customs duty and sales tax to the MCC Preventive, Karachi. On receipt of cheques, the Collector shall make payment of commission charges to GPO at the rate of twelve percent of the amount of duty and tax collected by the postal authorities.

The Postal Appraisement Department of International Mail Office Karachi, deducted commission at source at the rate of 14.52 percent instead of agreed rate of twelve per cent of collected amount of customs duty and sales tax. This resulted in excess deduction of commission of Rs 9.84 million.

The irregularity was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 the MCC informed that the matter had been taken up by FBR with the postal authorities. DAC directed the MCC to approach FBR for early resolution of issue with the postal authorities. Further progress was awaited till finalization of the report.

Audit requires early implementation of DAC's directive.

[DP No.707-CD/K]

#### **2.5.41 Blockage of government revenue in subjudice cases- Rs 6.10 million**

According to section 169 (4) and (5) read with sections 201 and 168 of the Customs Act 1969, the seized goods liable to confiscation are to be disposed of by the customs authorities as per procedure laid down therein, despite the fact that the case is pending for decision in adjudication, appeal or in the court.

The Directorate of Intelligence & Investigation (Customs), Karachi did not dispose of goods seized in three cases which were pending in various courts. This resulted in blockage of revenue of Rs 6.10 million in two cases. In third case, valuable antiques were not delivered to the archaeology department.

The lapse was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department replied that the cases were still pending for decision. DAC directed the department to pursue the cases in the courts for early finalization. Further progress was not reported till finalization of the report.

Audit requires early disposal of goods.

[DP No.571-CD/K]

#### **2.5.42 Loss due to late disposal of confiscated vehicle – Rs 5.98 million**

According to section 182 of the Customs Act 1969 read with sections 82, 89, 169 and 201 of the Act, CGO 12 dated 15<sup>th</sup> June, 2002 and rule 58(1) of the Customs Rules 2001, confiscated goods are required to be disposed/auctioned after observing codal formalities within the shortest possible time.

A Toyota land cruiser prado jeep (Model 1996, 2982 CC) confiscated by Directorate of I&I, Islamabad on 22.04.2010 was used for operational purpose for three years instead of putting it into auction in time. The vehicle was sold for Rs 1.80 million in 2013 against seizure value of Rs 7.78 million. The late disposal and deterioration of vehicle resulted in loss to national exchequer to the tune of Rs 5.98 million.

The irregularity was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 the department reported that the seizure value was the value of new vehicle and not for the used one. Audit is of the view that seizure value was also determined by the customs department. The irrecoverable loss occurred due to late disposal. DAC directed the department to revisit the case and furnish comprehensive reply. Further progress was awaited till finalization of the report.

Audit requires implementation of DAC's directive, besides fixing responsibility for mis use of government property.

[DP No. 1503-Cus]

#### **2.5.43 Non-realization of warehousing surcharge - Rs 2.48 million**

According to section 10 of the Finance Act 1991, surcharge equal to one percent of the value of imported goods is to be recovered at the time of in-bonding. However, according to SRO 486(I)/2003 dated 07.06.2003, surcharge on imported edible oil is to be paid at the rate of twenty five percent of the amount due at the time of in-bonding of the goods and the remaining seventy five per cent shall be exempted if the goods are cleared from the warehouse within one month. Further, as per section 98 of the Customs Act 1969, advance surcharge at the rate of one per cent per month of duty and taxes involved is leviable on warehoused goods for the extended period.

MCCs Appraisalment (West), Preventive Karachi, Islamabad, Sialkot and Peshawar did not realize surcharge where the licensees of the bonded warehouses failed to clear the goods from the warehouses within the stipulated period. This resulted in non-realization of revenue of Rs 2.48 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014, the department reported recovery of Rs 0.09 million, Rs 1.85 million under recovery, cases for Rs 0.46 million subjudice in the court and cases for Rs 0.08 million were contested. DAC directed the department to expedite recovery, pursue the case in the court and furnish comprehensive reply for cases being contested.

Audit requires implementation of DAC's directives.

[DP Nos. 1211, 1471-Cus, 712, 784-CD/K]

#### **2.5.44 Non-recovery of revenue due to non-issuance of show cause notices Rs 2.55 million**

According to section 32(3) of the Customs Act 1969, where by reason of any inadvertence, error or misconstruction, any duty or charge has not been levied or has been short-levied or has been erroneously refunded, the person liable to pay any amount on that account shall be served with a notice within three years of the relevant date requiring him to show cause why he should not pay the amount specified in the notice.

MCC Sialkot reviewed the cases of vehicles cleared under amnesty scheme, issued vide SRO 172(I) 2013 dated 05.03.2013, and determined that there was a short-realization of leviable duty and taxes. However, recovery proceedings were not initiated by customs authorities against the concerned persons. This resulted in non-recovery of revenue of Rs 2.55 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department reported that the cases were under recovery. DAC directed the MCC to expedite recovery proceedings. Further progress was, however, awaited till finalization of the report.

Audit requires expeditious recovery of revenue.

[DP No.1199-Cus]

#### **2.5.45 Irregular release of financial instruments and goods against mismatched documents - Rs 1.92 million**

Section 187 of the Customs Act 1969 provides that when any person is alleged to have committed an offence under this Act and any question arises whether he did any act or was in possession of anything with lawful authority or under a permit, license or other document prescribed by or under any law for the time being in force, the burden of proving that he had such authority, permit, license or other document shall lie on him.

MCC Islamabad released the bank guarantee against mismatched import, export and re-import documents as the goods originally imported were furnace and its CPU was re-exported for change of language of software but goods re-imported were textile stickers. Similarly, Directorate of Intelligence & Investigation, Faisalabad released the smuggled goods on the basis of goods declaration which were either irrelevant or not found available in the record. This resulted in irregular release of financial instruments and goods involving duty and taxes of Rs 1.92 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the MCC Islamabad replied that show because notice has been issued and no reply was furnished by the Director Intelligence & Investigation, Faisalabad. DAC directed the MCC Islamabad to expedite recovery proceedings and directed the Director Intelligence & Investigation, Faisalabad to examine the case and furnish comprehensive reply. Further progress was, however, awaited till finalization of the report.

Audit requires expeditious recovery of revenue.

[DP Nos. 1035, 1521-Cus]

#### **2.5.46 Un-authorized expenditure on POL and repair of vehicles Rs 62.97 million**

According to the Staff Car Rules 1980, proper record i.e. log books, movement registers and requisition slips are required to be maintained in respect

of all government vehicles for effective control over expenditure on POL, repair & maintenance of official vehicles. Further, according to section 182 of the Customs Act 1969, the Board may authorize the use of confiscated vehicles for operational purposes by the Board or, with approval of the Board, its subordinate offices.

Sixteen field offices of FBR incurred expenditure on account of POL and repair & maintenance of vehicles. Following irregularities were observed;

- (i) log books and movement registers were not maintained.
- (ii) vehicles were used by the offices whose nature of job did not require any field operations.
- (iii) vehicles were used which were not on the pool of the offices.
- (iv) vehicles when required some repair work were replaced by the new ones through internal committee, which had no legality.
- (v) nature of operations was defined neither by the Board nor by any field office.
- (vi) duplicate number plates were used on several vehicles at the same time.
- (vii) luxury vehicles of various makes, models and capacities such as Toyota Land Cruiser, Pajero, Prado, Toyota Crown Car, Surf, Audi etc. were being used by the field offices.

Further, the Board had not framed rules for use, maintenance, deterioration and responsibility in the event of theft, major loss, so far. This resulted in un-authorized expenditure of Rs 62.97 million on account of POL and repair & maintenance.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014, the department replied that all the vehicles were used for operational purposes only and movement registers and log books are being maintained now. Audit is of the view that record should be maintained as per law. DAC directed the department to abide by the law and get the stated position verified from Audit. Further progress was not reported till finalization of the report.



Audit recommends that FBR should frame the rules for use of confiscated vehicles and specify the make, model, chassis and engine numbers of vehicles at the time of authorization.

[Annexure-36]

#### **2.5.47 Unlawful expenditure on operational vehicles without fresh authorization from vehicle committee under monetization policy**

As per rule (xv) of policy for monetization of transport facility for civil servants (BS-20 to BS-22), issued by the Cabinet Division, Islamabad vide No.6/7/2011-CPC, dated 12<sup>th</sup>Dec, 2011; Ministries/Divisions/departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee.

Ten offices of FBR at Karachi were using one hundred and ninety four operational vehicles ranging from 1000cc to 3500cc without authorization from the vehicle committee and incurred an unlawful expenditure of Rs 43.57 million on POL and repair.

The irregularity was pointed out to the department in Dec, 2013. The department informed that the matter of fresh authorization was taken up with FBR. DAC in its meeting held in Jan, 2014 directed the offices concerned to pursue the matter for fresh authorization of vehicles. Further progress was not reported till finalization of the report.

Audit requires early implementation of DAC's directives, besides fixing responsibility for incurring of unlawful expenditure on POL and repair.

[Annexure-37]

#### **2.5.48 Unjustified expenditure on cash reward - Rs 17.14 million**

According to Unified Reward Rules 2006, officers and staff of Federal Board of Revenue or its subordinate offices under its control that render meritorious or show extra ordinary performance in his duties or awarded certificates of gallantry are eligible for reward.

Five field offices of FBR paid cash reward to officers and officials for routine duties which involved no extra ordinary performance. This resulted in unjustified expenditure on cash reward of Rs 17.14 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department replied that reward was paid on merit on the basis of annual performance by the competent authority. Audit is of the view that the reward should be paid only for extra ordinary performance and not for routine duties. DAC directed the department to revisit the cases and furnish comprehensive reply. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC's directives.

[Annexure-38]

#### **2.5.49 Irregular payment through cash instead of crossed cheques Rs 11.80 million**

According to rules 147 to 167 of Treasury Rules, all payments will be made thorough crossed cheques drawn in favour of corporate or local bodies, firms, private person or government servant.

MCC Sialkot and Deputy Director I&I, Gujranwalaincurred expenditure from their budget allocated for contingencies through cash payments, whereas, the payments were required to be made through crossed cheques. This phenomenon may lead to misuse of public money and resulted in irregular payments through cash of Rs 11.80 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department replied that the matter has been taken up with the concerned Accounts Offices for compliance in future. Audit is of the view that the department should obtain vendor numbers of all suppliers for issuance of cross cheques in their name. DAC directed the department to abide by the law in letter and spirit and get the stated position verified from Audit. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC's directives.

[DP Nos. 1235, 1249-Exp]

#### **2.5.50 Unjustified expenditure on operational vehicles of CARE/WeBOC project office - Rs 2.86 million**

According to rule 2 of Staff Car Rules 1980, the operational vehicle means a motor vehicle used by the staff of technical department for operational duties.

MCC Appraisalment (East) Karachi, allocated eleven vehicles to the Directorate of CARE/WeBOC Project, Custom House Karachi who did not perform operational duties. These vehicles were allocated to an office comprising seven officers. Four out of eleven vehicles were allocated to the Project Director. An amount of Rs 2.86 million was incurred on account of POL and repair charges without justification and authorization.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the MCC replied that FBR has been requested for revalidation of authorization. DAC directed the MCC to get authorization from FBR at the earliest. Further progress was not reported till finalization of the report.

Audit requires discontinuation of unlawful use of vehicles.

[DP No. 324-Exp/K]

#### **2.5.51 Excess payment of law charges - Rs 2.98 million**

According to revised professional fee structure for advocates and advocates on record, issued by FBR vide C. No. 92110-ML/2009/115220R dated 05.08.2011, the advocates engaged by the Divisions/FBR in certain Courts will be paid at prescribed rates and similar cases will be consolidated.

Five field offices of FBR paid law charges at full rates to advocates without consolidation of cases of similar nature. In some cases double payments of law charges were made. This resulted in excess payment of law charges of Rs 2.98 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department contested that the law charges of Rs 2.16 million were correctly paid as per prescribed rates, Rs 0.48 million under recovery and reply was not furnished for Rs 0.34 million. DAC directed the department to expedite the recovery and furnish comprehensive reply for cases being contested, and not responded. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC's directives.

[Annexure -39]

#### **2.5.52 Irregular expenditure on secret service - Rs 1.52 million**

As per rule 12 of GFR Vol-I, a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

Nine field offices of FBR made payment on account of secret services for Rs 1.52 million, but details of the cases for which the funds were utilized and certificate in this regard by the authorized officer were not provided to Audit.

The irregularity was pointed out to the department in Dec, 2013. DAC in its meeting held in Jan, 2014 the department replied that the secret service fund was correctly disbursed for the purpose and certificate of authorized officers have been obtained now. Audit is of the view that the details of seizure cases and outcome thereof may be provided for verification. DAC directed the department to provide the requisite record at the earliest. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC's directives.

[Annexure -40]

### **2.5.53 Inadmissible payment of utility charges - Rs 1.86 million**

Rule 10 of the GFR provides that the expenditure is not prima facie more than the occasion demands and that every government servant exercises the same vigilance in respect of expenditure incurred from public funds as a person of ordinary prudence would exercise in respect of expenditure of his own money.

MCC Preventive Karachi paid electricity charges of Rs 1.84 million and gas charges Rs 0.02 million for the guest house, sports club and water pump room, but the revenue generated from the guest house and monthly subscriptions of the sports club was kept in private bank account instead of depositing it in government treasury.

The irregularity was pointed out to the department in Dec, 2013. DAC in its meeting held in Jan, 2014 the department replied that pump room and guest house are government owned properties and expenditure incurred on them was as per law. The sports club is a non-profit organization and has no separate source of income. DAC directed the MCC to get the expenditure regularized from competent authority and apply for allocation of additional budget for utility charges of water pump room, guest house and service club and deposit the revenue so generated in government treasury. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC's directives.

[DP Nos.302, 312-Exp/K]

### **2.5.54 Non-recovery of house rent charges - Rs 1.71 million**

According to the Ministry of Finance O.M.No.F 2(3)2003-Policy, dated 1<sup>st</sup> July 2004, every department shall ensure recovery of house rent charges at the rate of five per cent of pay from the allottees of government accommodation.

Six field offices of FBR did not recover house rent charges from the employees who were provided with the government accommodation for residential purpose. This resulted in non-recovery of house rent charges of Rs 1.71 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department reported recovery of Rs 0.01 million, Rs 0.13 million as not due, Rs 0.73 million under recovery, Rs 0.49 million was contested and no reply was furnished for Rs 0.35 million. DAC settled the para to the extent of amount recovered and not due and directed the department to expedite recovery process and furnish comprehensive reply in cases being contested, and not responded. Further progress was not reported till finalization of the report.

Audit requires early implementation of DAC's directives.

[Annexure-41]

#### **2.5.55 Excess expenditure on pay and allowances - Rs 1.65 million**

Rule 7(A) of Supplementary Rules states that conveyance allowance is not admissible during leave. Further, according to Performance Allowance Guidelines 2012, performance allowance shall not be admissible for period of leave exceeding forty eight days, in a calendar year.

Eight field offices of FBR failed to observe above provisions of law and paid excess pay and allowances. This resulted in excess expenditure of Rs 1.65 million.

The irregularity was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 the department reported recovery of Rs 0.08 million, Rs 0.03 million as not due, Rs 1.31 million under recovery and no reply was furnished for Rs 0.23 million. DAC directed the department to expedite the recovery process and furnish reply for cases not responded. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC's directives.

[Annexure-42]

## ***Performance***

### **2.5.56 Non-recovery of adjudged government dues - Rs 7,663.68 million**

Section 202 of the Customs Act 1969 read with the Customs Rules 2001 provides the procedure for recovery of government dues.

Eleven MCCs and Directorate of Intelligence and Investigation, Karachi did not take appropriate action for recovery of adjudged revenue which resulted in non-recovery of revenue of Rs 7,663.68million.

The irregularity was pointed out to the department during Dec, 2013. In DAC meeting held in Jan 2014, the department reported recovery of Rs 2.18 million, Rs 1.23 million were not due, cases for Rs 5,578.36 million were subjudice before different fora and cases for Rs 1,523.22 million under recovery, cases for Rs 281 million were under examination and no reply was furnished for cases of Rs 277.69 million. DAC directed the department to expedite recovery, finalize adjudication, pursue cases in the courts and furnish reply for cases under examination. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC's directives, besides fixing responsibility for delay in recovery of adjudged revenue.

[Annexure-43]

### **2.5.57 Blockage of revenue due to non-finalization of cases under adjudication - Rs 432.56 million**

According to section 179(3) of the Customs Act 1969, seizure/contravention cases shall be decided within one hundred and twenty days of the issuance of show cause notice or within such period as extended by the Collector, for which reasons shall be recorded in writing, but such extended period shall in no case be extended beyond sixty days.

MCCs Exports Karachi and PMBQ, Hyderabad, Directorate of I&I, Karachi and Collector Adjudication Islamabad did not finalize 134 cases for

adjudication within stipulated or extended period of time which resulted in blockage of revenue of Rs 432.56 million.

The lapse was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 the department reported cases for Rs 2.28 million under recovery, Rs 299.70 million under adjudication, Rs 63.14 million subjudice in courts and no reply was furnished for cases of Rs 67.44 million. DAC directed the department to expedite recovery, finalize adjudication, pursue cases in the courts and submit comprehensive reply in remaining cases. Further progress was not reported till finalization of the report.

Audit emphasizes for early implementation of DAC's directives.

[Annexure-44]

#### **2.5.58 Non-conduct of mandatory post exportation audit - Rs 261.49 million**

According to rule 307E(i) of the Customs Rules 2001, the liability of DTRE user to pay duty and taxes under security instrument furnished by him shall not be discharged unless post-exportation audit is carried and completed satisfactorily within a period of three months.

MCC Sialkot did not conduct post-exportation audit of forty six DTRE users who submitted their export documents despite lapse of two to three years. Financial instruments submitted by the users were either expired or at the edge of expiration. This resulted in non-conduct of post-exportation audit involving remission of duty and taxes of Rs 261.49 million.

The lapse was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 the department furnished no reply. DAC directed the department to furnish comprehensive reply immediately. Further progress was not reported till finalization of the report.

Audit emphasizes that post exportation audit of DTRE users may be conducted immediately not only at MCC Sialkot but also at other MCCs as well.

[DP No. 1218-Cus]



### **2.5.59 Loss to national exchequer due to under invoicing – 145.82 million**

According to para 389 read with para 391 of the Customs Rules 2001, all imported cargo entered into customs area for clearance shall be accompanied with a copy of packing list and invoice which shall be placed on the inner side of the door of container. Liability of placing such documents vests with the owner of goods as well as on the carrier. The owner of goods and the carrier will explicitly stipulate the requirement of placing documents in the manner prescribed above as an obligatory condition, to the person packing or shipping the cargo.

MCCs Islamabad, Lahore (Appraisal), Lahore (Preventive), Peshawar and Multan cleared the imported goods by charging an average penalty of Rs 5,000 per container where the invoices and packing lists were not found placed therein. It was a recurring and non-transparent phenomenon as twenty four per cent, forty three per cent, eighty per cent found without packing lists and invoices at Islamabad, Lahore and Peshawar respectively. Importers and the carriers committed this to conceal the invoice value and declaration of physical description of imported goods.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department reported that penalty was charged as per law while clearing the imported goods. Audit is of the view if amount of penalty was enhanced from Rs 5,000 to Rs 50,000, an amount of Rs 145.82 million might become the part of national exchequer. DAC directed the department to revisit the cases and furnish comprehensive reply. Further progress was not reported till finalization of the report.

Audit recommends that FBR should impose exemplary penalty to curb this malpractice.

[DP Nos. 757, 825, 1116, 1274, 1436-Cus]

### **2.5.60 Unsatisfactory performance of recovery cell**

Section 202 of the Customs Act 1969 read with the Customs Rules 2001 give powers to the customs functionaries for recovery of arrears of government dues.

MCC Exports Karachi managed to recover a meagre amount of Rs 4.05 million only during FY 2012-13 which came to 0.39 per cent of the total recoverable of Rs 1,036.16 million. This happened due to the reasons that recovery of arrears is considered a laborious job and has become a neglected area in MCC.

The lapse was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2014 MCC replied that recovery of arrears is an on-going process and recovery is being affected regularly. DAC directed the MCC to make its best efforts to recover outstanding dues. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC's directive.

[DP No.821-CD/K]

#### **2.5.61 Unsatisfactory performance of internal audit and post clearance audit**

The Directorates General of Internal Audit and Post Clearance Audit were created under sections 3B and 3DD of the Customs Act 1969.

Directorate of Post Clearance Audit Lahore pointed out an amount of Rs 2,628.87 million during the period from July 2011 to June 2013 incurring an expenditure of Rs 75.56 million, while a meagre recovery of Rs 27.68 million was effected (cost benefit ratio 1 : 0.37). Similarly, the Directorate of Internal Audit Lahore pointed out an amount of Rs 859.85 million incurring an expenditure of Rs 66.24 million against which no recovery was reported. This reflected poor performance of the departmental audit organizations.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the Director Post Clearance Audit Lahore replied that its performance cannot be judged in monetary terms. Directorate Internal Audit Lahore replied that the less detected amount does not show the negative impact. DAC directed the department to furnish comprehensive reply. Further progress was not reported till finalization of the report.

Audit recommends that efficiency of both departmental audit organizations should be monitored continuously to improve their performance and each audit report generated by the organizations should be provided to statutory Audit invariably for evaluation.

[DP Nos. 1567, 1605-Exp]

### ***Internal Control Weaknesses***

INTOSAI defines internal control as the plans of an organization, including management's attitude, methods, procedures and other measures that provide reasonable assurance to achieve general objectives in an economical, efficient and effective manner. Internal controls safeguard the resources against loss due to waste, abuse, mismanagement, errors and other irregularities. Management can assure adherence to laws, regulations and its directives through internal controls. Audit assesses the effectiveness of the design and operation of internal controls.

Audit identified and evaluated the control environment and the effectiveness of the internal controls that were in place and observed the weaknesses like:

- a) monitoring system was not appropriate to ensure correct assessments, leakage of revenue through bonded warehouses and non-encashment of bank guarantees/indemnity bonds.
- b) there was no effective internal control mechanism to watch compliance of provisions of customs laws and rules.
- c) wrong practices were being followed in violation of rules.

#### **2.5.62 Need for removal of duplicate PCT headings from SRO 659(I)/2007**

The Government of Pakistan and China entered into a treaty on 24.11.2006 under which Government of Pakistan allowed exemption/concession of customs duty at rates specified in the SRO 659(I)/2007 on 5,909 items being produced or manufactured in the People's Republic of China.

FBR did not take appropriate measures for removal of duplication of five hundred and thirty line items appearing in Table-I and Table-II of the SRO *ibid*. Out of five hundred and thirty, thirty eight were those where PCT headings were identical but rates of customs duty were different. The situation was conducive for misclassification as just adding or removing a single word could change the whole examination and assessment process. Further, likelihood of release of imported goods at lower rate where the PCT headings attracted high rate of

customs duty, was also very high. This phenomenon also revealed that there was no internal reviewing system of SRO(s) after their issuance.

The irregularity was pointed out to the department during Dec, 2013 with the request that the matter may be referred to FBR for removal of duplicate PCT headings not only from the impugned SRO ibid but also from other SROs. Further, internal reviewing system may be strengthened to identify and remove such discrepancies, in future. In DAC meeting held in Jan, 2014, the department replied that the goods were correctly granted the benefit of the SRO. Audit reiterated its earlier stance that the presence of duplicate PCT headings provided the room for manipulation which must resulted in revenue loss to national exchequer. DAC directed the department to revisit the audit observation and submit comprehensive reply. Further progress was not reported till finalization of the report.

Audit recommends that FBR should review the imports made under duplicate PCT headings to determine the pilferage of revenue and take appropriate action at the earliest.

(DP No. 1429-Cus)

### **2.5.63 Unlawful retention of sale proceeds of auction in current account of the Collector - Rs 69.81 million**

According to rule 7 of Federal Treasury Rules, all money recovered on behalf of Federal Government without any undue delay is required to be deposited in full in the government treasury so as to include the same into the federal consolidated fund of the government.

MCCs Lahore (Appraisalment), Lahore (Preventive) and DG, I&I, Islamabad did not transfer the sale proceeds of auctioned goods which were kept in current account of the Collector of Customs, whereas, the same was required to be transferred to the customs treasury immediately after finalization of bids. This resulted in un-lawful retention of revenue of Rs 69.81 million.

The irregularity was pointed out to the department during Dec, 2013. In DAC meeting held in Jan, 2012 the MCC Lahore (Preventive) replied that the amount was transferred to the government account. The DG, I&I, Islamabad

replied that it was not the duty of Directorate to watch the transfer of the sales proceeds from the Collector's account to government account and no reply was furnished by the MCC Lahore (Appraisalment). DAC directed the department to ensure timely transfer of public money in government treasury. Further progress was not reported till finalization of the report.

Audit requires early transfer of sales proceeds to the national exchequer.

[DP Nos. 1502, 1536, 1540-Cus]

#### **2.5.64 Acceptance of financial instruments of lesser amount Rs 58.21 million**

Under certain provisions of Customs Act 1969 and SROs, imported goods are cleared without realization of duty and taxes by securing them through financial instruments.

MCC Faisalabad, Lahore (Appraisalment) and Sialkot cleared imported goods by accepting the financial instruments of either lesser amount or for the lesser period. This resulted in non-securing of government revenue of Rs 58.21 million.

The lapse was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the MCC Faisalabad replied that the importers were directed to submit the post-dated cheques for differential amount and no reply was furnished by MCCs Lahore and Sialkot. DAC directed the department to secure government interest and accept the financial instruments of correct amount only. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC's directive.

[DP Nos. 1008, 1221, 1362-Cus]

#### **2.5.65 Sale of confiscated tampered vehicles against payment not managed from the budget grants**

According to FBR's letter No. 10(1) AS/2004 dated 24.06.2006 confiscated non-duty paid, tampered & fake chassis numbers vehicles shall be

sold/disposed of on nominal/token prices to the federal/provincial departments and authorities for official use. These confiscated vehicles as a policy are not sold through public auction for the reason that their registration cannot be authorized by the provincial authorities.

MCCs Sialkot and Islamabad disposed of cut and welded vehicles against token money which was arranged out of budget by the respective purchasing offices and departments. This resulted in irregular sale of confiscated vehicles.

The lapse was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department reported that the vehicles were correctly disposed of as per law. Audit required the copy of registration certificates of the concerned ETOs and entries into the stock register of the concerned offices. Audit further required the MCCs to ensure that all such payments should be made through cheque and from budget grant of the concerned offices. DAC directed the MCCs to provide the requisite documents to Audit for verification. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC's directive.

[DP Nos.1206, 1487-Cus]

#### **2.5.66 Illegal clearance of auto parts in used and second hand condition imported in violation of Import Policy Order 2009**

According to para 5 A (vii) of the Import Policy Order, 2009 issued vide S.R.O. 766 (I) 2009 dated 4<sup>th</sup> Sep, 2009 read with sections 16 and 17 of the Customs Act 1969, goods specified in Appendix-C were banned for import in second hand or used condition except those specifically exempted therein. Auto parts in used/second hand condition fall under Sr. No. 11 of Appendix-C of the Policy *ibid*. Further, the Federal Government may, for reasons to be recorded, allow import in relaxation of any prohibition or restriction under this Order.

MCCs Islamabad and Multan cleared a huge quantity of used auto parts imported by various importers after charging redemption fine at the rate of twenty per cent in terms of SRO 499(I)/2009 dated 13.06.2009, whereas, they

were required to be confiscated being imported in violation of Import Policy Order 2009.

The irregularity was pointed out to the department during Dec, 2013 with the request to refer the matter to the Ministry of Commerce for their opinion and clarification. In DAC meeting held in Jan, 2014, the department furnished no reply. DAC directed the department to revisit the cases and furnish comprehensive reply. Further progress was not reported till finalization of the report.

Audit requires implementation of DAC directives.

(DP Nos. 1254, 1414 &1430-Cus)





## CHAPTER 3 ISLAMABAD CAPITAL TERRITORY (ICT)

### 3.1 Introduction

The Government of Pakistan established a new capital Islamabad on 24<sup>th</sup>Feb, 1960 and for purposes of administration, it remained under the jurisdiction of Deputy Commissioner Rawalpindi district. However, from 1<sup>st</sup>Jan, 1981, administrative functions were assumed by the Federal Government with direct administration by the President or an Administrator appointed by him, and the Islamabad Capital Administration was established and assigned all the powers and functions of a Provincial Government.

Under Article 1 of the Constitution, Islamabad Capital Territory is laid down as Constituent of the State, after four provinces. Under President's Order No.18 of 1980, executive authority of Federation is exercised by the President through an administrator known as Chief Commissioner. He is assisted by office of the Deputy Commissioner in performing its functions of revenue collection.

### 3.2 Comments on Budget and Accounts

This chapter deals with receipts categorized as Other Taxes collected by the ICT. These receipts consist of Registration Fee, Stamp Duty, Motor Vehicle Taxes, Vend Fee, Professional Tax and Mutation Fee etc.

#### 3.2.1 Revenue Collection vs Targets

ICT was assigned revenue target of Rs 2.5 billion during FY 2012-13. ICT collected receipts of Rs 2.55 billion during the year, which was two per cent higher than the target, as follows:

*(Rs in billion)*

Tax Head	Target	Collection 2012-13	Difference from Target	
			Absolute (3-2)	Per cent
1	2	3	4	5
Other Taxes	2.50	2.55	0.05	2

### 3.2.2 Variance analysis of Revenue Collection in FY 2012-13 and FY 2011-12

A comparison of net collection between the FY 2012-13 and FY 2011-12 is tabulated below:

*(Rs in billion)*

Tax Heads	Collection		Difference	
	FY: 2012-13	FY: 2011-12	Absolute	Percentage
Other Taxes	2.55	1.76	0.79	31

ICT's collection for the FY 2012-13 Rs 2.55 billion depicted an increase of Rs 0.79 billion (31%) over Rs 1.76 billion for FY 2011-12.

### **3.3 AUDIT PARAS**

#### ***Irregularity & Non Compliance***

##### **3.3.1 Short-realization of revenue due to application of incorrect rate of advance income tax - Rs 1.86 million**

According to section 231B of the Income Tax Ordinance 2001 read with Finance Act 2012, every motor vehicle registering authority shall collect advance tax at rate of Rs 25,000 per vehicle at the time of registration of a new locally manufactured motor vehicle having engine capacity of 1300cc to 1600cc.

The Excise and Taxation Officer, Islamabad Capital Territory, Islamabad collected advance tax at the rate of Rs16,875 per vehicle instead of Rs25,000 per vehicle for registration of motor vehicles of 1300cc to 1600cc, in 230 cases. This resulted in short realization of revenue of Rs 1.86 million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department reported recovery of Rs 0.54 million and Rs 0.11 million as not due and cases for Rs 1.24 million were under recovery. DAC directed the department to recover the balance amount within 15 days. Further progress was not reported till finalization of the report.

Audit requires early recovery of revenue.

[DP No. 977-ICT]

##### **3.3.2 Non-realization of advance income tax on sale of immovable property Rs1.78million**

According to section 236C of the Income Tax Ordinance 2001, any person responsible for registering or attesting transfer of any immovable property shall at the time of registering or attesting the transfer collect from the seller or transferor advance tax at the rate of 0.5per cent of the gross amount of the consideration received.

Tehsildar Islamabad Capital Territory, Islamabad did not realize advance income tax at the time of sale of immovable property, in 47 cases. This resulted in non-realization of revenue of Rs 1.78million.

The irregularity was pointed out to the department in Dec, 2013. In DAC meeting held in Jan, 2014 the department contested the audit observation. DAC directed the department to revisit the case and seek necessary clarification from FBR.

Audit requires implementation of DAC's directive.

[DP No. 995-ICT]

**Annexure-I****MFDAC****Statement of observations/paras included in MFDAC**

<b>S.No</b>	<b>Collectorate/ Office</b>	<b>DP No./ File No./ Para No/Part</b>	<b>Amount (Rs in million)</b>	<b>Nature of observation</b>
1	MCC, Peshawar	DP No.1132	0.99	Late deposit of earnest money by the auctioneer
2	MCC, Peshawar	DP No.1133	0.61	Non-forfeiture of deposited amount of auction
3	MCC, Peshawar	DP No.1134	14.17	Late deposit of earnest money and 3/4 <sup>th</sup> amount of bid by the successful bidders
4	MCC, Peshawar	DP No.1135	1.59	Unauthorized acceptance of bid price
5	MCC, Peshawar	DP No.1136	0.69	Non acceptance of reasonable bid
6	MCC, Peshawar	DP No.1137	0.44	Non-offering of the bid to the second highest bidder
7	MCC, Peshawar	DP No.1158	77.4	Non availability of record of containers/vehicles confiscated
8	MCC, Peshawar	DP No.1168	0.82	Short realization of benevolent fund
9	MCC, Peshawar	DP No.1171	0.17	Irregular expenditure due to misclassification
10	MCC, Peshawar	DP No.1173	0.01	Non-realization of benevolent fund
11	MCC, Peshawar	DP No.1176	0.08	Non deduction of sales tax
12	MCC, Peshawar	DP No.1179	0.06	Non deduction of conveyance allowance during leave
13	MCC, Peshawar	DP No.1183	0.13	Short recovery of income tax on cash reward
14	MCC, Peshawar	F-36/07/I	0.08	Non-forfeiture of earnest money
15	MCC, Peshawar	F-36/09/ I	-	Miscellaneous irregularities
16	MCC, Peshawar	F-36/10/I	-	Incorrect appraisalment of reserve price

17	MCC, Peshawar	F-37/02/I	-	Miscellaneous irregularities
18	MCC, Peshawar	F-38/02/I	0.29	Late realization of. revenue due to non-encashment of BGs/Post Dated Cheques
19	MCC, Peshawar	F-40/06/I	-	Non reconciliation of receipts with bank
20	MCC, Peshawar	F-40/09/I	-	Assessment of value of vehicles on lower side
21	MCC, Peshawar	F-45/04/I	-	Non reconciliation of receipts
22	MCC, Peshawar	F-46/01/II	-	Release of banned goods in violation of Import Policy Order 2009
23	MCC, Peshawar	F-46/02/II	-	Non reconciliation of receipts with bank
24	MCC, Peshawar	F-46/03/II	-	Improper maintenance of import/export record
25	MCC, Peshawar	F-47/01/I	-	Releasing of baggage goods without payment of duty and taxes
26	MCC, Peshawar	F-47/02/I	-	Lack of coordination in promulgation of SRO 666(I)/ 2006 regarding baggage rules
27	MCC, Peshawar	F-48/1/II	0.14	Short-realization of govt. revenue due to under valuation of imported goods
28	MCC, Peshawar	F-48/2/II	-	Non reconciliation of receipts with bank
29	MCC, Peshawar	F-33/02/I	0.25	Irregular drawal of advertisement charges
30	MCC, Peshawar	F-33/05/I	0.5	Irregular payment of uniform and liveries
31	MCC, Peshawar	F-33/19/I	0.12	Non-payment of amount through crossed cheques
32	MCC, Peshawar	F-33/20/I	-	Working of staff over and above the sanctioned strength
33	MCC, Peshawar	F-33/1/II	1.51	Irregular drawl of medical charges

34	MCC, Peshawar	F-33/2/II	0.03	Irregular payment of night duty allowance
35	MCC, Peshawar	F-33/3/II	0.17	Unjustified expenditure of POL charges for generator
36	MCC, Peshawar	F-33/4/II	0.04	Incorrect/irregular & doubtful drawl of T.A
37	MCC, Peshawar	F-33/5/II	-	Non-conducting of internal audit
38	Director I&I Peshawar	F-43/1/II	-	Non-disposal of replaced auto parts of vehicles
39	Director I& I Peshawar	F-43/2/II	-	Non-conduct of internal audit
40	Director I& I Peshawar	F-43/3/II	-	Non-conduct of physical verification of stock/stores
41	Director I& I Peshawar	F-43/05/I	0.24	Irregular expenditures due to purchase of taxable goods from unregistered persons
42	MCC, Islamabad	DP No.1399	7.75	Short-realization of revenue due to inadmissible exemption of customs duty under SRO 659(I)/2007 and non-application of rates of customs duty under SRO 497(I)/2009 on goods imported from China.
43	MCC, Islamabad	DP No.1404	9.53	Short-realization of revenue due to non-application of rates of customs duty under SRO 497(I)/2009
44	MCC, Islamabad	DP No.1476	-	Non-provisions of imports, manufacturing, exports documents and closing stock
45	MCC, Islamabad	DP No.1490	0.75	Short deduction of benevolent fund



46	MCC, Islamabad	DP No.1491	0.66	Excess expenditure on account of provisions required to be provided by the agency or person managing or owning a customs-port and airport
47	MCC, Islamabad	DP No.1492	0.23	Excess payment of pay & allowances during extraordinary leave
48	MCC, Islamabad	DP No.1497	0.04	Excess payment of pay and allowances due to non-implementation of provisions of SRO 257(I)/2011 and non adjustment of conveyance allowance
49	MCC, Islamabad	DP No.1499	0.27	Inadmissible reimbursement of medical charges
50	MCC, Islamabad	DP No.1500	0.21	Doubtful reimbursement of medical charges
51	DG I& I, Islamabad	DP No.1527	0.06	Illegal payment of professional fee to advocate instead of advocate-on-record
52	DG I& I, Islamabad	DP No.1528	0.43	Illegal expenditure on account of payment made to others for service rendered
53	DG I& I, Islamabad	DP No.1530	0.24	Inadmissible reimbursement of medical charges
54	DG I& I, Islamabad	DP No.1659	0.16	Excess expenditure on mobile phones
55	MCC, Islamabad	F-74/33/I	0.15	Short-realization of revenue due to misclassification of telephones sets
56	MCC, Islamabad	F-74/39/I	0.01	Non-realization of customs duty on imported tubes

57	MCC, Islamabad	41/I	-	Yet another confliction between SRO 575(I)/2006 and SRO 497(I)/2009 which needs justification
58	MCC, Islamabad	F-74/46/I	-	Need for revision of S.No. ix of the SRO 678(I)/ 2004 dated 07.08.2004
59	MCC, Islamabad	F-69/6/I	0.22	Inadmissible withdrawal of hard area allowance by an officer posted and serving in Islamabad
60	MCC, Islamabad	F-69/14/I	0.05	Excess payment of professional fee due to duplication and absence of advocate from the court
61	MCC, Islamabad	F-69/16/I	0.03	Excess payment of professional fee due to non-observance of canon of financial propriety
62	MCC, Islamabad	F-69/18/I	0.02	Illegal payment of professional fee to advocate instead of advocate on record
63	MCC, Islamabad	F-69/19/I	0.01	Excess payment of honorarium
64	DG I& I, Islamabad	F-72/2/II	3.29	Excess expenditure by taking permission for replacement as fresh permission for use of confiscated vehicles for operational purposes
65	DG I& I, Islamabad	F-72/5/II	1.42	Irregular payment of house building advance
66	DG I& I, Islamabad	F-72/16/I	-	Non-updation of service books
67	DG I& I, Islamabad	F-72/17/I	-	Non-maintenance of GPF ledger / broad sheets of Class-IV employees
68	DG I& I, Islamabad	F-72/18/I	-	Non-disposal of replaced auto parts

69	DG I& I, Islamabad	F-72/19/I	-	Non-conduct of surprise visit of cash book, physical verification of store/stock
70	DG I& I, Islamabad	F-72/20/I	-	Non-maintenance of leave account
71	DDO (DOT) Exp. Islamabad	DP No. 1316	0.08	Irregular payment of internet charges
72	DDO (DOT) Exp. Islamabad	DP No. 1317	0.07	Irregular payment of telephone charges due to use of extra telephone connection
73	DDO (DOT) Exp. Islamabad	DP No. 1318	0.02	Irregular payment of over time allowance
74	DDO (DOT) Exp. Islamabad	F-67/02/I	0.6	Irregular expenditure on POL and repair and maintenance of vehicles
75	DDO (DOT) Exp. Islamabad	F-67/09/I	0	Excess payment of telephone charges
76	DDO (DOT) Exp. Islamabad	F-67/01/II	-	Non completion of service books
77	DDO (Internal Audit) Exp. Islamabad	DP No. 1325	0.06	Doubtful expenditure on POL
78	DDO (Internal Audit) Exp. Islamabad	F-64/01/II	-	Non-conduct of physical verification of stock
79	DG (Internal Audit) Islamabad	F-64/02/II	-	Un-justified requisition slips and non maintenance of stock register
80	DG (Internal Audit) Islamabad	F-65/01/I	-	Internal Audit of the Collectorate and Directorate for the year 2012-13 with a pointed out amount of Rs 398.72 million
81	DG PCA Islamabad	DP No. 1003	0.14	Short deduction of Income Tax
82	DG PCA Islamabad	DP No. 1004	0.03	Short deduction of benevolent fund
83	DG PCA Islamabad	F-87/5/I	1.33	Unlawful expenditure on operational vehicles
84	Chief Collector Customs (North)	DP No.1002	0.02	Short deduction of benevolent fund

85	Chief Collector Customs (North)	F-89/3/I	0.74	Unlawful expenditure on operational vehicles
86	Collector customs Appeal Islamabad	DP No.1005	0.06	Short deduction of income tax
87	Collector customs Appeal Islamabad	F-91/3/I	0.46	Unlawful expenditure on operational vehicles
88	MCC, Faisalabad	DP No. 1008	26.73	Acceptance of indemnity bonds and post-dated cheques of lesser amount resulting in possible loss of government revenue
89	MCC, Faisalabad	DP No. 1096	0.28	Short-realization of revenue on inadmissible exported goods
90	MCC, Faisalabad	DP No.1072	0.76	Split over of expenditure in the head of stationery
91	MCC, Faisalabad	DP No.1075	0.4	Irregular expenditure on Printing and Publication
92	MCC, Faisalabad	F-41/02/I	8.69	Blockage of revenue due to non-adjudication of seized cases
93	MCC, Faisalabad	F-43/02/I	-	Incorrect figures shown in the monthly reports regarding recovery of arrears
94	MCC, Faisalabad	F-49/01/II	0.01	Short-realization of revenue
95	MCC, Faisalabad	F-51/10/I	0.05	Non-recovery of income tax from salaries of employees
96	MCC, Faisalabad	F-51/1/II	0	Inadmissible payment of washing allowance
97	MCC, Faisalabad	F-51/2/II	0	Non/short deduction of professional tax
98	MCC, Faisalabad	F-51/3/II	-	Non-conduct of physical verification of store/stock and surprise checking of cash book
99	MCC, Faisalabad	F-51/4/II	-	Non-conduct of internal audit

100	Collector (Adj), Faisalabad	F-44/02/I	67.6	Blockage of revenue due to non-adjudication of seizure cases
101	Collector (Adj), Faisalabad	F-44/01/II	-	Non-entry of seizure cases in the register of cases ripe for adjudication
102	Director I& I (SWH), Mianwali	F-40/02/I	0.02	Short realization of revenue due to under valuation of released goods
103	Director I&I, Faisalabad	F-37/03/I	49.85	Blockage of revenue due to non-adjudication of seized cases
104	Director I&I, Faisalabad	F-38/04/I	-	Non-disposal of old newspapers and old and used auto parts
105	Director I&I, Faisalabad	F-38/05/I	0.01	Payment of sales tax on procurement of zero rated goods
106	Director I&I, Faisalabad	F-38/06/I	0	Short-deduction of income tax on payments made on services rendered
107	Director I&I, Faisalabad	F-38/07/I	0	Excess payment of daily allowance
108	Director I&I, Faisalabad	F-38/08/I	-	Non-conduct of physical verification of store/stock & surprise checking of cash book
109	Director I&I, Faisalabad	F-38/09/I	-	Non-conduct of internal audit
110	MCC, Sialkot	DP No.1197	-	Non conducting of annual audit/stock taking
111	MCC, Sialkot	DP No.1216	0.832	Non-realization of revenue due to non export of duty free goods.
112	MCC, Sialkot	DP No.1237	0.21	Irregular expenditure incurred without calling tender
113	MCC, Sialkot	DP No.1238	1.7	Irregular/unauthorized drawl of cash reward without budget allocation

114	MCC, Sialkot	DP No. 1220	0.04	Non-realization of revenue due to non-fulfilment of provisions of DTRE
115	MCC, Sialkot	DP No.1236	0.01	Excessive drawl of daily allowance on transfer
116	MCC, Sialkot	DP No.1239	0.24	Non-disposal of replaced auto parts
117	MCC, Sialkot	DP No.1241	0.06	Excessive drawl of pay and allowances
118	MCC, Sialkot	DP No.1244	0.03	Non-deduction of special allowance during leave on full pay
119	MCC, Sialkot	DP No.1245	0.03	Non-deduction of conveyance allowance during leave on full pay
120	MCC, Sialkot	F-40/4/I	0.01	Short realization of income tax
121	MCC, Sialkot	F-40/5/I	0	Short realization of income tax
122	MCC, Sialkot	F-40/01/II	-	Non-assessment of duty and taxes on GD imported for warehousing
123	MCC, Sialkot	F-34/1/I	-	Non/delayed issuance of notice under Section 82 of the Customs Act, 1969
124	MCC, Sialkot	F-34/2/I	-	Abnormal delay in disposal of confiscated goods for auction after passing the order-in original
125	MCC, Sialkot	F-34/3/I	-	A huge difference in valuation at the time of seizure of confiscated goods and assessing of reserve price at the time of auction
126	MCC, Sialkot	F-32/2/I	1.04	Loss of revenue due to non claiming of extension before expiry date
127	MCC, Sialkot	F-46/7/I	21.74	Non-security of revenue due to acceptance of blank post datedcheques/indemnity

				bonds
128	MCC, Sialkot	F-33/4/I	-	Improper maintaining of record of Parcel Bills and other documents on which assessment is made by GPO Sialkot
129	MCC, Sialkot	F-33/4/I	0.12	Non-realization of penalty
130	MCC, Sialkot	F-42/11/I	0	Excessive drawl of house rent allowance
131	MCC, Sialkot	F-42/1/II	-	Irregular drawl of salary by officer and officials through DDO instead of through bank account
132	MCC, Sialkot	F-42/2/II	-	Non completion of personal files of officials upgraded as Gazetted
133	MCC, Sialkot	F-42/3/II	-	Non-conduct of physical verification of stock/stores
134	MCC, Sialkot	F-42/4/II	-	Improper maintenance of budget allocation register for the year 2012-13
135	MCC, Sialkot	F-42/5/II	-	Improper maintenance of Cash Book
136	Deputy Director, (I&I), Gujranwala	DP No.1250	0.1	Non-disposal of replaced auto parts of vehicles
137	Deputy Director, (I&I), Gujranwala	DP No.1251	0.03	Irregular drawal of overtime allowance
138	MCC, Multan	DP No.1255	0.14	Non-realization of revenue due to non assessment of duty and taxes on empty drums
139	MCC, Multan	DP No.1256	0.14	Short-realization of revenue due to non-fulfilment of legal requirements
140	MCC, Multan	DP No.1259	0.2	Short-realization of revenue due to grant of inadmissible benefit of income tax
141	MCC, Multan	DP No.1261	0.45	Short-realization of revenue due to inadmissible benefit of

				SROs
142	MCC, Multan	DP No.1263	3.16	Short-realization of customs duty due to grant of inadmissible benefit of SRO
143	MCC, Multan	DP No.1264	0.75	Short realization of revenue due to application of incorrect rate of sales tax
144	MCC, Multan	DP No.1266	0.82	Short-realization of revenue due to misclassification of goods
145	MCC, Multan	DP No.1287	0.33	Non-realization of income tax on exportation
146	MCC, Multan	DP No.1303	0.04	Irregular expenditure on purchase of uniform
147	MCC, Multan	DP No.1309	0.01	Non-disposal of replaced unserviceable auto parts /stores and old & used news papers
148	MCC, Multan	F-26/13/I	0.59	Short realization of revenue due to inadmissible benefit of SRO
149	MCC, Multan	F-26/01/II	0.04	Short realization of revenue due to non disposal of detained goods
150	MCC, Multan	F-26/02/II	0.02	Short realization of revenue due to miscalculation
151	MCC, Multan	F-22/05/I	0.72	Released goods without duty and taxes
152	MCC, Multan	F-22/06/I	-	Non reporting of theft of vehicle to Auditor General of Pakistan
153	MCC, Multan	F-22/01/II	0.01	Short realization of redemption fine
154	MCC, Multan	F-23/03/I	0.13	Non-forfeiture of earnest money
155	MCC, Multan	F-23/04/I	0.12	Auction of vehicle against unauthentic revised RP
156	MCC, Multan	F-23/05/I	0.13	Delivery of auction goods without acceptance of bid



157	MCC, Multan	F-23/06/I	-	Loss of revenue due to under assessment of RP of vehicle
158	MCC, Multan	F-23/01/II	0.01	Non-forfeiture of earnest money
159	MCC, Multan	F-24/01/I	0.01	Short-realization of revenue due to under valuation
160	MCC, Multan	F-24/02/I	0.01	Short-realization of govt. revenue due to application of incorrect rate of custom duty
161	MCC, Multan	F-24/03/I	0	Release of goods against the provision of Import Policy Order and loss of revenue due to non auction of goods
162	MCC, Multan	F-24/04/I	-	Improper maintenance of record
163	MCC, Multan	F-27/05/I	0.03	Excess payment of export rebate
164	MCC, Multan	F-28/02/I	0.09	Non realization of revenue due to non deposit of receipts
165	MCC, Multan	F-28/03/I	0.07	Non realization of revenue due to import of pharmaceutical raw material without valid license
166	MCC, Multan	F-28/04/I	0.06	Short realization of revenue due to inadmissible benefit of SRO
167	MCC, Multan	F-28/05/I	0.05	Non realization of revenue due to import of pharmaceutical raw material without valid license
168	MCC, Multan	F-29/03/I	0.13	Irregular expenditure on purchase of file covers
169	MCC, Multan	F-29/13/I	-	Un-authorized use of vehicles

170	MCC, Gilgit	DP No.1311	0.35	Loss to government due to undue retention of vehicles
171	MCC, Gilgit	F-1/9/I	18.98	Short realization of revenue due to import against the IPO
172	MCC, Gilgit	F-1/1/II	0.02	Non-realization of additional custom duty
173	MCC, Gilgit	F-02/02/I	0.12	Inadmissible payment of utility bills
174	MCC, Gilgit	F-02/04/I	0.07	Un-lawful expenditure on repair of vehicles
175	MCC, Gilgit	F-02/06/I	0	Non disposal of replaced auto parts
176	MCC, Gilgit	F-02/07/I	0	Un-justified expenditure on purchase of car tape
177	MCC, Gilgit	F-02/08/I	0	Non disposal of old and used news papers
178	MCC, Lahore (Appraisalment)	DP No.928	3.48	Non-realization of penal surcharge on over stayed warehouses goods
179	MCC, Lahore (Appraisalment)	DP No.938	-	Non-reflection of adjustments against advances received in PRAL Data
180	MCC, Lahore (Appraisalment)	DP No.1363	7.67	Short realization of revenue due to application of incorrect rate of sales tax
181	MCC, Lahore (Appraisalment)	DP No.1368	0.07	Short realization of revenue due to application of incorrect rate of sales tax
182	MCC, Lahore (Appraisalment)	DP No.913	6.66	Non levy of redemption fine
183	MCC, Lahore (Appraisalment)	DP No.1373	0.22	Short realization of revenue due to application of incorrect rate of income tax
184	MCC, Lahore (Appraisalment)	DP No.1376	0.01	Short-realization of revenue due to inadmissible benefit allowed under SRO 659 (I)

				2007
185	MCC, Lahore (Appraisalment)	DP No.1381	-	Improper maintenance of record
186	MCC, Lahore (Appraisalment)	DP No.1382	0.5	Short-accountal of imported raw material in manufacturing process caused non-realization of revenue.
187	MCC, Lahore (Appraisalment)	DP No.1386	-	Short accountal or clearance of goods without payment of duty/tax
188	MCC, Lahore (Appraisalment)	DP No.1390	0.96	Un-authenticated export of 43.340 M Ton due to double shipping bill number
189	MCC, Lahore (Appraisalment)	DP No.1377	0.07	Short realization of revenue and non-assessment of goods at statutory rate
190	MCC, Lahore (Appraisalment)	DP No.1379	-	Short realization of revenue due to non-assessment of goods at statutory rate which were brought in commercial quantity
191	MCC, Lahore (Appraisalment/ Preventive)	DP No.1336	0.221	Excess payment of TA/DA due to claim of air fare without enclosing air tickets or tickets showing actual air fare
192	MCC, Lahore (Appraisalment/ Preventive)	DP No.1333	0.29	Advance payment of electricity charges to avoid surrendering the funds and use as future adjustments
193	MCC, Lahore (Appraisalment/ Preventive)	DP No.1337	0.04	Inadmissible payment of conveyance allowance and performance allowance during leave period
194	MCC, Lahore (Appraisalment/ Preventive)	DP No.1338	0.03	Excess payment of pay and allowances due to allowing annual increment and incorrect pay slip

195	MCC, Lahore (Appraisalment/ Preventive)	DP No.1339	0.04	Excess payment of medical reimbursement due to inclusion of room rent charges in the private hospital bills
196	MCC, Lahore (Appraisalment/ Preventive)	DP No.1345	0.223	Doubtful payment on account of Publicity & Advertisement and Printing charges.
197	MCC, Lahore (Appraisalment/ Preventive)	DP No.1346	1.12	Inadmissible and unauthorized payment on account of electricity bills
198	MCC, Lahore (Appraisalment/ Preventive)	DP No.1349	0.01	Excess payment of law charges due to payment of inadmissible travelling expenses
199	Director Customs (Valuation), Lahore	DP No.1353	0.04	Irregular /unauthorized expenditure on repairing and POL charges
200	MCC, Lahore (Appraisalment/ Preventive)	DP No.865	27.79	Verification of adjustment of input tax paid at import stage not relating to manufacturing activity of importer-cum-manufacturers
201	MCC, Lahore (Appraisalment/ Preventive)	DP No.1630	8.21	Non/short-realization of revenue due to inadmissible concession/exemption of customs duty under SRO 659(I)/2007
202	MCC, Lahore (Appraisalment/ Preventive)	DP No. 762	0.32	Short-realization of government dues due to miscalculation
203	MCC, Lahore (Appraisalment/ Preventive)	DP No. 791	-	Reporting of improper inspection report may cause loss to public exchequer
204	MCC, Lahore (Appraisalment/ Preventive)	DP No. 1611	7.88	Non-realization of income tax on import by Export Oriented Units

205	MCC, Lahore (Appraisalment/ Preventive)	DP No. 1613	5.2	Short-realization of withholding tax
206	MCC, Lahore (Appraisalment/ Preventive)	DP No. 1615	0.36	Short-realization of sales tax due to application of incorrect rate
207	MCC, Lahore (Appraisalment/ Preventive)	DP No. 1618	-	Non-export of temporary imported motor vehicles
208	Collector of Custom (Appeal) LHR	DP No.1559	0.15	Inadmissible payment of house rent allowance
209	Director Internal Audit Lahore	DP No.1602	0.13	Non realization of income tax on payment of monetization amount
210	Director PCA Lahore	DP No. 1561	0.46	Excess payment of pay & allowances due to excess working strength from sanctioned strength
211	Director PCA Lahore	DP No. 1562	0.23	Irregular expenditure on janitorial services (AO 3919) due to non calling of quotations
212	Director PCA Lahore	DP No. 1563	0.07	Excess payment of conveyance and performance allowances during leave
213	Director I&I Exp. Lahore	DP No.1608	0.06	Non realization of income tax on payment of monetization amount
214	MCC, Lahore (Appraisalment)	F-100/13/I	0.044	Short-realization of govt. revenue due to misclassification
215	MCC, Lahore (Appraisalment)	F-101/6/I	9.07	Short realization of govt revenue
216	MCC, Lahore (Appraisalment)	F-101/8/I	0.67	Short realization of govt revenue
217	MCC, Lahore (Appraisalment)	F-101/15/I	1.75	Short realization of govt revenue
218	MCC, Lahore	F-101/18/I	2.77	Short realization of govt

	(Appraisalment)			revenue
219	MCC, Lahore (Appraisalment)	F-101/28/I	0.092	Short-realization of govt revenue
220	MCC, Lahore (Appraisalment)	F-101/30/I	0.197	Short-realization of Custom duty
221	MCC, Lahore (Appraisalment)	F-101/31/I	0.36	Short-realization of govt revenue
222	MCC, Lahore (Appraisalment)	F-101/1/II	0.015	Short-realization of govt revenue
223	MCC, Lahore (Appraisalment)	F-101/2/II	0.02	Short realization of income tax
224	MCC, Lahore (Appraisalment)	F-116/2/I	11.57	Shor-realization of income tax
225	MCC, Lahore (Appraisalment)	F-116/4/I	6.98	Non-finalization of provisionally assessed cases
226	MCC, Lahore (Appraisalment)	F-116/5/I	-	Loss of revenue of millions of rupees due to under invoicing of imported goods
227	MCC, Lahore (Appraisalment)	F-116/11/I	0.78	Loss of revenue due to inadmissible benefit of SRO 1125(I)/2011
228	MCC, Lahore (Appraisalment)	F-116/14/I	0.18	Inadmissible benefit of SRO 638(I)2005 resulting into revenue loss
229	MCC, Lahore (Appraisalment)	F-116/15/I	-	Non-confiscation of imported goods and levy of penalty
230	MCC, Lahore (Appraisalment)	F-116/1/II	-	Inadmissible benefit allowed under SRO 659(I)/2007 due to different address
231	MCC, Lahore (Appraisalment)	F-117/1/I	1.14	Non realization of withholding tax and likely loss of revenue
232	MCC, Lahore (Appraisalment)	F-117/1/I	0.29	Non realization of export development surcharge and likely loss of government revenue due to non ensure against deposit of EDS by the customs authorities
233	MCC, Lahore (Appraisalment)	F-120/7/I	37.67	Undue benefit of income tax was allowed
234	MCC, Lahore (Appraisalment)	F-120/9/I	8.27	Loss of revenue due to sale of precious metal

235	MCC, Lahore (Appraisalment)	F-120/10/I	3.16	Loss of revenue due to mis-declaration/ under invoicing
236	MCC, Lahore (Appraisalment)	F-120/14/I	0.08	Inadmissible benefit of income tax – Loss of revenue
237	MCC, Lahore (Appraisalment)	F-120/15/I	-	Inadmissible release of imported goods without verification codal formalities
238	MCC, Lahore (Appraisalment)	F-120/16/I	-	Inadmissible release of imported goods without examining imported documents.
239	MCC, Lahore (Appraisalment)	F-120/17/I	-	Loss of government revenue due to non-declaration of purchases and sold of imported goods
240	MCC, Lahore (Appraisalment)	F-122/1/I	-	Undue benefit allowances resulting in loss
241	MCC, Lahore (Appraisalment)	F-122/2/I	0.27	Inadmissible benefit of depreciation allowance on televisions brought in baggage
242	MCC, Lahore (Appraisalment)	F-122/3/I	0.10	Non-imposing of redemption fine
243	MCC, Lahore (Appraisalment)	F-122/5/I	-	Inadmissible benefit of SRO 666(I)/2006, dated 28.06.2006
244	MCC, Lahore (Appraisalment)	F-122/6/I	-	Non-observing the condition of baggage rule
245	MCC, Lahore (Appraisalment)	F-122/7/I	-	Improper maintenance of record
246	MCC, Lahore (Appraisalment)	F-122/8/I	-	Improper maintenance of PRAL data
247	MCC, Lahore (Appraisalment)	F-123/1/I	2.03	Non realization of withholding tax and likely loss of revenue due to non ensurance /accountal of government receipts by the customs authorities
248	MCC, Lahore (Appraisalment)	F-123/2/I	0.05	Non realization of export development surcharge and likely loss of government revenue due to non ensure against deposit of EDS by the customs authorities

249	MCC, Lahore (Preventive)	F-127/1/II	0.016	Excess payment of rebate
250	MCC, Lahore (Preventive)	F-127/2/II	0.004	Excess payment of rebate
251	MCC, Lahore (Appraisalment)	F-145/06/I	0.09	Short realization of customs dues due to misclassification and incorrect rate of customs duty
252	MCC, Lahore (Appraisalment/ Preventive)	F-140/23/I	0.01	Non-recovery of income tax due from the suppliers of petroleum products other than petrol pump operators
253	MCC, Lahore (Appraisalment/ Preventive)	F-140/25/I	-	Procedural short comings and non observance of rules in hiring cases sanctioned
254	MCC, Lahore (Appraisalment/ Preventive)	F-140/1/I	0	Un-authorized expenditure due to excess payment on account of travelling allowance
255	MCC, Lahore (Appraisalment/ Preventive)	F-140/2/I	-	Non-conduct of physical verification of stores / stock
256	Director Customs (Valuation) Lahore	F-142/3/I	0.34	Irregular and unauthorized payment of pay and allowances
257	MCC, Lahore (Appraisalment/ Preventive)	F-154/01/I	0.03	Non realization of additional sales tax
258	MCC, Lahore (Appraisalment/ Preventive)	F-154/02/I	0.02	Non realization of redemption fine
259	MCC, Lahore (Appraisalment/ Preventive)	F-155/08/I	0.01	Non realization of WHT
260	MCC, Lahore (Appraisalment/ Preventive)	F-155/09/I	0.01	Short realization of IT due to miscalculation
261	MCC, Lahore (Appraisalment/ Preventive)	F-164/02/I	65.38	Non realization of revenue



	Preventive)			
262	MCC, Lahore (Appraisalment/ Preventive)	F-164/15/I	8.09	Short realization of revenue due to inadmissible concession of SRO 575(i)/ 2006
263	MCC, Lahore (Appraisalment/ Preventive)	F-164/46/I	0.05	Non-realization of revenue due to irregular exemption of SRO 1125(I)/2011
264	MCC, Lahore (Appraisalment/ Preventive)	F-164/47/I	0.04	Non realization of revenue due to grant of inadmissible exemption
265	MCC, Lahore (Appraisalment/ Preventive)	F-164/48/I	0.02	Short realization of govt. revenue due to miscalculation
266	MCC, Lahore (Appraisalment/ Preventive)	F-164/49/I	0.01	Short-realization of revenue due to non levy of additional customs duty under SRO 693(I)/2006
267	MCC, Lahore (Appraisalment/ Preventive)	F-129/2/I	0.13	Abatement allowed beyond jurisdiction resulting loss of revenue
268	MCC, Lahore (Appraisalment/ Preventive)	F-129/3/I	0.03	Non realization of additional sales tax
269	MCC, Lahore (Appraisalment/ Preventive)	F-129/4/I	0.01	Non-realization of redemption fine
270	MCC, Lahore (Appraisalment/ Preventive)	F-129/5/I	0.01	Short-realization of income tax due to miscalculation
271	MCC, Lahore (Appraisalment/ Preventive)	F-165/1/I	0.04	Short-realization of revenue due to non levy of additional customs duty under SRO 693(I)/2006
272	MCC, Lahore (Appraisalment/ Preventive)	F-165/2/I	0.03	Short-realization of revenue due to misclassification of imported goods
273	MCC, Lahore (Appraisalment/ Preventive)	F-165/3/I	0.01	Non realization of revenue due to inadmissible concession of duty under

				SRO 659(I)/07 to goods imported from China
274	MCC, Lahore (Appraisalment/ Preventive)	F-165/4/I	0.01	Short realization of revenue due to inadmissible exemption of SRO 1486(I)/2012
275	MCC, Lahore (Appraisalment/ Preventive)	F-156/3/I	0.02	Loss of revenue due to short deposit of auction money
276	MCC, Lahore (Appraisalment/ Preventive)	F-160/6/I	0.03	Non/short-realization of revenue due to non realization of value addition tax
277	MCC, Lahore (Appraisalment/ Preventive)	F-160/7/I	0.01	Short realization of revenue due to inadmissible exemption of SRO 1486(I)/2012
278	MCC, Lahore (Appraisalment/ Preventive)	F-157/01/II	0	Non realization of income tax on encashment of Bank Guarantee / Post Dated Cheque
279	Director Internal Audit Lahore	F-136/3/I	0.2	Irregular retention of lap tops cost
280	Director Internal Audit Lahore	F-136/8/I	0.04	Excess payment of conveyance allowances during leave
281	Director Internal Audit Lahore	F-136/1/II	0.01	Excess payment of TA/DA
282	Director Internal Audit Lahore	F-136/2/II	0	Non deduction of withholding tax
283	Director Internal Audit Lahore	F-136/3/II	0	Inadmissible payment of house rent allowance
284	Director Internal Audit Lahore	F-136/4/II	0	Excess payment of sales tax
285	Director PCA Lahore	F-135/8/I	0	Inadmissible payment of medical charges
286	Director I&I Exp. Lahore	F-163/1/I	0.64	Irregular payment of pay and allowances
287	Director I&I Exp. Lahore	F-163/3/I	0.03	Non realization of income tax in respect of monetization amount
288	Director I&I Exp. Lahore	F-163/I/II	0.01	Inadmissible payment of

				house rent allowance
289	Director I&I Exp. Lahore	F-163/2/II	0	Excess payment of sales tax
290	Director I&I Exp. Lahore	F-163/1/I	0.82	Un-authorized payment of 100% performance allowance due to non submission of declaration of assets
291	Director I&I Exp. Lahore	F-163/5/I	0.03	Excess payment of conveyance allowances during leave
292	Director I&I Exp. Lahore	F-163/6/I	0.02	Excess payment of house rent allowance
293	Director I&I Exp. Lahore	F-163/7/I	0.01	Irregular payment of house rent allowance
294	MCC, Preventive, Karachi	DP No. 699/CD/K	-	Loss of substantial amount of government revenue due to non-implementation of Customs Rules
295	MCC, Preventive, Khi	DP No. 746/CD/K	-	Non-conduct of stock taking of goods
296	MCC, Preventive, Karachi	DP No. 747/CD/K	-	Loss of revenue due to non-assessment of imported goods
297	MCC, Preventive, KRI	DP No. 841/CD/K	4.94	Loss of revenue due to acceptance of low bid
298	MCC, Preventive, Karachi	DP No. 845/CD/K	9.74	Non-transfer of government revenue into Federal Consolidated Fund
299	MCC, Preventive, Karachi	DP No.786/CD/K	-	Non-stock taking of seized & confiscated goods entered into SWH-1
300	MCC, Preventive, Karachi	DP No. 693/CD/K	0.12	Furnishing doubtful certificate by the educational institution involving taxes and duties
301	MCC, Preventive, Karachi	DP No. 698/CD/K	2.52	Non-credit of sale proceeds of auctions into government account

302	MCC, Preventive, Karachi	DP No. 701/CD/K	0.26	Sale of mobile and its accessories to private bidders caused non-compliance of standing instructions of the Federal Board of Revenue
303	MCC, Preventive, Karachi	DP No. 764/CD/K	40.29	Illegal release of goods in violation of Import Policy Order 2009
304	MCC, Preventive, Karachi	DP No. 861/CD/K	6.38	Loss of revenue due to short/non-export of ISAF consignment manifested to Afghanistan by the transport carriers
305	MCC, Appraisalment (West), Karachi	DP No. 577/CD/K	0.04	Non-realization of default surcharge
306	MCC, Appraisalment (West), Karachi	DP No. 579/CD/K	2.54	Loss of revenue due to non finalization of provisional assessment
307	MCC, Appraisalment (West), Karachi	DP No. 583/CD/K	2,401.66	Unlawful/illegal release of motor vehicles under amnesty scheme
308	MCC, Appraisalment (West), Karachi	DP No. 588/CD/K	2.33	Loss of revenue due to non finalization of provisional assessment
309	MCC, Appraisalment (West), Karachi	DP No. 646/CD/K	0.19	Loss of revenue due to non acceptance of highest bid money
310	MCC, Appraisalment (East), Karachi	DP No. 679/CD/K	0.3	Non-realization of regulatory duty
311	MCC Appraisalment (East), Karachi	DP No. 683/CD/K	0.03	Short-realization of duty and taxes
312	MCC Appraisalment (East), Karachi	DP No. 686/CD/K	3.56	Non-realization of additional sales tax
313	MCC Appraisalment (East), Karachi	DP No. 783/CD/K	875	Non-recovery of government dues
314	MCC Appraisalment (East), Karachi	DP No. 836/CD/K	-	Illegal release of goods in violation of Import Policy Order 2012-15
315	MCC Appraisalment	DP No.	-	Irregular release of goods

	(East), Karachi	847/CD/K		in violation of Import policy Order 2013-15
316	MCC Appraisalment (East), Karachi	DP No. 848/CD/K	4.79	Irregular release of goods in violation of Import policy Order
317	MCC Gawader	DP No. 576/CD/K	0.06	Loss of revenue due to non-realization of Petroleum Levy on Diesel Oil
318	MCC, PMBQ, Karachi	DP No. 741/CD/K	27.25	Non- conduct of audit of duty/tax free import of input goods involving duty and taxes
319	MCC, PMBQ, Karachi	DP No. 758/CD/K	-	Non-production of record/data and information
320	MCC, Exports, Karachi	DP No. 560/CD/K	0.71	Non-recovery of withholding tax on export of goods
321	MCC, Exports, Karachi	DP No. 820/CD/K	-	Difference in recoverable amounts between two statements for the same months
322	MCC, Exports, Karachi	DP No. 824/CD/K	-	Non- finalization of adjudication cases involving revenue of millions of rupees
323	D.G, Afghan Transit Trade, Karachi	DP No. 716/CD/K	11.02	Irregular clearance of goods due to non-observing of codal provisions
324	Chief Coordinator, Computerization & Programming, Karachi	DP No. 374/Exp/K	0.85	Irregular award of contract for repair & maintenance of air conditioners with parts
325	Chief Coordinator, Computerization & Programming, Karachi	DP No. 375/Exp/K	1.02	Unjustified expenditure on purchase/usage of stationery items
326	Chief Coordinator Computerization & Programming, Karachi	DP No. 377/Exp/K	1.46	Discrepancies in contract for repair & maintenance of generator sets

327	Collector Customs (Appeals), Karachi	DP No. 353/Exp/K	0.15	Unauthorized expenditure on luxury vehicle
328	The Director General of Customs (Valuation), Karachi	DP No. 340/Exp/K	0.05	Unauthorized expenditure due to non-carrying out of printing from government press
329	DG Customs, Training & Research, Karachi	DP No. 391/Exp/K	0.66	Unjustified purchase on stationery items
330	Collector, MCC Appraisalment (West), Karachi	DP No. 288/Exp/K	0.24	Fictitious/doubtful expenditures on purchase of CNG
331	Collector, MCC Appraisalment (West), Karachi	DP No. 290/Exp/K	0.73	Illegal payment of rent for residential accommodation
332	Collector, MCC Appraisalment (West), Karachi	DP No. 291/Exp/K	0.2	Fictitious/doubtful expenditure on purchase of POL
333	Collector, MCC Appraisalment (West), Karachi	DP No. 292/Exp/K	0.11	Inadmissible payment of rent of less covered area for residential accommodation
334	Collector, MCC Appraisalment (West), Karachi	DP No. 293/Exp/K	0.11	Illegal payment of house rent allowance
335	Collector, MCC, Appraisalment (East), Karachi	DP No. 332/Exp/K	0.02	Non-realization of stamp duty
336	The Collector, MCC (Preventive), Karachi	DP No. 306/Exp/K	0.05	Payment of telephone charges in excess of ceiling
337	Collector, MCC (Preventive), Karachi	DP No. 304/Exp/K	2.53	Unauthorized utilization of public money
338	Collector, MCC (Preventive), Karachi	DP No. 309/Exp/K	0.02	Non-recovery of performance allowance
339	Collector, MCC (Exports), Custom House, Karachi	DP No. 316/Exp/K	0.3	Excess payment of CNG charges
340	Collector, MCC (Exports), Karachi	DP No. 321/Exp/K	0.08	Irregular expenditure due to non-carrying out of printing from government press
341	MCC Hyderabad	DP No. 406/Exp/K	0.97	Irrational expenditure during the month of June,

				2013
342	D.G Afghan Transit Trade, Karachi	DP No. 399/Exp/K	0.8	Non-surrender of savings
343	D.G Afghan Transit Trade, Karachi	DP No. 400/Exp/K	0.71	Unauthorized expenditure over and above the budget grant
344	MCC Gawader at Gaddani	DP No. 402/Exp/K	-	Improper maintenance of cash book
345	MCC Gawader	DP No. 403/Exp/K	4.91	Non-maintenance of contingent expenditure registers
346	Director I&I, Karachi	DP No. 348/Exp/K	-	Non-conduct of physical verification report
347	Director I&I, Karachi	DP No. 343/Exp/K	0.32	Unjustified expenditure on rent for residential building
348	MCC, Preventive, Karachi	DP No. 303/Exp/K	-	Non-recovery of rent of premises and utility bills thereof allocated for café/restaurant
349	MCC, Preventive, Karachi	DP No. 305/Exp/K	0.81	Loss of government money on account of late payment surcharge
350	MCC, Exports, Karachi	DP No. 317/Exp/K	0.11	Non-adjustment of TA/DA advance
351	MCC, Exports, Karachi	DP No. 320/Exp/K	0.07	Unauthorized payment of cash reward
352	MCC, Appraisalment (East) Karachi.	DP No. 322/Exp/K	1.45	Unjustified purchase of stationery items
353	MCC, Appraisalment (East) Karachi.	DP No. 331/Exp/K	0.09	Excess payment of rent for residential accommodation
354	MCC, Appraisalment (East), Karachi.	DP No. 334/Exp/K	4.29	Inadmissible payment of cash reward for meritorious services from irrelevant head of account
355	Director I & I, Karachi	DP No. 347/Exp/K	0.15	Irregular expenditure on payment of liabilities of previous years
356	Chief Collector, Appraisalment, (South), Karachi	DP No. 351/Exp/K	0.02	Non-adjustment of TA/DA advances
357	Directorate of Post	DP No.	1.83	Unjustified expenditure on

	Clearance Audit, Customs, Karachi.	358/Exp/K		operational vehicles
358	Directorate of Post Clearance Audit, Customs, Karachi.	DP No. 359/Exp/K	0.95	Irregular payment of expenditure
359	Directorate of Post Clearance Audit, Customs, Karachi.	DP No. 362/Exp/K	0.41	Unauthorized payment of cash reward
360	Directorate of Post Clearance Audit, Customs, Karachi.	DP No. 364/Exp/K	0.02	Excess payment of cash reward
361	MCC, PMBQ, Karachi.	DP No. 370/Exp/K	0.15	Purchase of miscellaneous items without sales tax invoice
362	MCC, PMBQ, Karachi.	DP No. 371/Exp/K	3.2	Inadmissible payment of cash reward for meritorious services from irrelevant head of account
363	MCC, PMBQ, Karachi.	DP No. 373/Exp/K	-	Unauthorized use of operational vehicles due to non-surrender of vehicles in excess of need
364	Chief Coordinator Computer & Programming, Karachi.	DP No. 376/ Exp/K	0.16	Purchase/replacement of parts for generator sets without sales tax invoice
365	Chief Coordinator Computer & Programming, Karachi.	DP No. 378/ Exp/K	0.84	Illegal purchase of data cartridges without observing PPRA Rules
366	Chief Coordinator Computer & Programming, Karachi.	DP No. 379/ Exp/K	0.05	Non-adjustment of TA/DA advance
367	Directorate of Internal Audit, Karachi	DP No. 383/ Exp/K	0.38	Unauthorized payment of cash reward
368	Directorate of Internal Audit, Karachi	DP No. 384/ Exp/K	0.05	Excess payment of cash reward
369	D.G. Training & Research, Karachi.	DP No. 389/ Exp/K	0.42	Unauthorized payment of cash reward
370	D.G. Training & Research, Karachi.	DP No. 390/ Exp/K	0.71	Irregular expenditure on purchase of stationery items without inviting



				tenders
371	D.G. Training & Research, Karachi.	DP No. 396/Exp/K	0.09	Excess payment of TA/DA
372	D.G. Training & Research, Karachi.	DP No. 397/Exp/K	0.06	Non-adjustment of TA/DA advance
373	D.G. Training & Research, Karachi.	DP No. 398/Exp/K	0.25	Irregular expenditure on purchase of uniforms due to splitting to avoid competitive bidding
374	MCC, Preventive, Karachi	Para 8/I	0.15	Destruction of information and technology
375	MCC, Preventive, Karachi	Para 13/I	0.04	Loss of revenue due to under valuation of goods
376	MCC, Preventive, Karachi	Para 15/I	0.05	Non-imposition and realization of fine & penalty due to untrue declaration of walkei-talkies
377	MCC, Preventive, Karachi	Para 1/I	4.84	Loss of revenue due to disposal of goods without fulfilment of procedure laid down in auction rules
378	MCC, Preventive, Karachi	Para 4/I	1.06	Loss of revenue due to non- disposal of seized/ confiscated perishable goods
379	MCC, Preventive, Karachi	Para 5/I	0.33	Loss of revenue due to non-assessment of value addition tax
380	MCC, Preventive, Karachi	Para 9/I	0.11	Loss of revenue due to non-forfeiture of earnest money
381	MCC, Preventive, Karachi	Para II/1	0	Loss of revenue due to application of incorrect rate of exchange
382	MCC, Preventive, Karachi	Para 1/I	-	Improper maintenance of assessment slips by the assessing authorities during the year 2012-13

383	MCC, Preventive, Karachi	Para 2/I	0.16	Loss of revenue due to application of incorrect rate of exchange for conversion of foreign currency into rupee
384	MCC, Preventive, Karachi	Para 3/I	-	Blockage of revenue due to non-disposal of detained goods of substantial value
385	MCC, Preventive, Karachi	Para 4/I	-	Blockage of revenue due to non-disposal of confiscated goods of substantial value
386	MCC, Preventive, Karachi	Para 5/I	0.03	Loss of revenue due to grant of depreciation not approved by appropriate officer of customs
387	MCC, Preventive, Karachi	Para 1/I	0.52	Loss of dues due to non-disposal of detained mobiles
388	MCC, Preventive, Karachi	Para 2/I	-	Blockage of revenue due to non-disposal of Whisky & Wine etc.
389	MCC, Preventive, Karachi	Para 3/I	1.13	Blockage of revenue due to non-export of valuable goods
390	MCC, Preventive, Karachi	Para 4/I	10.27	Blockage of revenue due to non-disposal of currency
391	MCC, Preventive, Karachi	Para 5/I	-	Improper maintenance of export register
392	MCC, Preventive, Karachi	Para 1/I	-	Acceptance of CPT price instead of standard term of sale prices
393	MCC, Preventive, Karachi	Para 2/I	11.92	Evasion of government revenue due to presentation of untrue invoice
394	MCC, Preventive, Karachi	Para 3/I	2.72	Non-imposition and realization of fine & penalty due to major mis-declaration of value of

				imported goods
395	MCC, Preventive, Karachi	Para 4/I	1.97	Loss of revenue due to grant of inadmissible exemption on import of goods
396	MCC, Preventive, Karachi	Para 5/I	0.98	Loss of revenue due to grant of inadmissible exemption on import of goods by an E&P Company
397	MCC, Preventive, Karachi	Para 6/I	0.73	Non-realization of assessed government revenue
398	MCC, Preventive, Karachi	Para 7/I	0.27	Loss of revenue due to non-imposition and realization of fine and penalty
399	MCC, Preventive, Karachi	Para 8/I	0.12	Short realization of sales tax and advance tax
400	MCC, Preventive, Karachi	Para 9/I	0.11	Loss of revenue due to grant of inadmissible exemption on import of goods
401	MCC, Preventive, Karachi	Para 10/I	0.07	Short realisation of revenue due to incorrect determination of taxable value of imported goods
402	MCC, Preventive, Karachi	Para 1/I	0.88	Blockage of revenue due to non-disposal of seized/confiscated perishable goods
403	MCC, Preventive, Karachi	Para 2/I	3.51	Blockage of revenue due to non-disposal of seized/confiscated miscgoods
404	MCC, Preventive, Karachi	Para 3/I	32.3	Blockage of revenue due to non-disposal of seized /confiscated motor vehicles
405	MCC, Preventive,	Para 4/I	9.92	Loss of revenue due to unauthorized use of seized/

	Karachi			confiscated motor vehicle
406	MCC, Preventive, Karachi	Para 5/I	4.55	Non-finalization of adjudication proceeding
407	MCC, Preventive, Karachi	Para 6/I	1.86	Loss of revenue due to release of goods liable to confiscation against payment of redemption fine & penalty
408	MCC, Preventive, Karachi	Para 7/I	0.61	Blockage of revenue due to non-disposal of seized/confiscated POL products
409	MCC, Preventive, Karachi	Para 1/I	5.68	Non-disposal of detained goods
410	MCC, Preventive, Karachi	Para 2/I	0.06	Non-realisation of revenue on import or goods/parcels
411	MCC, Preventive, Karachi	Para 3/I	0.05	Non-imposition and realisation of penalty on non filing of goods declaration within stipulated period
412	MCC, Preventive, Karachi	Para 1/I	0.3	Execution of undervalued indemnity bonds and post datedcheques
413	MCC, Preventive, Karachi	Para 1/I	-	Framing of rules inconsistent with provision of section 98 of the Customs Act, 1969
414	MCC, Preventive, Karachi	Para 2/I	32.68	Execution of undervalued indemnity bond and post datedcheques
415	MCC, Preventive, Karachi	Para 3/I	2.07	Non-realization of penal surcharge on removal of goods after expiry of warehousing period
416	MCC, Preventive, Karachi	Para 4/I	0.25	Blockage of revenue due to non-enforcement of indemnity bonds and post datedcheques
417	MCC, Preventive,	Para 1/I	0.23	Non-imposition and

	Karachi			realization of penalty and fine due to filing of untrue goods declaration
418	MCC, Preventive, Karachi	Para 2/I	0.23	Short realisation of revenue due to application of incorrect rate of cumulative rate of duty and taxes
419	MCC, Preventive, Karachi	Para 3/I	0.12	Loss of revenue due to mis-classification of documents & untrue declaration
420	MCC, Preventive, Karachi	Para 4/I	0.15	Non-imposition and realisation of penalty
421	MCC, Preventive, Karachi	Para 5/I	0.08	Loss of revenue due to re-grant of baggage allowances to incoming passengers under Baggage Rules, 2006
422	MCC, Preventive, Karachi	Para 6/I	0.06	Non-assessment / realization of revenue due to grant of inadmissible exemption under baggage rules
423	MCC, Preventive, Karachi	Para 1/I	0.3	Non-disposal of seized arms & ammunitions
424	MCC, Preventive, Karachi	Para 2/I	0.3	Non finalization of adjudication proceeding in seizure case
425	MCC, Preventive, Karachi	Para 1/I	-	Blockage of revenue due to non-disposal of unclaimed/mis-handled goods
426	MCC, Preventive, Karachi	Para 2/I	-	Loss of revenue due to non immediate disposal of perishable goods
427	MCC, Preventive, Karachi	Para 1/I	-	Non-conduct of twice time stock taking of goods received, disposed of in appropriate manner
428	MCC, Preventive, Karachi	Para 2/I	-	Short-furnishing of requisite record, data & information relating to year

				2012-13
429	MCC, Preventive, Karachi	Para 3/I	1.04	Blockage of revenue due to non-disposal of detained, seized & confiscated goods of substantial value
430	MCC, Preventive, KRI	Para 4/I	1.59	Suspected payment of government revenue
431	MCC, Preventive, Karachi	Para 5/I	-	Release of auto parts without ascertaining origin, make and use thereof
432	MCC, Preventive, Karachi	Para 1/I	-	Non-production of record, documents, data and information
433	MCC, Preventive, Karachi	Para 1/I	-	Non-production of record, documents, data and information
434	MCC, Preventive, Karachi	Para 1/I	-	Improper maintenance of record relating to warehousing of dutiable goods
435	MCC, Preventive, Karachi	Para 2/I	135.58	Non realization of revenue and surcharge
436	MCC, Preventive, Karachi	Para 3/I	-	Non-production of record, documents, data and information
437	MCC, Preventive, Karachi	Para-3/I	0.02	Short realization of sales tax
438	MCC, Preventive, Khi	Para-4/I	0.02	Non realization of duty and taxes
439	MCC, Preventive, Karachi	Para-5/I	0.02	Short realization of sales tax
440	MCC, Preventive, Karachi	Para-6/I	0.01	Short realization of customs duty
441	MCC, Preventive, Karachi	Para-7/I	0.01	Short realization of customs duty
442	MCC, Preventive, Karachi	Para-8/I	0	Short realization of customs duty
443	MCC, Preventive, Khi	Para-9/I	0	Non-realization of customs duty
444	MCC, Preventive,	Para-10/I	0	Non-realization of customs

	Karachi			duty
445	MCC, Preventive, Karachi	Para-3/I	0.01	Non-realization of customs duty
446	MCC, Preventive, Karachi	Para-4/I	0.01	Non-realization of customs duty
447	MCC, Preventive, Karachi	Para-5/I	0.01	Short realization of sales tax, customs duty and income tax
448	MCC, Preventive, Karachi	Para-6/I	0	Non-realization of customs duty
449	MCC Appraisalment (East), Karachi	Para-22/I	62.55	Irregular claim of SRO
450	MCC Appraisalment (East), Karachi	Para-41/I	2.36	Irregular claim of SRO
451	MCC Appraisalment (East), Karachi	Para-48/I	1.34	Undervaluation
452	MCC Gawader	Para-4/I	0	Short realization of duty and taxes
453	MCC Gawader	Para-5/I	0.02	Non-realization regulatory duty
454	MCC Gawader	Para-6/I	0	Short realization of sales tax
455	MCC Gawader	Para-7/I	-	Stock taking in the state warehouse
456	MCC, Hyderabad	Para-02/I	0.01	Non-realization of sales tax due to irregular exemption
457	MCC, Hyderabad	Para-03/I	0	Short realization of revenue due to undervaluation of goods
458	Chief Coordinator, Computerization & Programming, Karachi	5	0.1	Excess payment made on repair & maintenance of generator sets
459	Chief Coordinator, Computerization & Programming, Karachi	10	0	Non-recovery of conveyance allowance during leave period
460	Chief Coordinator, Computerization & Programming, Karachi	11	0.01	Irregular payment of medical charges
461	Chief Coordinator, Computerization & Programming, Karachi	1/II	-	Non-carrying out physical verification of stores
462	Chief Coordinator,	2/II	-	Non-carrying out internal

	Computerization & Programming, Karachi			check
463	Chief Collector (South), Appraisement, Karachi	4	0.01	Misclassification of expenditure
464	Chief Collector (South), Appraisement, Karachi	5	-	Non-maintenance of dead stock/ Fixed Assets Register
465	Chief Collector (South), Appraisement, Karachi	1/II	-	Non-carrying out physical verification of stores
466	Chief Collector (South), Appraisement, Karachi	2/II	-	Non-carrying out internal check
467	Collector of Customs (Appeals), Karachi	2	0.09	Irregular reimbursement of TA/DA expenditure
468	Collector of Customs (Appeals), Karachi	5	0.01	Irregular expenditure on purchase of POL
469	Collector of Customs (Appeals), Karachi	6	-	Non-maintenance of dead stock/ Fixed Assets Register
470	Collector Customs (Appeals), Karachi	1/II	-	Non-carrying out physical verification of Stores/Stocks
471	Collector Customs (Appeals), Karachi	2/II	-	Non-carrying out Internal Check
472	Director General Customs (Valuation), Karachi	7	0.04	Non-recovery of performance allowance during leave period
473	DG Customs (Valuation), Karachi	10	0.05	Non-disposal of replaced auto parts of repaired vehicles
474	DG Customs (Valuation), Karachi	11	0	Non-realization of stamp duty
475	DG Customs (Valuation), Karachi	12	0.02	Non-adjustment of TA/DA advance
476	The Director General of Customs (Valuation), Karachi	1/II	-	Non-carrying out Internal Check
477	The Director General of Customs, Training & Research, Karachi	3	1.45	Inadmissible payment of cash reward for meritorious services from irrelevant head of account
478	The Director General of	10	-	Unauthorized use of



	Customs, Training & Research, Karachi			operational vehicles due to non-surrender of vehicles in excess of need
479	DG Customs, Training & Research, Karachi	11	0.18	Unjustified expenditure on purchase of vehicle parts/items
480	DG Customs, Training & Research, Karachi	12	0.23	Unjustified expenditure on fumigation, floor polish, White wash
481	Director General of Customs, Training & Research, Karachi	14	0.47	Irregular expenditure on purchase of POL for generators from the head POL for vehicles
482	The Director General of Customs, Training & Research, Karachi	16	0.05	Misclassification of expenditure
483	DG Customs, Training & Research, Karachi	18	0.14	Irregular expenditure on account of overtime allowance
484	DG of Customs, Training & Research, Karachi	19	0.01	Non-realization of stamp duty
485	DG Customs, Training & Research, Karachi	1/II	-	Non-carrying out physical verification of stores
486	Directorate Customs, Post Clearance Audit, Karachi	8	-	Improper/Non-maintenance of dead stock/ Fixed Assets Register
487	The Directorate of customs, Post Clearance Audit, Karachi	9	-	Non-carrying out physical verification of stores
488	The Directorate of customs, Post Clearance Audit, Karachi	10	-	Non-carrying out internal check
489	The Directorate of Customs, Internal Audit, Karachi	3	1.75	Rush of expenditure in the month of June 2013
490	The Directorate of Customs, Internal Audit, Karachi	8	1.26	Inadmissible payment of cash reward on meritorious services from irrelevant head of account
491	The Directorate of Customs, Internal Audit, Karachi	9	0.07	Non-disposal of replaced auto parts of repaired vehicles

492	The Directorate of Customs, Internal Audit, Karachi	10	0	Excess payment of rent for residential accommodation
493	Collector, MCC Appraisalment (West), Karachi	17	5.75	Irregular payment on account of meritorious services from two separate head of accounts
494	Collector, MCC Appraisalment (West), Karachi	18	0.05	Non-disposal of replaced auto parts of repaired vehicles
495	Collector, MCC Appraisalment (West), Karachi	19	0	Non-deposit of bidding documents fee/price into government account
496	Collector, MCC Appraisalment (West), Karachi	20	0.02	Discrepancies noticed in TA/DA claims/bills
497	Collector, MCC Appraisalment (East), Karachi	12	0.13	Loss of government money on account of late payment surcharge due to late deposit of electricity charges
498	Collector, MCC Appraisalment (East), Karachi	14	0.76	Award of contract and payment of expenses for maintenance and servicing of air conditioners and electrical equipment with material from irrelevant head of account
499	Collector, MCC, Appraisalment (East), Karachi	1/II	-	Non-carrying out physical verification of stores
500	Collector, MCC, Appraisalment (East), Karachi	2/II	-	Improper/Non-maintenance of Fixed Assets Register
501	Collector, MCC (PMBQ), Karachi	1	1.93	Unauthorized use of vehicles for operational duty
502	Collector, MCC (PMBQ), Karachi	3	3.97	Rush of expenditure in the month of June, 2013
503	Collector, MCC (PMBQ), Karachi	11	0	Non-recovery of performance allowance during leave period

504	Collector, MCC (PMBQ), Karachi	12	-	Non-maintenance of cash book
505	Collector, MCC (PMBQ), Karachi	13	0.2	Irregular payment of income tax on electricity bills
506	Collector, MCC (PMBQ), Karachi	14	0.06	Non-adjustment of TA/DA advance
507	Collector, MCC (PMBQ), Karachi	1/II	-	Non-carrying out physical verification of Stores/Stocks
508	Collector, MCC (Preventive), Karachi	5	11.62	Rush of expenditure in the month of June
509	Collector, MCC (Preventive), Karachi	12	1.3	Irregular expenditure on purchase of Stationery due to splitting the procurement into various parts to avoid competitive bidding
510	Collector, MCC (Preventive), Karachi	14	0.04	Irregular payment of income tax on electricity bills
511	Collector, MCC (Preventive), Karachi	15	11.97	Irregular/doubtful expenditure on account of POL due to improper maintenance of movement registers
512	Collector, MCC (Preventive), Karachi	1/II	-	Non-carrying out physical verification of stores
513	Collector, MCC (Preventive), Karachi	2/II	-	Non-carrying out internal check
514	The Collector, MCC (Preventive), Karachi	3/II	-	Improper/Non-maintenance of Fixed Assets Register
515	Collector, MCC (Exports), Custom House, Karachi	9	0.04	Misclassification of expenditure
516	Collector, MCC (Exports), Custom House, Karachi	11	-	Non-maintenance of cash book
517	Collector, MCC (Exports), Custom House, Karachi	12	0.03	Irregular payment of medical charges
518	Collector, MCC	13	0.01	Illegal payment of personal

	(Exports), Custom House, Karachi			internet charges/bills
519	Collector, MCC (Exports), Custom House, Karachi	14	0	Non-recovery of Special/Performance Allowance
520	Collector, MCC (Exports), Custom House, Karachi	15	-	Non- maintenance of dead stock/ Fixed Assets Register
521	The Collector, MCC (Exports), Custom House, Karachi	1/II	-	Non-carrying out physical verification of stores
522	Collector, MCC (Exports), Custom House, Karachi	2/II	-	Non-carrying out internal check
523	MCC Hyderabad	1	0.06	Unlawful expenditure on pay & allowances
524	MCC Hyderabad	2	-	Non-conduct of annual physical stock-taking of dead stocks
525	MCC Hyderabad	6	-	Un-authentic payments without taking acknowledgements
526	MCC Hyderabad	7	-	Difference in expenditure figures conveyed by FBR and shown by CAO
527	D.G Afghan Transit Trade, Karachi	6	-	Non-maintenance of cash book
528	MCC Gawader	Para-3	-	Non-completion of service Book
529	MCC Gawader	Para-5	-	Non-maintenance of loan and advance register.
530	ICT	DP No.978	0.17	Application of incorrect rate
531	ICT	DP No.979	0.1	Non-payment of education cess
532	ICT	DP No.983	-	Non revision of rates
533	ICT	DP No.986	0.26	Irregular reduction in rates
534	ICT	DP No.988	0.06	Application of incorrect rate
535	ICT	DP No.989	-	Non revision of valuation

				table
536	ICT	DP No.990	0.44	Irregular reduction in rates
537	ICT	DP No.992	0.03	Application of incorrect rate
538	ICT	DP No.994	-	Non fixation of land value
539	ICT	DP No.999	0.17	Non realization of route permit fee
540	ICT	DP No.1001	0.27	Irregular refund

**Audit Impact Summary**

In last year audit report certain issues were highlighted, in response to them following changes have been made in the rules and regulation;

- an observation was raised that finished goods of five major exports sectors should be charged to sales tax at statutory rate, FBR issued an SRO 504(I)/2013 on 12.06.2013 to tax the same at statutory rates.
- an observation was raised for revamping of SRO 542(1)/2006 and delinking of exemption of sales tax on import of mobile phones from the condition of presentation of mobile phone to the cellular company operator for activation or energization, FBR imposed sales tax on mobile phones vide SRO 280(I)/2013 dated 04.04.2013.
- an observation was raised that embroidery, barber, household and tailor scissors which did not cover under the definition of surgical, medical, veterinary and dental scissors were not entitled to rebate under SRO 96(KE)/2010. The Input Output Co-efficient Organization upheld the viewpoint of Audit vide clarification C.No.2(111)/IOCO/SIMA/2002/Vol-2/236 dated 26.03.2013.
- an observation was raised that goods charged to sales tax at reduced rate should be charged WHT @ 5%, FBR referred the matter to IRS Wing for clarification.
- an observation was raised that service providers should also be charged to value addition tax @ 3%, FBR issued an SRO 367(I)/2013 dated 08.05.2013 to change the rule 58B of Sales Tax Special Procedure Rules 2007, and
- Small and Medium Enterprises Rules, 2008 were also changed with reference to exemption of WHT vide SRO 1666(I)/2012 dated 08.11.2012.

In this report, following matters have been identified which need clarification from FBR;

- insertion of manufactured PCT headings and rates of customs duty in the system of PRAL.
- grant of benefit under un-modified free trade agreement with China, and
- existence of duplicate PCT headings in SRO 659(I).

**Annexure-3**

Para 2.4.1

**Evasion of customs duty and smuggling of goods into Pakistan  
Rs. 305,429 million**

US\$ million

	As per UN data	As per PBS data
<b>Total Imports during 2010-11</b>	43,578	40,414
<b>Less import chargeable CD@ 0%</b>	15,010	15,010
<b>Dutiable import (including HSD)</b>	28,568	25,404
<b>Less HSD value</b>	3,064	3,064
<b>Dutiable Imports</b>	25,504	22,340
<b>Conversion in Pak Rs@ 87.96</b>	2,243,332	1,965,026

**A. Based on UN data**

(Rs in million)

Particulars	Duty & related taxes at import stage			Actual Collection ***	Tax exemption ****	Estimated Shortfall
	duty tax on other imports*	on HSD@ 7.5%**	Total			
CD @ 13.94%	312,720	20,213	332,933	185,000	94,941	52,992
Sales tax @ 167% of CD	522,243	46,536	568,779	308,694	25,323	234,762
FED@ 11% of CD	34,399	-	34,399	19,524	-	14,875
WHT@ 37% of CD	115,707	-	115,707	66,399	46,508	2,800
<b>Total</b>	<b>985,069</b>	<b>66,749</b>	<b>1,051,818</b>	<b>579,617</b>	<b>166,772</b>	<b>305,429</b>

\* Based on UN- Statistics Division at an average rate of 13.94%

\*\* Ministry of Petroleum Figure 2011

\*\*\* FBR year book 2011

\*\*\*\* Economic Survey of Pakistan

**B. Based on Pakistan Bureau of Statistics**

(Rs in million)

Particulars	Duty & related taxes at import stage			Actual Collection* **	Tax exemption* ***	Estimated Shortfall
	duty tax on other imports*	on HSD@ 7.5%**	Total			
CD @ 13.94%	273,925	20,213	294,138	185,000	94,941	14,197
Sales tax @ 167% of CD	457,454	46,536	503,990	308,694	25,323	169,973
FED@ 11% of CD	30,132	-	30,132	19,524	-	10,608
WHT@ 37% of CD	101,352	-	101,352	66,399	46,508	(11,555)
<b>Total</b>	<b>862,863</b>	<b>66,749</b>	<b>929,612</b>	<b>579,617</b>	<b>166,772</b>	<b>183,223</b>

\* Based on Pakistan Bureau of Statistic at an average rate of 13.94%

\*\* Ministry of Petroleum Figure 2011

\*\*\* FBR year book 2011

\*\*\*\* Economic Survey of Pakistan

The Table showing percentages of other related taxes at import stage

FY	Customs Duty	Other taxes at import stage			%age with reference to Customs Duty		
		S.Tax	FED	WHT	S.Tax	FED	WHT
2010-11	185,000	308,694	19,524	66,399	167	11	37

Source: Yearbooks of FBR



**Annexure-4**  
Para 2.4.2

**Loss to national exchequer due to under invoicing of  
imports made from China -Rs 92,016 million**

<b>Year</b>	<b>Import reported by Pakistan</b>	<b>Export reported by China</b>	<b>Difference (US\$ in million)</b>	<b>Difference (Rs in million)</b>	<b>Tax evasion*</b>
2005	2,349.4	3,427.7	1,078	64,008	19,202
2007	4,164.2	5,831.4	1,667	101,082	30,325
2010	5,247.7	6,937.8	1,690	141,630	42,489
<b>Total</b>	<b>11,761.3</b>	<b>16,196.9</b>	<b>4,435</b>	<b>306,720</b>	<b>92,016</b>

*\*Average rate of customs duty @ 5%, S.Tax @ 16%, Addl: S.Tax @ 3% and WHT @ 5% has been used*

**Annexure-5**  
Para 2.4.3

**Loss of revenue due to non-finalization of provisionally  
assessed cases - Rs 3,313.63 million**

(Rs in million)

<b>S.No.</b>	<b>Audit Report</b>	<b>Para No.</b>	<b>Amount</b>	<b>No. of Cases</b>
1	2010-11	3.3.3	1,398.65	694
2	2011-12	2.4.77	645.53	153
3	2012-13	2.4.16	1,117.00	21
4	2012-13	2.4.22	152.45	6
<b>Total</b>			<b>3,313.63</b>	<b>874</b>

**Non-monitoring of imports made by E&P companies  
causing loss of revenue of millions of rupees**

(Rs in million)

<b>S.No.</b>	<b>Financial year</b>	<b>Tax exemptions</b>
1	2007-08	2,390
2	2008-09	4,400
3	2009-10	4,030
4	2010-11	2,580
5	2011-12	2,180
6	2012-13	6,110
<b>Total</b>		<b>21,690</b>

*Source: Economic Survey of Pakistan for respective FYs*

**Annexure-7**  
Para 2.4.6

**Loss to national exchequer due to under valuation  
of imported goods – Rs 546.26 million**

<b>S.No</b>	<b>Audit Report</b>	<b>Para No.</b>	<b>Amount (Rsin million)</b>
1	PAR-auto sector	4.2.5	46.10
2	2011-12	2.4.19	134.24
3	2012-13	2.4.9	356.77
4	2013-14	541, 542, 547, 549, 550, 551 & 552/CD/K/ 2013-14	9.15
<b>Total</b>			<b>546.26</b>

**Annexure-8**  
Para 2.4.7

**Loss of revenue of millions of rupees due to under  
invoicing of imported goods**

<b>S. No.</b>	<b>Audit Report</b>	<b>Para</b>	<b>Amount</b>	<b>Remarks</b>
1	2012-13	2.4.4	-	DP#663 , MCC, (Appraisement) Lahore
2	2013-14	-	-	DP#825 , MCC, (Preventive) Lahore
3	2013-14	4.2(PAR- General Exemption)	-	

**Annexure-9**  
Para 2.4.8

**Huge loss to national exchequer due to smuggling and  
sale of contraband cigarettes – Rs 14,750 million**

(Rs in million)

S.No.	Price wise category	Average Sale Price	Average Retail Price	%age share in market	Category wise consumption	Estimated FED
1	High	91	43	5.22	230	7,064
2	Medium	79	38	15.88	699	18,981
3	Low	36	17	78.90	3,472	42,197
<b>Estimated FE Duty</b>					<b>4,400*</b>	<b>68,242</b>
<b>Actual Collection by FBR</b>						<b>53,492</b>
<b>Estimated Shortfall</b>						<b>14,750</b>

*\*Consumption of 88 billion cigarettes converted into packs of 20 cigarettes*

**Annexure-10**

Para 2.4.9

**Loss to national exchequer in the garb of  
tax amnesty scheme - Rs 50,518 million**

Illustration of clearance of vehicles under Amnesty Scheme

<b>Particulars</b>	<b>Vehicles covered under SRO 577(I)/2006 (fixed duty &amp; taxes regime)</b>	<b>Other vehicles</b>
A-Assessed value	XXX	XXX
B-Reduction in value through depreciation	1% per month subject to maximum of 60%	1% per month subject to maximum of 72%
C-Amount liable to duty & taxes	XXX	XXX
D-Applicable duty & taxes on 'C' above	XXX	XXX
E-Further reduction in duty & taxes	5% per year where vehicle is older more than five years	5%/year where vehicle is older more than six years
F-Balance payable (D-E)	XXX	XXX
G-Redemption fine @1% on 'F' above	XXX	XXX
H-Duty & taxes payable (F+G)	XXX	XXX

(Rs in million)

<b>Estimated figures</b>		<b>Actual figures</b>		<b>Difference</b>	
Vehicles	Revenue	Vehicles	Revenue	Vehicles	Revenue
23,000	30,000	51,011	16,000	28,011	(14,000)

**Annexure-11**  
Para 2.4.11

**Blockage of revenue due to non-disposal of confiscated  
/ imported goods and vehicles – Rs 10,592.47million**

(Rs inmillion)

<b>S.No.</b>	<b>Audit Report</b>	<b>Para</b>	<b>Amount</b>	<b>No. of Cases</b>
1	2011-12	2.4.25	9,387.25	3,089
2	2011-12	2.4.40	56.80	42
3	2012-13	2.4.6	1,107.83	67
4	2012-13	2.4.25	40.59	3
<b>Total</b>			<b>10,592.47</b>	<b>3,201</b>



**Annexure-12**  
Para 2.4.12

**Loss to national exchequer due to inadmissible exemptions  
and concessions of SROs – Rs 30,828.06million**

<b>S.No</b>	<b>Audit Report</b>	<b>Para No.</b>	<b>Amount (Rsin million)</b>	<b>No. of Cases</b>
1	2010-11	3.3.4	342.71	13
2	2011-12	2.4.4	4,185.45	1,906
3	2011-12	2.4.26	448.78	
4	2012-13	2.4.1	2,272.61	120
5	2011-12	2.4.96	58.69	PAR(BWH), MCC, Lahore
6	2012-13	2.4.11	144.19	DP#329 , MCC, Lahore
7	2012-13	2.7.9	1,218.64	
8	PAR-Auto sector-2013	4.2.2	8,305.33	
9	PAR-BWH- 2013	4.2.7	523.86	
10	PAR-Auto sector-2013	4.2.11	149.61	
11	2013-14	A.O#1 dated 27.08.2013(Karachi)	37.42	
12	2011-12	2.4.29	141.72	DP#73 MCC, FSD
13	2012-13	2.4.13	277.93	DP#372 MCC, LHR
14	PAR- Exemption/ subsidies allowed to manufacturing sector		7,955.38	1550
15	2012-13	2.6.2	3,426.03	
16	2012-13	2.6.3	1,339.71	
<b>Total</b>			<b>30,828.06</b>	

**Annexure-13**

Para 2.4.13

**Loss to national exchequer due to application of reduced rate of withholding tax at import stage on goods chargeable to sales tax at reduced rate under SRO 1125(I)/2011– Rs 51.63 million**

(Rsin million)

<b>S. No.</b>	<b>Audit Report</b>	<b>Para</b>	<b>Amount</b>	<b>Remarks</b>
1	2012-13	2.4.11	31.63	DP#276 , MCC Peshawar
2	2012-13		1.17	DP#141, MCC Sialkot
3	2013-14		7.26	DP#863, MCC Preventive, Lahore
4	PAR General Exe(current year 2013-14	2.10	11.57	
<b>Total</b>			<b>51.63</b>	

**Annexure-14**  
Para 2.4.14

**Loss of national economy due to mis-declaration- Rs 759.09 million**

(Rs in million)

<b>S. No</b>	<b>Office</b>	<b>Name of Importer</b>	<b>Type of Misdeclaration</b>	<b>Amount</b>
1	Customs Appellate Tribunal	Sunstar Corporation	Auto parts declared as China Origin while goods were made in Japan	3.38
2		NIL	Lowering weight and value	0
3		M/s BardranDurgai Ltd	Liquor in grab of juice & soft drinks	0
4		Not mentioned	FTA allowed on PCT headings while FTA not available	350
5		M/s Pakistan Wire Industry (Pvt) Ltd	Alloy Steel wire rod declared as Non-Alloy Steel Wire Rod	2.31
6		M/s Gem Corporation (Pvt.)Ltd.	Prepared food stuff (chicken and products thereof)of PCT 1602.3200 against PCT 1602.3900	111.21
7		Coca Cola	Inadmissible benefit on Import of machinery for filing, closing, sealing or labelling bottles with all accessories under clause 9 of item (i) of notification SRO 575(I)/2006	0
8	Directorate of Post Clearance Audit, Karachi	M/s Philip Morris (Pakistan) Limited (Formerly Lakson Tobacco Company Limited)	Cigarettes classifiable under HS code 2402 is chargeable to FED at 67 % (65% and 66 %) of the retail price	280.1
9	NLC, Lahore	Honda Atlas Car Ltd	Sub components are being treated as raw material and charged at lower rate of customs duty under SRO 655(I)/2006	12.09
<b>Total</b>				<b>759.09</b>

**Annexure-15**

Para 2.4.15

**Loss to national exchequer due to misclassification of  
imported goods- Rs 555.21 million**

(Rs in million)

<b>S.No.</b>	<b>Audit Report Year</b>	<b>Para</b>	<b>Amount</b>	<b>No. of cases</b>
1	2011-12	2.4.7	140.01	1,102
2	2011-12	2.4.99	6.40	1
3	2012-13	2.4.8	408.80	51
<b>Total</b>			<b>555.21</b>	<b>1,154</b>

**Annexure-16**  
Para 2.4.16

**Loss to national exchequer due to non-inclusion of  
fixed federal excise duty in the value for sales tax  
Rs 1,089.47 million**

(Rs in million)

<b>S.No.</b>	<b>Audit Report</b>	<b>ParaNo.</b>	<b>Amount</b>
1	2011-12	2.4.90	82.24
2	SSR-2013	4.2.6	1,007.23
<b>Total</b>			<b>1,089.47</b>

**Non Production of Record**

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>
1.	923-Cus	MCC Appraisalment, Lahore
2.	1020-Cus	Collector Adjudication Faisalabad
3.	1055-Cus	MCC Faisalabad
4.	1354-Cus	Collector Adjudication Lahore
5.	1393-Cus	MCC Appraisalment Lahore
6.	1463-Cus	MCC Islamabad
7.	1538-Cus	MCC AppraisalmentLahore
8.	1553-Cus	MCC Preventive, Lahore
9.	662-CD/K	MCC Exports PMBQ Karachi
10.	702-CD/K	MCC Preventive D.Cell Karachi
11.	742-CD/K	MCC Appraisalment(West) Karachi
12.	744-CD/K	MCC Appraisalment(West) Karachi
13.	745-CD/K	MCC Appraisalment(West) Karachi
14.	748-CD/K	MCC Preventive Karachi
15.	750-CD/K	MCC Preventive Oil Section Karachi
16.	760-CD/K	MCC Appraisalment(West) Karachi
17.	771-CD/K	MCC Appraisalment(West) Karachi
18.	825-CD/K	MCC Export, Karachi
19.	835-CD/K	MCC Appraisalment(West) Karachi
20.	853-CD/K	MCC Preventive(HQ),Karachi
21.	857-CD/K	MCC Appraisalment(East) Karachi

**Annexure-18**

Para 2.5.4

**Non-realization of revenue due to inadmissible exemptions  
and concessions - Rs 5,806.09 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1.	758	MCC Appraisement, Lahore	12.09
2.	759	MCC Appraisement, Lahore	17.39
3.	766	MCC Appraisement, Lahore	21.05
4.	770	MCC Appraisement, Lahore	12.96
5.	773	MCC Appraisement, Lahore	0.68
6.	774	MCC Appraisement, Lahore	1.84
7.	775	MCC Appraisement, Lahore	3.11
8.	776	MCC Appraisement, Lahore	1.64
9.	777	MCC Appraisement, Lahore	0.62
10.	784	MCC Appraisement, Lahore	0.21
11.	788	MCC Appraisement, Lahore	0.10
12.	789	MCC Appraisement, Lahore	5.29
13.	792	MCC Appraisement, Lahore	0.19
14.	794	MCC Appraisement, Lahore	0.34
15.	797	MCC Preventive, Lahore	3.39
16.	798	MCC Preventive, Lahore	276.44
17.	800	MCC Preventive, Lahore	41.22
18.	801	MCC Preventive, Lahore	2.55
19.	802	MCC Preventive, Lahore	33.94
20.	808	MCC Preventive, Lahore	1.72
21.	809	MCC Preventive, Lahore	1.51
22.	810	MCC Preventive, Lahore	402.54
23.	811	MCC Preventive, Lahore	463.87
24.	812	MCC Preventive, Lahore	26.02
25.	814	MCC Preventive, Lahore	23.80
26.	815	MCC Preventive, Lahore	3.00
27.	816	MCC Preventive, Lahore	3.03
28.	818	MCC Preventive, Lahore	3.75
29.	819	MCC Preventive, Lahore	4.22
30.	823	MCC Preventive, Lahore	1.37
31.	827	MCC Preventive, Lahore	9.40
32.	828	MCC Preventive, Lahore	4.17
33.	829	MCC Preventive, Lahore	0.60
34.	830	MCC Preventive, Lahore	0.52

35.	833	MCC Preventive, Lahore	1.96
36.	835	MCC Preventive, Lahore	1.96
37.	836	MCC Preventive, Lahore	2.15
38.	837	MCC Preventive, Lahore	1.18
39.	841	MCC Preventive, Lahore	0.10
40.	844	MCC Preventive, Lahore	1.98
41.	848	MCC Preventive, Lahore	0.09
42.	849	MCC Preventive, Lahore	0.42
43.	850	MCC Preventive, Lahore	1.99
44.	851	MCC Preventive, Lahore	0.73
45.	856	MCC Preventive, Lahore	0.13
46.	857	MCC Preventive, Lahore	-
47.	858	MCC Preventive, Lahore	9.01
48.	862	MCC Preventive, Lahore	7.15
49.	864	MCC Preventive, Lahore	13.08
50.	866	MCC Preventive, Lahore	4.46
51.	868	MCC Preventive, Lahore	2.02
52.	869	MCC Preventive, Lahore	0.11
53.	877	MCC Preventive, Lahore	16.37
54.	879	MCC Preventive, Lahore	0.11
55.	880	MCC Preventive, Lahore	1.08
56.	881	MCC Preventive, Lahore	0.54
57.	883	MCC Appraisalment, Lahore	0.66
58.	886	MCC Appraisalment, Lahore	2.61
59.	887	MCC Preventive, Lahore	8.73
60.	890	MCC Appraisalment, Lahore	5.82
61.	891	MCC Appraisalment, Lahore	2.34
62.	892	MCC Appraisalment, Lahore	10.25
63.	893	MCC Appraisalment, Lahore	17.57
64.	894	MCC Appraisalment, Lahore	30.65
65.	895	MCC Appraisalment, Lahore	23.89
66.	896	MCC Appraisalment, Lahore	3.82
67.	897	MCC Appraisalment, Lahore	92.40
68.	898	MCC Appraisalment, Lahore	33.20
69.	899	MCC Appraisalment, Lahore	196.59
70.	901	MCC Appraisalment, Lahore	1.33
71.	904	MCC Appraisalment, Lahore	0.04
72.	907	MCC Appraisalment, Lahore	20.97
73.	909	MCC Appraisalment, Lahore	220.70
74.	910	MCC Appraisalment, Lahore	149.61
75.	912	MCC Appraisalment, Lahore	8.73



76.	924	MCC Appraisalment, Lahore	1.81
77.	926	MCC Appraisalment, Lahore	40.23
78.	927	MCC Appraisalment, Lahore	11.65
79.	929	MCC Appraisalment, Lahore	0.21
80.	932	MCC Appraisalment, Lahore	123.99
81.	933	MCC Appraisalment, Lahore	29.91
82.	934	MCC Appraisalment, Lahore	0.82
83.	936	MCC Appraisalment, Lahore	1.43
84.	940	MCC Appraisalment, Lahore	16.70
85.	1007	MCC Faisalabad	32.04
86.	1047	MCC Faisalabad	0.12
87.	1050	MCC Faisalabad	0.39
88.	1109	MCC Peshawar	0.37
89.	1111	MCC Peshawar	0.07
90.	1117	MCC Peshawar	2.43
91.	1160	MCC Peshawar	0.02
92.	1203	MCC Sialkot	0.10
93.	1217	MCC Sialkot	0.79
94.	1230	MCC Sialkot	0.39
95.	1253	MCC Multan	7.60
96.	1257	MCC Multan	0.15
97.	1260	MCC Multan	0.34
98.	1265	MCC Multan	0.72
99.	1267	MCC Multan	0.82
100.	1268	MCC Multan	1.02
101.	1270	MCC Multan	1.69
102.	1272	MCC Multan	3.35
103.	1281	MCC Multan	0.76
104.	1283	MCC Multan	0.18
105.	1370	MCC Appraisalment, Lahore	0.25
106.	1396	MCC Islamabad	2.56
107.	1402	MCC Islamabad	58.56
108.	1406	MCC Islamabad	5.76
109.	1408	MCC Islamabad	10.15
110.	1409	MCC Islamabad	1.48
111.	1410	MCC Islamabad	17.29
112.	1412	MCC Islamabad	8.32
113.	1413	MCC Islamabad	0.38
114.	1415	MCC Islamabad	0.24
115.	1416	MCC Islamabad	13.92
116.	1422	MCC Islamabad	155.16

117.	1423	MCC Islamabad	152.28
118.	1424	MCC Islamabad	1.04
119.	1428	MCC Islamabad	0.06
120.	1435	MCC Islamabad	-
121.	1440	MCC Islamabad	66.33
122.	1442	MCC Islamabad	13.25
123.	1444	MCC Islamabad	8.75
124.	1445	MCC Islamabad	6.98
125.	1448	MCC Islamabad	0.97
126.	1449	MCC Islamabad	284.90
127.	1451	MCC Islamabad	7.13
128.	1452	MCC Islamabad	1.05
129.	1453	MCC Islamabad	0.52
130.	1455	MCC Islamabad	0.27
131.	1461	MCC Islamabad	-
132.	1517	MCC Islamabad	8.30
133.	1519	MCC Islamabad	0.20
134.	1522	MCC Islamabad	-
135.	1547	MCC Preventive, Lahore	0.68
136.	1549	MCC Preventive, Lahore	2.21
137.	1558	MCC Appraisalment, Lahore	0.60
138.	1568	MCC Appraisalment, Lahore	105.16
139.	1569	MCC Appraisalment, Lahore	15.46
140.	1571	MCC Appraisalment, Lahore	6.93
141.	1575	MCC Appraisalment, Lahore	2.34
142.	1577	MCC Appraisalment, Lahore	0.85
143.	1579	MCC Appraisalment, Lahore	0.91
144.	1583	MCC Appraisalment, Lahore	0.30
145.	1584	MCC Appraisalment, Lahore	0.22
146.	1589	MCC Appraisalment, Lahore	2.49
147.	1595	MCC Preventive, Lahore	0.49
148.	1609	MCC Preventive, Lahore	159.47
149.	1610	MCC Preventive, Lahore	103.53
150.	1620	MCC Preventive, Lahore	55.54
151.	1621	MCC Preventive, Lahore	33.14
152.	1623	MCC Preventive, Lahore	21.74
153.	1624	MCC Preventive, Lahore	18.76
154.	1626	MCC Preventive, Lahore	13.24
155.	1627	MCC Preventive, Lahore	12.03
156.	1628	MCC Preventive, Lahore	10.01
157.	1629	MCC Preventive, Lahore	9.69

158.	1633	MCC Preventive, Lahore	1.43
159.	1634	MCC Preventive, Lahore	1.49
160.	1637	MCC Preventive, Lahore	0.83
161.	1638	MCC Preventive, Lahore	0.76
162.	1639	MCC Preventive, Lahore	0.76
163.	1641	MCC Preventive, Lahore	0.64
164.	1642	MCC Preventive, Lahore	0.57
165.	1645	MCC Preventive, Lahore	0.55
166.	1646	MCC Preventive, Lahore	0.54
167.	1648	MCC Preventive, Lahore	0.50
168.	1649	MCC Preventive, Lahore	0.42
169.	1651	MCC Preventive, Lahore	0.37
170.	1652	MCC Preventive, Lahore	0.35
171.	1654	MCC Preventive, Lahore	0.22
172.	1656	MCC Preventive, Lahore	0.15
173.	1658	MCC Preventive, Lahore	0.07
174.	1661	MCC Preventive, Lahore	59.54
175.	1662	MCC Preventive, Lahore	3.64
176.	1663	MCC Preventive, Lahore	1.72
177.	543	MCC PaCCS, Karachi	0.90
178.	544	MCC PaCCS, Karachi	1.69
179.	546	MCC PaCCS, Karachi	0.26
180.	548	MCC PaCCS, Karachi	0.50
181.	553	MCC Appraisalment, Karachi.	0.22
182.	682	MCC Appraisalment(East) Karachi	254.44
183.	691	MCC PaCCS, Karachi	0.07
184.	703	MCC PaCCS, Karachi	0.36
185.	706	MCC PaCCS, Karachi	0.16
186.	710	MCC Appraisalment(West) Karachi	2.10
187.	713	MCC Appraisalment(West) Karachi	0.43
188.	719	MCC PaCCS, Karachi	0.10
189.	721	MCC PaCCS, Karachi	0.15
190.	722	MCC PaCCS, Karachi	110.72
191.	723	MCC PaCCS, Karachi	103.28
192.	726	MCC Appraisalment(East) Karachi	6.12
193.	759	MCC Appraisalment(West) Karachi	758.73
194.	774	MCC Appraisalment(East) Karachi	20.21
195.	777	MCC Appraisalment(East) Karachi	1.26
196.	778	MCC Appraisalment (East) Karachi	0.36
197.	793	MCC Appraisalment (East) Karachi	12.32
198.	795	MCC Appraisalment (East) Karachi	0.05

199.	797	MCC Appraisement (East) Karachi	1.00
200.	800	MCC Appraisement (West) Karachi	1.59
201.	803	MCC Appraisement (West) Karachi	381.46
202.	827	MCC Appraisement (East) Karachi	32.17
203.	830	MCC Appraisement (East) Karachi	1.85
204.	832	MCC PaCCS, Karachi	11.14
205.	834	MCC Appraisement (West) Karachi	64.79
<b>Total</b>			<b>5,806.09</b>

**Annexure-19**

Para 2.5.6

**Non/short realization of withholding tax on imported goods- Rs 1,694.88 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1.	760	MCC Appraisalment, Lahore	37.94
2.	799	MCC Preventive, Lahore	28.87
3.	803	MCC Preventive, Lahore	298.38
4.	806	MCC Preventive, Lahore	0.47
5.	817	MCC Preventive, Lahore	35.95
6.	822	MCC Preventive, Lahore	17.03
7.	824	MCC Preventive, Lahore	0.19
8.	843	MCC Preventive, Lahore	0.60
9.	860	MCC Preventive, Lahore	5.44
10.	861	MCC Preventive, Lahore	93.53
11.	863	MCC Preventive, Lahore	7.26
12.	874	MCC Preventive, Lahore	1.07
13.	882	MCC Appraisalment, Lahore	0.40
14.	884	MCC Appraisalment, Lahore	1.15
15.	888	MCC Appraisalment, Lahore	2.82
16.	889	MCC Appraisalment, Lahore	8.89
17.	900	MCC Appraisalment, Lahore	1.18
18.	915	MCC Appraisalment, Lahore	4.94
19.	931	MCC Appraisalment, Lahore	60.48
20.	1013	MCC Faisalabad	0.10
21.	1036	MCC Faisalabad	0.75
22.	1037	MCC Faisalabad	0.56
23.	1046	MCC Faisalabad	0.35
24.	1049	MCC Faisalabad	0.08
25.	1078	MCC Faisalabad	6.90
26.	1079	MCC Faisalabad	32.96
27.	1087	MCC Faisalabad	0.24
28.	1092	MCC Faisalabad	0.60
29.	1093	MCC Faisalabad	77.31
30.	1100	MCC Faisalabad	2.49
31.	1107	MCC Peshawar	0.43
32.	1112	MCC Peshawar	252.65
33.	1114	MCC Peshawar	2.60
34.	1122	MCC Peshawar	5.38

35.	1141	MCC Peshawar	7.95
36.	1164	MCC Peshawar	0.05
37.	1194	MCC Sialkot	7.05
38.	1213	MCC Sialkot	0.14
39.	1224	MCC Sialkot	1.10
40.	1227	MCC Sialkot	4.85
41.	1271	MCC Multan	2.61
42.	1366	MCC Appraisalment, Lahore	0.30
43.	1371	MCC Appraisalment, Lahore	27.79
44.	1411	MCC Islamabad	153.04
45.	1425	MCC Islamabad	29.60
46.	1426	MCC Islamabad	0.33
47.	1437	MCC Islamabad	28.60
48.	1446	MCC Islamabad	2.98
49.	1456	MCC Islamabad	0.15
50.	1458	MCC Islamabad	0.11
51.	1459	MCC Islamabad	0.08
52.	1470	MCC Islamabad	1.52
53.	1508	MCC Islamabad	1.81
54.	1537	MCC Preventive, Lahore	0.14
55.	1554	MCC Preventive, Lahore	1.46
56.	1570	MCC Appraisalment, Lahore	12.13
57.	1576	MCC Appraisalment, Lahore	1.98
58.	1586	MCC Appraisalment, Lahore	0.04
59.	1587	MCC Appraisalment, Lahore	20.74
60.	1611	MCC Preventive, Lahore	7.88
61.	1613	MCC Preventive, Lahore	5.20
62.	1625	MCC Preventive, Lahore	16.98
63.	1632	MCC Preventive, Lahore	2.09
64.	1650	MCC Preventive, Lahore	0.39
65.	1660	MCC Preventive, Lahore	128.33
66.	547	MCC PaCCS, Karachi	4.38
67.	638	Director, I & I, Karachi	185.12
68.	729	MCC Exports, PMBQ	12.36
69.	770	MCC Appraisalment(West) Karachi	0.55
70.	809	MCC Exports, PMBQ, Karachi	1.14
71.	737	MCC Exports, PMBQ, Karachi	19.17
72.	738	MCC Exports, PMBQ, Karachi	1.96
73.	810	MCC Exports, Customs House Karachi	12.79
<b>Total</b>			<b>1,694.88</b>

**Annexure-20**

Para 2.5.12

**Blockage of revenue due to non-encashment of bank guarantees  
and post-dated cheques- Rs 21,280.68 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1	1009	MCC Faisalabad	53.65
2	1148	MCC Peshawar	29.49
3	1201	MCC Sialkot	16.41
4	1202	MCC Sialkot	0.49
5	1215	MCC Sialkot	0.02
6	1358	MCC Appraisalment, Lahore	13.35
7	1359	MCC Appraisalment, Lahore	3.86
8	1361	MCC Appraisalment, Lahore	8.05
9	1465	MCC Islamabad	269.55
10	1467	MCC Islamabad	0.86
11	1468	MCC Islamabad	0
12	1541	MCC Preventive, Lahore	83.18
13	1542	MCC Preventive, Lahore	27.30
14	1543	MCC Preventive, Lahore	33.15
15	1544	MCC Preventive, Lahore	18.04
16	1545	MCC Preventive, Lahore	14.89
17	1557	MCC Appraisalment, Lahore	207.94
18	1588	MCC Appraisalment, Lahore	12.31
19	1617	MCC Preventive, Lahore	46.10
20	561	MCC Preventive, Karachi	53.55
21	586	MCC Appraisalment(West) Karachi	0.01
22	590	MCC, Appraisalment (West) Karachi	7.70

23	594	MCC Appraisalment(West) Karachi	1519.32
24	596	MCC PMBQ, Karachi	7591.68
25	597	MCC Appraisalment PMBQ Karachi	2923.97
26	598	MCC PMBQ Karachi	1133.87
27	599	MCC PMBQ Karachi	249.41
28	600	MCC PMBQ Karachi	41.08
29	601	MCC PMBQ Karachi	34.20
30	602	MCC PMBQ Karachi	24.86
31	605	MCC PMBQ Karachi	1.82
32	606	MCC PMBQ Karachi	0.08
33	621	MCC PMBQ Karachi	120.87
34	624	MCC PMBQ Karachi	23.33
35	655	MCC Appraisalment(West) Karachi	0.05
36	695	MCC Preventive AFU & Disposal Cell	4.85
37	714	MCC Afghan Transit Trade, Karachi	9.73
38	718	MCC Afghan Transit Trade, Karachi	206.64
39	772	MCC Appraisalment(West) Karachi	6458.99
40	788	MCC Preventive, Karachi	25.36
41	805	MCC Exports, PMBQ	10.67
42	822	MCC Exports, Customs House, Karachi	0
<b>Total</b>			<b>21,280.68</b>



**Annexure-21**

Para 2.5.13

**Non-realization of redemption fine and  
penalty- Rs 285.98 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1.	771	MCC Appraisalment, Lahore	1.39
2.	908	MCC Appraisalment, Lahore	15.42
3.	1043	MCC Faisalabad	0.12
4.	1052	MCC Faisalabad	11.55
5.	1110	MCC Peshawar	1.91
6.	1124	MCC Peshawar	1.90
7.	1147	MCC Peshawar	0.04
8.	1248	MCC Sialkot	1.00
9.	1252	MCC Lahore	1.03
10.	1357	MCC Lahore	194.81
11.	1417	MCC Islamabad	0.30
12.	1441	MCC Islamabad	23.36
13.	1450	MCC Islamabad	14.81
14.	1488	MCC Islamabad	0
15.	1518	MCC Islamabad	3.66
16.	1548	MCC Preventive, Lahore	11.74
17.	1574	MCC Appraisalment, Lahore	2.58
18.	1597	MCC Preventive, Lahore	0.05
19.	692	MCC Preventive Karachi	0.31
<b>Total</b>			<b>285.98</b>

**Annexure-22**

Para 2.5.14

**Short-realization of revenue due to under valuation of  
imported goods - Rs 269.38 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1.	765	MCC Appraisalment, Lahore	0.20
2.	767	MCC Appraisalment, Lahore	0.54
3.	779	MCC Appraisalment, Lahore	5.51
4.	780	MCC Appraisalment, Lahore	0.30
5.	804	MCC Preventive, Lahore	92.07
6.	825	MCC Preventive, Lahore	0
7.	859	MCC Preventive, Lahore	1.62
8.	885	MCC Appraisalment, Lahore	0.20
9.	1012	MCC Faisalabad	0.08
10.	1031	Director I&I Faisalabad	1.69
11.	1032	Director I&I Faisalabad	0.27
12.	1039	MCC Faisalabad	1.67
13.	1080	MCC Faisalabad	19.03
14.	1116	MCC Peshawar	0
15.	1121	MCC Peshawar	0.39
16.	1123	MCC Peshawar	0.20
17.	1125	MCC Peshawar	0.56
18.	1153	MCC Peshawar	0
19.	1198	MCC Sialkot	2.57
20.	1214	MCC Sialkot	2.15
21.	1262	MCC Multan	0.51
22.	1295	MCC Gilgit	1.84
23.	1378	MCC Appraisalment, Lahore	0.06
24.	1427	MCC Islamabad	0.23
25.	1436	MCC Islamabad	0
26.	1460	MCC Islamabad	0.04
27.	1469	MCC Islamabad	2.61
28.	1480	MCC Islamabad	1.21
29.	1484	MCC Islamabad	46.90
30.	1614	MCC Preventive, Lahore	2.86
31.	1644	MCC Preventive, Lahore	0.56
32.	541	MCC PaCCS, Karachi	0.16
33.	542	MCC PaCCS, Karachi	2.07
34.	549	MCC Appraisalment, Karachi	0.17

35.	550	MCC Appraisement, Karachi	0.91
36.	551	MCC Appraisement, Karachi	1.45
37.	552	MCC Appraisement, Karachi	0.01
38.	559	MCC Appraisement (West) Karachi	23.03
39.	630	MCC PMBQ, Karachi	0.81
40.	669	MCC Hyderabad	0.21
41.	676	MCC Hyderabad	0.67
42.	677	MCC Appraisement(West) Karachi	0.06
43.	678	MCC Appraisement(West) Karachi	0.29
44.	696	MCC Preventive, Disposal Cell, Karachi	2.21
45.	711	MCC Appraisement(West) Karachi	3.02
46.	765	MCC Appraisement(West) Karachi	0.70
47.	768	MCC Appraisement(West) Karachi	0.07
48.	769	MCC Appraisement(West) Karachi	0.46
49.	776	MCC Appraisement(East) Karachi	1.41
50.	782	MCC Appraisement(East) Karachi	8.78
51.	799	MCC Appraisement (West) Karachi	0
52.	801	MCC Appraisement(West) Karachi	0.65
53.	802	MCC Appraisement(West) Karachi	34.60
54.	807	MCCExports, PMBQ, Karachi	0.57
55.	837	MCC Appraisement(East) Karachi	0.52
56.	838	MCC Appraisement(East) Karachi	0.12
57.	839	MCC Appraisement(East) Karachi	0.42
58.	840	MCC Appraisement(East) Karachi	0.14
<b>Total</b>			<b>269.38</b>

**Annexure-23**

Para 2.5.15

**Short-realization of revenue due to misclassification of  
imported goods - Rs 261.33 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1	781	MCC Appraisalment, Lahore	2.94
2	782	MCC Appraisalment, Lahore	1.53
3	785	MCC Appraisalment, Lahore	1.69
4	795	MCC Appraisalment, Lahore	1.06
5	807	MCC Preventive, Lahore	0.99
6	813	MCC Preventive, Lahore	70.09
7	832	MCC Preventive, Lahore	2.71
8	834	MCC Preventive, Lahore	0.15
9	838	MCC Preventive, Lahore	1.13
10	845	MCC Preventive, Lahore	0.61
11	846	MCC Preventive, Lahore	1.01
12	847	MCC Preventive, Lahore	5.05
13	852	MCC Preventive, Lahore	1.04
14	854	MCC Preventive, Lahore	0.08
15	871	MCC Preventive, Lahore	0.36
16	872	MCC Preventive, Lahore	3.94
17	906	MCC Appraisalment, Lahore	0.11
18	925	MCC Appraisalment, Lahore	17.67
19	935	MCC Appraisalment, Lahore	0.90
20	1015	MCC Faisalabad	0.36
21	1041	MCC Faisalabad	0.13
22	1048	MCC Faisalabad	0.15

23	1054	MCC Faisalabad	2.88
24	1119	MCC Peshawar	0.46
25	1157	MCC Peshawar	2.34
26	1395	MCC, Islamabad	1.32
27	1420	MCC, Islamabad	2.15
28	1421	MCC Islamabad	0.19
29	1439	MCC Islamabad	113.53
30	1443	MCC Islamabad	10.89
31	1474	MCC Islamabad	0.14
32	1578	MCC Appraisalment, Lahore	1.14
33	1582	MCC Appraisalment, Lahore	0.37
34	1655	MCC Preventive Lahore	0.18
35	581	MCC Preventive West Wharf, Karachi	0.06
36	582	MCC Preventive West Wharf, Karachi	0.05
37	593	MCC Appraisalment, Karachi	1.14
38	653	MCC Appraisalment(West) Karachi	0.06
39	681	MCC Appraisalment (East) Karachi	7.24
40	684	MCC PaCCS, C.H, Karachi.	1.88
41	687	MCC PaCCS, C.H, Karachi.	1.61
<b>Total</b>			<b>261.33</b>

**Annexure-24**

Para 2.5.16

**Non-realization of value addition tax  
Rs 238.07 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1.	763	MCC Appraisalment, Lahore	0.49
2.	786	MCC Appraisalment, Lahore	4.05
3.	820	MCC Preventive, Lahore	79.02
4.	821	MCC Preventive, Lahore	5.43
5.	842	MCC Preventive, Lahore	1.09
6.	855	MCC Preventive, Lahore	0.08
7.	867	MCC Preventive, Lahore	0.10
8.	903	MCC Appraisalment, Lahore	0.22
9.	911	MCC Appraisalment, Lahore	4.36
10.	939	MCC Appraisalment, Lahore	2.15
11.	1034	Dy. Director, I&I, Faisalabad	0.18
12.	1053	MCC Faisalabad	1.46
13.	1108	MCC Peshawar	0.01
14.	1120	MCC Peshawar	0.32
15.	1129	MCC Peshawar	1.41
16.	1165	MCC Peshawar	0.03
17.	1372	MCC Appraisalment, Lahore	1.35
18.	1419	MCC Islamabad	0.16
19.	1434	MCC Islamabad	0.04
20.	1447	MCC Islamabad	1.68
21.	1466	MCC Islamabad	1.32
22.	1481	MCC Islamabad	3.59
23.	1482	MCC Islamabad	22.97

24.	1486	MCC Islamabad	0.10
25.	1520	MCC Islamabad	0.03
26.	1546	MCC Preventive Lahore	1.03
27.	1550	MCC Preventive Lahore	0.47
28.	1551	MCC Preventive Lahore	0.13
29.	1572	MCC Appraisalment, Lahore	3.94
30.	1580	MCC Appraisalment, Lahore	0.85
31.	1590	MCC Appraisalment, Lahore	1.03
32.	1612	MCC Preventive Lahore	6.44
33.	1631	MCC Preventive Lahore	2.73
34.	1647	MCC Preventive Lahore	0.51
35.	657	MCC Appraisalment (West) Karachi	0.18
36.	762	MCC PaCCS, Karachi	0.29
37.	763	MCC P.M.B.Q Karachi	0.21
38.	767	MCC Appraisalment Karachi	0.71
39.	780	MCC Appraisalment(East) Karachi	0.08
40.	787	MCC Appraisalment,(East) Karachi	76.21
41.	562	MCC Preventive Oil Section, Karachi	9.55
42.	650	MCC Appraisalment(West) Karachi	2.07
<b>Total</b>			<b>238.07</b>

**Annexure-25**

Para 2.5.17

**Non-realization of duty and taxes on temporarily  
imported goods - Rs 177.78 million**

(Rs in million)

<b>S. No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1.	673	MCC Hyderabad	81.91
2.	685	MCC PaCCS, Karachi	1.32
3.	705	MCC Appraisalment(East) Karachi	27.41
4.	730	MCC Exports, PMBQ	17.51
5.	733	-do-	8.19
6.	734	-do-	0.48
7.	781	MCC Appraisalment(East) Karachi	11.25
8.	796	MCC Appraisalment(East) Karachi	0.05
9.	815	MCC Exports, Custom House, Karachi	1.65
10.	828	MCC Appraisalment(East) Karachi	1.50
11.	829	MCC Appraisalment(East) Karachi	0.08
12.	831	MCC Appraisalment(East) Karachi	0.15
13.	833	MCC Appraisalment(East) Karachi	24.15
14.	860	MCC Preventive West Wharf, Karachi	0.01
15.	545	MCC Appraisalment(East) Karachi	0.89
16.	704	MCC Appraisalment(East) Karachi	0.27
17.	690	MCC Appraisalment(East) Karachi	0.02
18.	688	MCC Appraisalment(East) Karachi	0.18
19.	689	MCC Appraisalment(East) Karachi	0.09
20.	557	MCC Appraisalment(East) Karachi	0.67
<b>Total</b>			<b>177.78</b>



**Annexure-26**

Para 2.5.18

**Blockage of revenue due to non-disposal of confiscated goods/vehicles- Rs 2,586.55 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1.	826	MCC Preventive, Lahore	0
2.	1019	MCC Faisalabad	0.21
3.	1023	MCC Faisalabad	13.62
4.	1024	MCC Faisalabad	1.14
5.	1025	MCC Faisalabad	63.45
6.	1026	MCC Faisalabad	11.32
7.	1028	MCC Faisalabad	4.60
8.	1029	Director I&I Faisalabad	19.10
9.	1115	MCC Peshawar	2.17
10.	1139	MCC Peshawar	1.89
11.	1140	MCC Peshawar	160.07
12.	1142	MCC Peshawar	11.10
13.	1143	MCC Peshawar	11.70
14.	1145	MCC Peshawar	1.77
15.	1150	MCC Peshawar	3.54
16.	1151	MCC Peshawar	0.40
17.	1154	MCC Peshawar	35.77
18.	1156	MCC Peshawar	4.90
19.	1161	MCC Peshawar	143.16
20.	1200	MCC Sialkot	0.47
21.	1205	MCC Sialkot	39.32
22.	1207	MCC Sialkot	0.07
23.	1246	MCC Sialkot	348.94
24.	1247	MCC Sialkot	35.21
25.	1289	MCC Multan	26.80
26.	1291	MCC Multan	3.23
27.	1292	MCC Multan	6.00
28.	1369	MCC Appraisalment, Lahore	6.99
29.	1432	MCC Islamabad	0
30.	1462	MCC Islamabad	0
31.	1477	MCC Islamabad	113.30
32.	1478	MCC Islamabad	32.83
33.	1479	MCC Islamabad	1.39
34.	1485	MCC Islamabad	32.53

35.	1501	DG I&I, Islamabad	63.16
36.	1523	MCC Islamabad	0
37.	1534	MCC Preventive, Lahore	1.76
38.	1535	Director I&I Lahore	32.31
39.	1539	MCC Preventive, Lahore	40.43
40.	1552	MCC Preventive, Lahore	0
41.	1555	MCC Appraisalment, Lahore	39.76
42.	1592	MCC Preventive, Lahore	17.64
43.	1616	MCC Preventive, Lahore	0.30
44.	565	MCC Hyderabad	23.81
45.	567	-do-	6.91
46.	570	Director I&I, Sukkur	1.75
47.	574	-do-	18.57
48.	575	-do-	16.31
49.	580	MCC Appraisalment(West) Karachi	4.56
50.	595	MCC Appraisalment(West) Karachi	20.08
51.	613	MCC PMBQ, Karachi	40.59
52.	617	MCC PMBQ, Karachi	0
53.	618	MCC PMBQ, Karachi	0
54.	619	MCC PMBQ, Karachi	0
55.	643	Director I & I, Karachi	2.17
56.	644	Director I & I, Karachi	45.85
57.	647	MCC Appraisalment(West) Karachi	12.97
58.	654	MCC Appraisalment(West) Karachi	13.73
59.	658	MCC Appraisalment(West) Karachi	184.44
60.	680	MCC Appraisalment (West)Karachi	0.05
61.	697	MCC Preventive,DisposalCell,Karachi	0.35
62.	709	MCC Preventive, SWH, Karachi	5.39
63.	717	D.G. Afghan Transit Trade, Karachi	49.50
64.	749	MCC Preventive, SWH, Karachi	6.03
65.	766	MCC Appraisalment(West) Karachi	693.51
66.	790	MCC Preventive, SWH, Karachi	0.11
67.	791	MCC Preventive, SWH, Karachi	2.28
68.	792	MCC Preventive, SWH, Karachi	0.24
69.	794	MCC Gawader at Gaddani.	44.62
70.	843	MCC Preventive Auction,H.Q Karachi	0.10
71.	846	MCC Preventive Auction,H.Q Karachi	51.20
72.	856	MCC Preventive Auction,H.Q Karachi	9.08
<b>Total</b>			<b>2586.55</b>

**Annexure-27**  
Para 2.5.20

**Short-realization of revenue due to application of incorrect  
rate of duty and taxes - Rs 103.84 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1.	853	MCC Preventive, Lahore	0.12
2.	870	MCC Preventive, Lahore	0.43
3.	902	MCC Appraisalment, Lahore	0.10
4.	930	MCC Appraisalment, Lahore	10.57
5.	1038	MCC Faisalabad	0.23
6.	1051	MCC Faisalabad	0.16
7.	1118	MCC Peshawar	0.17
8.	1126	MCC Peshawar	0.04
9.	1128	MCC Peshawar	0.21
10.	1130	MCC Peshawar	0.18
11.	1155	MCC Peshawar	0.15
12.	1280	MCC Multan	0.59
13.	1367	MCC Appraisalment, Lahore	1.82
14.	1581	MCC Appraisalment, Lahore	0.61
15.	1596	MCC Preventive, Lahore	0.13
16.	1615	MCC Preventive, Lahore	0.36
17.	1635	MCC Preventive, Lahore	1.58
18.	1643	MCC Preventive, Lahore	0.56
19.	1653	MCC Preventive, Lahore	0.32
20.	849	MCC Preventive Oil Section, Karachi	80.70
21.	851	MCC Preventive Oil Section, Karachi	0.08
22.	789	MCC Preventive Oil Section, Karachi	1.86
23.	850	MCC Preventive Oil Section, Karachi	2.85
24.	859	MCC Preventive Oil Section, Karachi	0.02
<b>Total</b>			<b>103.84</b>

**Annexure-28**

Para 2.5.25

**Non-realization of revenue due to non-levy of additional  
customs duty - Rs 25.51 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1	787	MCC Appraisalment, Lahore	0.36
2	831	MCC Preventive, Lahore	0.16
3	922	MCC Appraisalment, Lahore	10.67
4	1044	MCC Faisalabad	1.45
5	1127	MCC Peshawar	0.66
6	1284	MCC Gilgit	0.49
7	1397	MCC Islamabad	11.56
8	1433	MCC Islamabad	0.12
9	1504	DG, I&I, Islamabad	0.04
<b>Total</b>			<b>25.51</b>

**Annexure-29**

Para 2.5.27

**Non-realization of revenue from licensees not having  
valid analysis certificates - Rs 20.46 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1.	917	MCC Appraisalment, Lahore	0.13
2.	921	MCC Appraisalment, Lahore	0.87
3.	1062	MCC Faisalabad	2.20
4.	1065	MCC Faisalabad	10.96
5.	1086	MCC Faisalabad	1.08
6.	1095	MCC Faisalabad	0.18
7.	1104	MCC Faisalabad	0.32
8.	1219	MCC Sialkot	0.06
9.	1473	MCC Islamabad	0.45
10.	1475	MCC Islamabad	0.58
11.	811	MCC Exports Customs House Karachi	3.62
<b>Total</b>			<b>20.46</b>

**Annexure-30**  
Para 2.5.28

**Statement showing blockage of revenue due to non-disposal  
of perishable seized/confiscated goods-Rs 59.26 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>No. of Cases</b>	<b>Amount</b>
1	563	MCC Hyderabad	7	13.20
2	568	I&I Sukkur	4	9.59
3	572	I&I Sukkur	09	11.12
4	608	MCC PMBQ, Karachi	1	15.49
5	641	Director I & I, Karachi	1	9.67
6	708	MCC Preventive, SWH, Karachi	5	0.19
<b>Total</b>			<b>27</b>	<b>59.26</b>

**Annexure-31**  
Para 2.5.29

**Non recovery of duty and taxes on unconsumed  
input goods - Rs 17.17 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1	916	MCC Appraisalment, Lahore	8.80
2	1057	MCC Faisalabad	0.31
3	1083	MCC Faisalabad	2.76
4	1090	MCC Faisalabad	0
5	1091	MCC Faisalabad	0.31
6	1094	MCC Faisalabad	2.85
7	1102	MCC Faisalabad	0.56
8	1391	MCC Appraisalment, Lahore	1.58
<b>Total</b>			<b>17.17</b>

**Annexure-32**

Para 2.5.30

**Excess claim of wastage- Rs 19.45 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1	1058	MCC Faisalabad	0.46
2	1081	MCC Faisalabad	0.13
3	1089	MCC Faisalabad	0.34
4	1103	MCC Faisalabad	0.39
5	1105	MCC Faisalabad	1.59
6	1385	MCC Lahore App	0.58
7	1388	MCC Lahore App	0.15
8	818	MCC Exports Customs House Karachi	15.81
<b>Total</b>			<b>19.45</b>



**Annexure-33**

Para 2.5.31

**Excess payment of rebate - Rs 10.59 million**

(Rs in million)

<b>S No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1	873	MCC Preventive, Lahore	2.25
2	875	MCC Preventive, Lahore	0.72
3	876	MCC Preventive, Lahore	0.27
4	1226	MCC Sialkot	0.06
5	1286	MCC Multan	0.40
6	1506	MCC Islamabad	3.35
7	1507	MCC Islamabad	2.43
8	1509	MCC Islamabad	1.03
9	1510	MCC Islamabad	0.08
10	1512	MCC Islamabad	-
<b>Total</b>			<b>10.59</b>

**Annexure-34**

Para 2.5.35

**Illegal release of vehicles under amnesty scheme  
Rs 15.11 million**

(Rs in million)

<b>S No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1	1022	MCC Faisalabad	0.48
2	1027	MCC Faisalabad	1.41
3	1030	Director I&I Faisalabad	2.85
4	1040	MCC Faisalabad	0.14
5	1290	MCC Multan	10.23
6	1513	MCC, Islamabad	0
<b>Total</b>			<b>15.11</b>

**Annexure-35**

Para 2.5.36

**Illegal release of goods in violation of import  
policy orders - Rs 39.79 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1	778	MCC Appraisalment, Lahore	0.60
2	793	MCC Appraisalment, Lahore	0.53
3	796	MCC Appraisalment, Lahore	0
4	1365	MCC Appraisalment, Lahore	1.03
5	1374	MCC Appraisalment, Lahore	2.08
6	1483	MCC Islamabad	0
7	1533	MCC Preventive, Lahore	12.09
8	623	MCC PMBQ, Karachi	23.46
<b>Total</b>			<b>39.79</b>

**Annexure-36**

Para 2.5.46

**Un-authorized expenditure on POL and repair of  
vehicles-Rs 62.97 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1.	1106	Director I&I Faisalabad	0.74
2.	1321	Internal Audit Islamabad	1.10
3.	1071	MCC Faisalabad	1.10
4.	1170	MCC Peshawar	1.44
5.	1177	MCC Peshawar	1.25
6.	1342	MCC (Appraisalment) Lahore	12.32
7.	1343	MCC (Appraisalment) Lahore	1.40
8.	1344	MCC (Appraisalment) Lahore	0.76
9.	1351	Director Customs Valuation, Lahore	0.28
10.	1352	Director Customs Valuation, Lahore	0.15
11.	1068	MCC Faisalabad	0.91
12.	1180	MCC Peshawar	0.00
13.	1532	DG I&I, Islamabad	6.26
14.	1525	DG I&I, Islamabad	1.51
15.	295/Exp/K	MCC Appraisalment (West), Karachi	5.09
16.	325/Exp/K	MCC Appraisalment (East), Karachi	8.55
17.	350/Exp/K	Chief Collector (South), Appraisalment, Karachi	0.38
18.	352/Exp/K	Collector of Customs (Appeals), Karachi	0.15
19.	355/Exp/K	DG Afghan Transit Trade, Karachi	0.50
20.	356/Exp/K	-do-	0.24
21.	363/Exp/K	Directorate of PCA, Karachi	1.83
22.	369/Exp/K	MCC PMBQ, Karachi	5.93
23.	385/Exp/K	Directorate of Customs, Internal Audit, Karachi	1.78
24.	394/Exp/K	DG (Training & Research), Karachi	3.84
25.	314/Exp/K	MCC Exports Karachi Customs House Karachi	1.42
26.	323/Exp/K	MCC Appraisalment (East), Karachi	2.78
27.	360/Exp/K	Directorate of PCA, Karachi	1.26
<b>Total</b>			<b>62.97</b>

**Annexure-37**  
Para 2.5.47

**Unlawful expenditure on operational vehicles without fresh authorization under policy for monetization of transport facility**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>No. of Vehicles</b>	<b>Amount</b>
1	301/Exp/K	MCC Appraisement (West), Karachi	26	5.09
2	310/Exp/K	MCC (Preventive), Karachi	46	16.12
3	315/Exp/K	MCC (Exports), Karachi	12	2.52
4	326/Exp/K	MCC Appraisement (East), Karachi	42	8.55
5	336/Exp/K	DG (Valuation), Karachi	10	1.60
6	354/Exp/K	Collector of Customs(Appeals) Karachi	01	0.15
7	361/Exp/K	Directorate of PCA, Karachi	10	1.83
8	365/Exp/K	MCC (PMBQ) Karachi	29	5.93
9	387/Exp/K	Directorate of Customs, Internal Audit, Karachi	07	1.78
10	395/Exp/K	DG (Training & Research), Karachi	11	0
<b>Total</b>				<b>43.57</b>

**Annexure –38**

Para 2.5.48

**Unjustified expenditure on cash reward  
Rs 17.14 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1	1526	DG I&I, Islamabad	2.17
2	1315	DOT Islamabad	0.38
3	1322	Internal Audit Islamabad	0.95
4	1300	MCC Multan	2.32
5	1489	MCC, Islamabad	4.23
6	1498	MCC, Islamabad	7.09
<b>Total</b>			<b>17.14</b>

**Annexure-39**

Para 2.5.51

**Irregular Payment of law charges / professional  
fee - Rs 2.98 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1	1607	Director I&I Lahore	0.10
2	1494	MCC Islamabad	0.15
3	1496	MCC Islamabad	0.09
4	1329	MCC Lahore (Appraisalment)	0.09
5	1331	MCC Lahore (Appraisalment)	0.39
6	1332	MCC Lahore (Appraisalment)	0.24
7	319/K	MCC Export Karachi	0.10
8	342/K	Director I&I Customs Karachi	1.82
<b>Total</b>			<b>2.98</b>

**Annexure- 40**

Para 2.5.52

**Statement showing the irregular expenditure on Secret Service - Rs 1.52 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1	297/Exp/K	MCC Appraisement (West), Karachi	0.20
2	311/Exp/K	MCC (Preventive), Karachi	0.20
3	318/Exp/K	MCC (Exports), Karachi	0.10
4	349/Exp/K	Chief Collector (South), Appraisement, Karachi	0.10
5	357/Exp/K	DG Afghan Transit Trade, Karachi	0.10
6	401/Exp/K	MCC Gawader, Gaddani	0.20
7	1074	MCC Faisalabad	0.10
8	1243	MCC Sialkot	0.20
9	1529	DG I&I Islamabad	0.32
10	1347	MCC (Appraisement) Lahore	0
<b>Total</b>			<b>1.52</b>



**Annexure-41**

Para 2.5.54

**Non-recovery of house rent charges - Rs 1.71 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1	1606	Director I&I Lahore	0.20
2	1603	Director Internal Audit Customs Lahore	0.09
3	1559	Collector Appeal Lahore	0.15
4	1560	Director PCA Lahore	0.52
5	1495	MCC Islamabad	0.13
6	1493	MCC Islamabad	0.22
7	1330	MCC Lahore (Appraisalment)	0.40
<b>Total</b>			<b>1.71</b>

**Annexure-42**

Para 2.5. 55

**Excess expenditure on pay and allowances - Rs 1.64 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1	1492	MCC Islamabad	0.23
2	1334	MCC Lahore (Appraisalment)	0.20
3	1335	MCC Lahore (Appraisalment)	0.20
4	1340	MCC Lahore (Appraisalment)	0.16
5	1563	Director PCA Lahore	0.06
6	1179	MCC Peshawar	0.06
7	1564	Director PCA Lahore	0.06
8	1565	Director PCA Lahore	0.06
9	1245	MCC Sialkot	0.03
10	299/Exp/K	MCC Appraisalment (West), Karachi	0.18
11	300/Exp/K	-do-	0.05
12	307Exp/K	MCC (Preventive), Karachi	0.06
13	327/Exp/K	MCC Appraisalment (East), Karachi	0.04
14	328/Exp/K	-do-	0.06
15	372/Exp/K	MCC (PMBQ) Karachi	0.01
16	393/Exp/K	DG (Training & Research), Karachi	0.18
<b>Total</b>			<b>1.64</b>

**Annexure-43**

Para 2.5.56

**Non-recovery of adjudged government dues  
Rs 7,663.68 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1.	1010	MCC Faisalabad	208.30
2.	1162	MCC Peshawar	148.52
3.	1163	MCC Peshawar	4.00
4.	1355	MCC Appraisalment, Lahore	11.55
5.	1356	MCC Appraisalment, Lahore	1.10
6.	1515	Collector (Adjudication), MCC	180.62
7.	578	MCC Appraisalment(West), Karachi	1.92
8.	589	MCC Appraisalment(West), Karachi	45.03
9.	614	MCC P.M.B.Q, Karachi	3,889.00
10.	615	MCC P.M.B.Q, Karachi	234.29
11.	620	MCC P.M.B.Q, Karachi	1,009.50
12.	622	MCC P.M.B.Q, Karachi	30.76
13.	648	MCC Appraisalment(West), Karachi	1.07
14.	659	MCC Appraisalment(West), Karachi	2.90
15.	660	MCC Appraisalment(West), Karachi	2.52
16.	665	MCC Hyderabad	67.23
17.	666	-do-	1,624.15
18.	667	-do-	12.90
19.	668	-do-	11.10
20.	715	D.G Afghan Transit Trade, Karachi	6.40
21.	773	MCC Appraisalment(West), Karachi	0.51
22.	806	MCC Exports, PMBQ, Karachi	7.95
23.	823	MCC Exports, Customs House, Karachi	50.41
24.	854	MCC Preventive Oil Section, Karachi	111.95
<b>Total</b>			<b>7,663.68</b>

**Annexure-44**

Para 2.5.57

**Blockage of revenue due to non-finalization of  
adjudication cases - Rs 432.56 million**

(Rs in million)

<b>S.No.</b>	<b>DP No.</b>	<b>Name of Office</b>	<b>Amount</b>
1	1514	Collector Adjudication, Islamabad	216.68
2	564	MCC Hyderabad	5.41
3	566	-do-	29.78
4	569	DD I&I Sukkur	24.84
5	573	MCC Hyderabad	15.73
6	639	I & I Karachi	83.69
7	640	I & I Karachi	37.42
8	652	MCC, Appraisalment, (West) Karachi	0.88
9	694	MCC Preventive Karachi	15.85
10	804	MCC Exports, PMBQ	2.28
<b>Total</b>			<b>432.56</b>