



**AUDIT REPORT
ON
THE ACCOUNTS OF
FEDERAL BOARD OF REVENUE
(CUSTOMS)
AND
ISLAMABAD CAPITAL TERRITORY
(RECEIPTS)
AUDIT YEAR 2015-2016**

AUDITOR-GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

AFU	:	Air Freight Unit
AGP	:	Auditor General of Pakistan
AGPR	:	Accountant General Pakistan Revenues
AY	:	Audit Year
CAATs	:	Computer Assisted Auditing Techniques
CBR	:	Central Board of Revenue
CD	:	Customs Duty
CGO	:	Customs General Order
Cus	:	Customs
CVT	:	Capital Value Tax
CY	:	Calendar Year
DAC	:	Departmental Accounts Committee
DG	:	Director General
DOT	:	Directorate of Training
DP	:	Draft Para
DTRE	:	Duty and Tax Remission for Exports
E&P	:	Exploration and Production
EDB	:	Engineering Development Board
EDS	:	Export Development Surcharge
EOL	:	Extra Ordinary Leave
Exp	:	Expenditure
FBR	:	Federal Board of Revenue
FED	:	Federal Excise Duty
FOB	:	Free on Board
FTA	:	Free Trade Agreement
FY	:	Financial Year
GD	:	Goods Declaration
GFR	:	General Financial Rules
ICT	:	Islamabad Capital Territory
IGM	:	Import General Manifest
I&I	:	Intelligence and Investigation
INTOSAI	:	International Organization of Supreme Audit Institutions
IOCO	:	Input Output Co-efficient Organization
IPO	:	Import Policy Order
KIBOR	:	Karachi Inter-Bank Offered Rate
MCC	:	Model Customs Collectorate
MR	:	Management Report
MT	:	Metric Ton
PAO	:	Principal Accounting Officer
PAC	:	Public Accounts Committee

PCA	:	Post Clearance Audit
PCT	:	Pakistan Customs Tariff
PDC	:	Post Dated Cheque
PMBQ	:	Port Muhammad Bin Qasim
POL	:	Petroleum, Oil and Lubricants
RBD	:	Refined, Bleached and Deodorized
RTO	:	Regional Tax Office
SBP	:	State Bank of Pakistan
SOPs	:	Standard Operating Procedures
SRO	:	Statutory Regulatory Order
TARP	:	Tax Administration Reforms Project
WHT	:	Withholding Tax
WeBOC	:	Web Based One Customs
WTO	:	World Trade Organisation

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 compliance with authority audit of revenue receipts and expenditure of Federal Board of Revenue (Customs) and receipts of Islamabad Capital Territory for the financial year 2014-15. 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 November 2015 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 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 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: 10 May 2016

(Rana Assad Amin)
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 232 out of 329 formations was conducted by utilizing 18,144 man-days, incurring expenditure of Rs. 83.00 million.

a. Scope of Audit

Target of Customs Duty for the Financial Year 2014-15 was Rs. 255.00 billion against which actual collection was Rs. 300.33 billion, reflecting excess receipts of Rs. 45.33 billion (17.78%). 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. 6.17 billion.

Target of other taxes in Islamabad Capital Territory (ICT) for the Financial Year 2014-15 was Rs. 4.11 billion against which actual collection was Rs. 2.88 billion, reflecting short receipt of Rs. 1.23 billion (29.93%). 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 in accordance with audit methodology as envisaged in Financial Audit Manual.

b. Recoveries at the instance of Audit

Recovery of Rs. 75,925.00 million was pointed out by Audit in this Report. Out of this, recovery of Rs. 25,997.00 million was not in the notice of tax collecting authorities. FBR and ICT affected recovery of Rs. 838.00 million during February, 2015 to January, 2016 at the instance of Audit which includes recovery pertaining to the previous years as well.

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 the basis of professional judgement for substantive testing. Audit was conducted by applying CAATs.

d. Audit Impact

FBR and ICT effected recovery of Rs.364.00 million at the instance of Audit. Further, Audit pointed out certain issues contained in previous years' Audit Reports as well as in current Report, in response to which following actions and necessary changes are likely to be considered in the Rules and Regulations:

i) Issues referred to FBR

- Issues like levy of Additional Customs Duty on auto parts imported in old & used condition, enhancing the pitch of penalty including confiscation of imported goods where invoice and packing list were not found inside the container, imposition of Withholding Tax (WHT) @ 1% on goods covered under zero rating regime and statutory rate in remaining cases, issue of chargeability of Duty and taxes on re-imported goods which had gone under repair work, WHT either @ 3% or 5% leviable on industrial concerns who did not hold valid exemption certificate at the time of import, the expression "other items" in SRO 575(I)/2005 include items other than plant, machinery, equipments and spares, levy of Additional Sales Tax on imported vehicles, the expression "raw material" also includes components, sub-components, assemblies and sub-assemblies, inclusion of Federal Excise Duty to calculate depreciation on vehicles imported under SRO 499(I)/2013, after promulgation of SRO 811(I)/2013 amendment in Rule 351 (i) of Customs Rules, 2001 and items like sea food (all types), dates, almond, kishmish, dry plum etc. cover/not cover in S.No.15-"food grains and food items all sorts" of SRO 566(I)/2006 were referred to Board for clarification / necessary amendments in relevant Rules in forthcoming Budget 2016-17

ii) Issues referred to Classification Committee

- Issues pertaining to classification of imported goods like scanners, glass balls (Bantey), networking equipments (server), red chilli

seeds/water melon seeds and copper rods were referred to Classification Committee, Karachi.

iii) Issues referred to Drug Regulatory Authority

- Whether ceftriaxone and ceftriaxone sodium sterile, cefotaxime and cefotaxime sodium sterile were one and same things referred to the Drug Regulatory Authority for clarification.

iv) Issues referred to Ministry of Commerce

- Issue of removal of duplicate Pakistan Customs Tariff (PCT) headings in Free Trade Agreement with China issued vide SRO 659(I)/2007 was referred to Ministry of Commerce for necessary action.

e. Comments on Internal Controls and Internal Audit Department

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.

Internal audit function and internal controls of the Department were found weak and ineffective as various control lapses were identified during audit. The Internal Audit Lahore made meagre recovery of Rs. 27.03 million against pointation of Rs. 2,613.11 million by incurring expenditure of Rs. 66.46 million and attaining cost-benefit ratio of 1:0.40 during the Financial Year 2014-15. The performance of Post Clearance Audit was even worse which made meagre recovery of Rs. 19.55 million against pointation of Rs. 244.45 million by incurring expenditure of Rs. 38.11 million by attaining cost-benefit ratio of 1:0.50. Besides, lapses of poor monitoring of collection of Customs Duty and related Taxes, weak reconciliation mechanism, inadequate coverage by internal audit and non-conducting of physical verification of inventories and assets were also observed. Resultantly, the system of internal controls is deteriorating day-by-day.

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

FBR

- i) loss of revenue due to fraud – Rs. 20,818.82 million¹
- ii) non-production of record²
- iii) loss due to inadmissible exemptions and concessions – Rs. 6,407.48 million³
- iv) loss due to blockage of revenue – Rs. 4,001.52 million⁴
- v) loss due to non-recovery of adjudged revenue – Rs. 8,233.53 million⁵
- vi) loss due to non/short-realization of Duty and Taxes Rs. 7,695.97 million⁶
- vii) loss due to under-valuation and misclassification of imported goods Rs. 723.00 million⁷
- viii) loss due to excess payment of rebate – Rs. 1,967.81 million⁸
- ix) unlawful use of the premises of export oriented unit for other taxable activities not covered under license – Rs. 1,691.58 million⁹
- x) un-authorized/irregular expenditure on POL and repair of vehicles Rs. 80.02 million¹⁰
- xi) poor performance/weak internal controls like clearance of banned items, non-submission of reconciliation statements etc. – Rs. 6,425.63 million¹¹

ICT

- xii) recurring loss of government revenue – Rs. 1,636.63 million¹²
- xiii) loss due to non/short-realization of revenue – Rs. 300.44 million¹³

Audit paras for the Audit Year 2015-16 involving procedural violations including internal control weaknesses and irregularities not considered worth reporting to the PAC have been included in Annexure-I.

¹Para 2.4.6, 2.4.7, 2.4.8

²Para 2.4.9

³Para 2.4.10

⁴Para 2.4.23, 2.4.25, 2.4.26, 2.4.27, 2.4.36

⁵Para 2.4.20

⁶Para 2.4.1, 2.4.12, 2.4.13, 2.4.16, 2.4.17, 2.4.19, 2.4.28, 2.4.31, 2.4.32, 2.4.37, 2.4.38

⁷Para 2.4.4, 2.4.18, 2.4.29

⁸Para 2.4.3, 2.4.14

⁹Para 2.4.15

¹⁰Para 2.4.44

¹¹Para 2.4.33, 2.4.34, 2.4.40, 2.4.43, 2.4.56, 2.4.57, 2.4.58

¹²Para 3.3.8, 3.3.9, 3.3.10

¹³Para 3.3.1, 3.3.2, 3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7

g. **Recommendations**

Federal Board of Revenue should:

- i) take appropriate action under the law against persons at fault;
- ii) ensure production of auditable record;
- iii) take measures that exemptions and concessions are granted according to law;
- iv) direct field formations for early disposal of confiscated goods, finalize cases under adjudication, provisional assessment and ensure clearance of unclaimed Import General Manifests (IGMs);
- v) expedite recovery of government revenue;
- vi) issue instructions to field offices to assess duty & taxes at prescribed rates after proper valuation and classification of goods and grant licenses and rebate as per law; and
- vii) take measures to improve the performance of Internal Audit and Post Clearance Audit and strengthen the internal controls to stop irregularities.

Commissioner ICT should:

- i) ensure immediate fixation of rates of land and other duties and taxes; and
- ii) expedite recovery of revenue.

SUMMARY TABLES

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rs. in million)

S. No.	Description	No.	Receipts*	Expenditure**
1	Total Entities (Ministries/PAOs) in Audit Jurisdiction	2	302,750	6,169
2	Total Formations in Audit Jurisdiction	329	302,750	6,169
3	Total Entities (Ministries/PAOs) Audited	2	302,750	6,169
4	Total Formations Audited	232	284,730	5,464
5	Audit & Inspection Reports***	223	-	-
6	Performance Audit Reports	1	-	-

* Customs receipts Rs.300,330 million, ICT receipts Rs. 2,420 million

** Expenditure relates to Customs Wing only

***Nine AIRs were merged by Karachi Office

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	75,925
3	Weak Internal Controls Relating to Financial Management	-
4	Others	-
Total		75,925

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

S.No.	Description	Receipts	Expenditure	AY 2015-16	AY 2014-15
1	Outlays Audited	284,730	5,464	290,194	235,545
2	Monetary Value of Audit Observations	75,739	186	75,925	42,368
3	Recoveries Pointed out by Audit	25,878	119	25,997	38,066
4	Recoveries Accepted/Established at the instance of Audit	25,677	118	25,795	16,123
5	Recoveries Realized at the instance of Audit	835	3	838*	1,005

*The amount was verified from 01.02.2015 to 31.01.2016

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

S. No.	Description	Amount Placed under Audit Observation
1	Violation of rules and regulations and violation of principles of propriety and probity in public operations.	50,130
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.	-
5	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public monies.	25,795
6	Non-production of record.	Ten Offices
7	Others, including cases of accidents, negligence etc.	-

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

S. No.	Description	AY 2015-16	AY 2014-15	AY 2013-14
1	Outlays Audited (Items 1 of Table 3)	290,194	235,545	244,187
2	Expenditure on Audit	83	85	78
3	Recoveries realized at the instance of Audit	838	1,005	763
Cost-Benefit Ratio		1 : 10	1 : 12	1 : 10

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

Audit Paras

Significant paras, pointed out during audit of revenue and expenditure of Pakistan Customs Department for the Financial Year (FY) 2014-15, are as follows:

1.1 Federal Board of Revenue (Customs)

1.1.1 Under-statement of financial statements of the Federal Government Rs. 18,804.50 million

Risk Categorisation: High

Criteria

According to Para 3.4.2.12 of the Accounting Policies and Procedure Manual, each entity was required to reconcile its books of accounts with the bank record at the close of each month. The reconciliation was to be performed in accordance with the policies and procedures set out in the ibid Manual, General Financial Rules (GFR) and Federal Treasury Rules.

Observation

The collection of Customs Duty as per State Bank of Pakistan (SBP), Karachi was Rs. 325,024.50 million, whereas, the Directorate of Research & Statistics (FBR) indicated and reconciled collection of Customs Duty of Rs. 306,220.00 million with the Accountant General Pakistan Revenue (AGPR), Islamabad for the Financial Year 2014-15. The difference between actual cash collection made through banking channels and the reconciled figures of FBR came to Rs. 18,804.50 million.

Implications

The stated discrepancy seriously impaired true and fair financial position of the Federal Government.

Management Reply

The Department replied that the variation mainly pertained to the figures of National Bank of Pakistan (NBP) branches which either wrongly sent or misclassified the receipts of other Heads of Accounts as Customs Duty. It was further stated that it was not possible to match FBR's figures with those of the SBP, Karachi. The reply of the Department was not tenable as the law required from every entity to reconcile its books of accounts with the bank record at the close of each month properly and according to set out procedures.

DAC Decision

DAC meeting was not convened till finalization of the Report.

Audit Recommendations

Variation in figures needed to be reconciled between FBR and SBP on regular basis.

[Para 2 - MR]

1.1.2 Over-statement of financial statements through advance collection of Customs Duty - Rs. 1,709.18 million

Risk Categorisation: High

Criteria

According to Para 2 (b) (i) of the Customs Treasury Procedures, 1980 the payment of Customs Duty at Customs House and Dry Port was to be collected on bill of entry or shipping bill and not on Treasury Challans.

Observation

Model Customs Collectorates (MCCs) Islamabad, Multan, Faisalabad and Hyderabad managed and collected Customs Duty of Rs. 1,709.18 million in advance on Treasury Challans. The collection so made was not due to the Government and was made with the implicit purpose of achieving the over-ambitious revenue targets set forth for the Financial Year 2014-15.

Implications

The collection of Customs Duty in advance and its adjustment on later stage in the next Financial Year indicated poor financial management and weak internal controls at FBR.

Management Reply

The response of the management was still awaited though considerable time had elapsed since the issue was intimated to the management.

DAC Decision

DAC meeting could not be convened till finalization of the Report.

Audit Recommendations

The practice of advance collection of Customs Duty being unlawful needed to be stopped forthwith and only attainable revenue targets needed to be fixed.

[Para 16 - MR]

1.1.3 Overstatement of revenue due to non-disposal of Duty Drawback cases - Rs. 11,346.31 million

Risk Categorisation: High

Criteria

According to Rule 222 of Sub-chapter 2 of the Customs Rules, 2001 exporters falling under Gold Category were allowed Duty Drawback within seventy-two hours of the receipt of complete requisite documents, while exporters falling under Silver Category were allowed Duty Drawback within fifteen days. Further, Para 51 (vii) of Chapter-13 of the CGO 12/2002 dated 15.06.2002 provided that all Duty Drawback claims found in order were to be paid serially to ensure that no claim was left out without proper justification. A register for recording the date of receipt and disposal of such claims was to be maintained by the Section. The Collectors concerned were required to personally check the register fortnightly. In case of any deviation the Rebate Section was required to indicate the reasons thereof.

Observation

MCCs Islamabad, Faisalabad, Lahore (Preventive), Exports Port Muhammad Bin Qasim (PMBQ), and Export Karachi withheld Duty Drawback claims of Rs. 11,346.31 million. The claims were pending since long either for processing or for issuance of cheques during the Financial Year 2014-15. This was committed with the implicit purpose of achieving over-ambitious revenue targets fixed during the Financial Year 2014-15.

Implications

The factual financial position of the Government of Pakistan could not be reflected due to over-statement of revenue as indicated.

Management Reply

The response of the management was still awaited though considerable time had elapsed since the issue was intimated to the management.

DAC Decision

DAC meeting was not convened till finalization of the Report.

Audit Recommendations

Audit recommends timely disposal of Duty Drawback claims to lessen the difficulties of exporters and judicious fixing of attainable revenue targets.

[Para 19 - MR]

CHAPTER-2 FEDERAL BOARD OF REVENUE

2.1 *Introduction*

The Central Board of Revenue (CBR) was established on 01.04.1924 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 the 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
- hearing of Appeals.

Pakistan Customs is the guardian of Pakistan's borders against movement of contraband goods and is the 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 four Chief Collectors (North, Central and South (Appraisalment and Enforcement) 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, Valuation and Input Output Co-efficient Organization.

2.2 *Comments on Budget and Accounts*

This chapter deals with Customs Duty collected by the Pakistan 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. 281.00 billion during the Financial Year 2014-15. Subsequently, the revenue target was revised downward to Rs. 255.00 billion. FBR, however, collected Customs Duty of Rs. 300.33 billion during the Financial Year as per following details:

(Rs. in billion)

Tax Head	Original Target	Revised Target	Collection 2014-15	Difference from Revised Target	
				Absolute (4-3)	Percent
1	2	3	4	5	6
Customs Duty	281.00	255.00	300.33	45.33	17.78

Source: Federal Budget 2015-16 and Financial Statements of the Federal Government 2014-15

From the above table, it is evident that the revenue collection targets of FBR were revised downwards to Rs. 255.00 billion from original target of Rs. 281.00 billion (a decrease of 9.25%). Audit is of the view that had FBR taken adequate and effective measures to curb malpractices such as under-invoicing, mis-declaration, under-valuation of imported goods, unauthorized exemptions/concessions and expedited recovery of adjudged revenue, finalized provisionally assessed cases and prevented smuggling of goods, there would have been no need for downward revision of revenue targets.

2.2.2 Variance analysis of Revenue Collection in FY 2014-15 and FY 2013-14

A comparison of net collection in the Financial Year 2014-15 and the Financial Year 2013-14 is tabulated below:

(Rs. in billion)

Tax Heads	Collection		Difference	
	FY: 2014-15	FY: 2013-14	Absolute	Percent
Customs Duty	300.33	242.81	57.52	23.67

Source: Financial Statements of Federal Government 2014-15 & 2013-14

FBR's collection of Customs Duty of Rs. 300.33 billion for the Financial Year 2014-15 showed an increase of Rs. 57.52 billion (23.67%) as compared to the preceding year.

2.2.3 Budget vs Actual Expenditure

A comparison of original grant, final grant and actual expenditure for the Financial Year 2014-15 is as follows:

(Rs. in million)

Grant No.	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess/ (Saving) (5-4)	Percent
1	2	3	4	5	6	7
39-Land Customs	6,122.85	111.80	6,234.65	6,168.67	(65.98)	1.06

Source: Federal Budget 2015-16, Appropriation and Re-appropriation Accounts 2014-15

There was a decrease in expenditure of Rs. 65.98 million.

2.3 Brief Comments on the Status of Compliance with PAC's 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	26	05	84
13.	1997-98	66	49	17	74
14.	Special 97	13	10	03	77
15.	Special 98	03	0	03	0
16.	1998-99	69	60	09	87
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.	2007-08	25	02	23	08
24.	2008-09	65	29	36	45
25.	2010-11	47	20	27	43
Total		967	561	406	58

The table indicates that compliance of PAC's directives was far from being satisfactory. The compliance of the directives needed to be improved by FBR by taking audit observations seriously.

2.4 Audit Paras

A. Systemic Issues

2.4.1 Loss of Rs. 130.85 million due to non-realization of revenue resulting from misuse of Statutory Regulatory Order (SRO)

According to conditions numbered V, XIV and XV read with serial No.1 of the Table to SRO 492(I)/2009 dated 13.06.2009, materials, excluding fabrics and leather, were exempt from whole of Customs Duty and Sales Tax on temporary importation for subsequent export for manufacturing of:

- (a) leather goods, leather garments and sports goods;
- (b) garments and textile made-ups including foundation garments; and
- (c) furniture, wood-ware and fittings.

MCC Sialkot cleared consignments of manufacturers-cum-exporters of imported materials/input goods including PU leather, EVA foam, thinsulate insulating material etc. by extending inadmissible benefit of SRO 492(I)/2009. The SRO was only issued to extend benefit to the manufacturers-cum-exporters for temporary import of same-state-goods. The irregularity/lapse resulted in misuse of SRO 492(I)/2009 besides revenue earnings of Rs. 130.85 million remained outside the National Exchequer.

The irregularity/lapse was conveyed to the Department in January, 2016. The MCC replied that the exemption to goods under question was granted in line with clarification of FBR. The clarifications quoted by the MCC were examined and it was learnt that the FBR directed the field formations not to extend benefit of the said SRO where consumption of imported goods could not be ascertained at the time of export without physical inspection of the manufacturing process of the relevant industry as input-output ratios determination fell beyond the ambit of the subject SRO. Later on, the FBR withdrew this clarification ab-initio and directed its field formations to extend benefit of the aforesaid SRO (as has been objected by Audit).

The DAC in its meeting held during 25 to 28 January, 2016 decided that the para may be deleted against MCC Sialkot and Audit may take it up as a systemic issue against FBR.

Audit recommends immediate withdrawal of clarifications issued by the Board to safeguard public interest and Government revenue.

[DP Nos. 2743 & 2767-Cus]

2.4.2 Illegal retention of goods declaration processing fee in Collector's account - Rs. 10.13 million

According to Rules 4 to 8 of General Financial Rules (GFR), all moneys recovered as due to the Government were required to be deposited / credited into public account without any delay.

The Collector MCC Sialkot collected Goods Declaration (G.D) processing fee at the rate of Rs. 250/- per case against the G.Ds filed in WeBOC system during 01.01.2013 to 30.09.2015. The money so collected was unlawfully retained by the MCC in Collector's account. The irregularity/lapse resulted in illegal retention of revenue of Rs. 10.13 million.

The irregularity/lapse was conveyed to the Department in January, 2016. The MCC replied that the GD processing fee was recovered in line with the provisions of the Customs Act, 1969.

The issue was discussed in detail in the DAC meeting held during 25 to 28 January, 2016 and the MCC was directed to deposit the collected amount on account of processing fee of WeBOC into Federal Consolidated Fund and intimate to Audit within one month. Further progress was not intimated till finalization of the Report.

Audit recommends immediate implementation of DAC's directive.

[DP No. 2736-Cus]

2.4.3 Payment of Duty Drawback more than the Customs Duty paid at import stage - Rs. 176.54 million

S.R.Os 209(I)/2009 to 212(I)/2009, all dated 05.03.2009 provided the repayment of Customs-duties paid on the importation of raw materials to be used in export of goods at rates specified therein. Further, in the Public Notice No. 01/2014-EXP/HQR issued by the MCC, Exports, Karachi vide C. No. SI/MISC/09/2009-EXP(HQ) dated 01.10.2014 which was endorsed to all Chief Collectors and relevant Associations, it was decided to curb the practice of claiming Duty Drawback on input goods imported under any concessionary SRO.

The MCC Peshawar paid Duty Drawback @ Rs. 8,200/MT on export of vegetable ghee to an exporter who had availed the benefit of Free Trade Agreements with Indonesia and Malaysia and had paid Customs Duty @ Rs. 7,692.5/MT as was levied on imported Refined, Bleached and Deodorized (RBD) Palm Oil/Olien utilized in manufacturing of vegetable ghee. However, sanctioning authorities continued payment of more Duty Drawback in excess of what was due to the exporter. Moreover, the instructions issued in the Public Notice were also not complied with while extending benefit to the exporter. The irregularity/lapse resulted in excess payment of Duty Drawback of Rs. 176.54 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in January, 2016. The MCC intimated that the matter had already been taken up with FBR on 12.05.2015.

The DAC in its meeting held during 25 to 28 January, 2016 directed the MCC to pursue the matter for early clarification from the Board. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of excess paid Duty Drawback from the exporter/s as the case may be.

[DP No. 2854-Cus]

2.4.4 Loss of revenue due to under invoicing and mis-declaration

According to Rules 389 and 391 of the Customs Rules, 2001 all import cargo entered into Customs' area for clearance were required to be accompanied with a copy of packing list, invoice and in case of containerized cargo, a Consignment Note. These documents were to be furnished to Customs by the carrier at the time of pass-in of goods for export. The liability of placing such documents was upon the owner of goods as well as upon the carrier. The owner of goods and the carriers were required to explicitly convey the requirement of placing documents in the manner prescribed as an obligatory condition, to the person who packed or shipped the cargo.

The field formations of FBR did not take cognizance of repeated violations of the above referred provisions of the Law and cleared imported goods by charging minimal penalty of Rs. 5,000 per case where invoices and packing lists were not found placed inside the containers. As the liability of placing such documents was upon the owners of the imported goods as well as on the carrier of the goods, therefore, it appeared as an intentional violation on the part of importers to conceal actual invoice value and physical description of imported goods for getting illegal financial benefits.

The irregularity/lapse was conveyed to the Department in January, 2016. The MCCs replied that penalty was charged in all the cases where invoices and packing lists were not found in the containers. Audit was of the view that repeated violations by the same importers were treated leniently to extend undue benefit to them.

In its meeting held during 25 to 28 January, 2016 the DAC directed the MCCs to take up the matter with the Board, in the forthcoming Budget 2016-17, for upward revision of penalty including confiscation of goods in case of repeated violations. Further progress was not intimated till finalization of the Report.

Audit recommends outright confiscation of goods so imported in the event the same importer violated the law repeatedly.

[DP Nos. 2615, 3011, 3018, 3123, 3139 & 3373-Cus]

2.4.5 Loss of revenue due to misuse of Duty and Tax Remission for Exports (DTRE)

FBR vide SRO 886(I)/2012 dated 18.07.2012 determined the jurisdiction, powers and limitations of newly established Collectorates of Adjudication and also those of the already existing set up for the purpose of effective adjudication of cases.

The Collectors of Customs, Sialkot and Multan failed to take notice of the incidences of mis-use of Duty and Tax Remission for Exports (DTRE) where the DTRE users either failed to utilize input goods during the stipulated time or had managed and tried to export the output goods which were different from approved output goods. The Regulatory Collectors, instead of referring the cases to the concerned Collectorates of Adjudication, adjudicated the cases themselves, whereas, after promulgation of the aforesaid SRO, they were not authorized to do that.

The irregularity/lapse was conveyed to the Department in January, 2016. The MCCs replied that fresh Contravention Reports had been framed and referred to the concerned Collectorate of Adjudication for decision. Audit did not agree with reply of the MCCs as SRO 886(I)/2012 clearly defined the nature of cases which could not be adjudicated by the officers of concerned Collectorates.

The DAC in its meeting held during 25 to 28 January, 2016 directed the MCCs to actively pursue the cases under adjudication. Further progress was not intimated till finalization of the Report.

Audit recommends immediate implementation of DAC's directive.

[DP Nos. 2784 & 3100-Cus]

B. Compliance with Authority Audit

Fraud & Misappropriation

2.4.6 Loss of revenue due to clearance of goods against fake invoices - Rs. 34.91 million

According to Section 32 (1) (a) of the Customs Act, 1969 read with Section 156 (1) (14) *ibid* if any person, in connection with any matter of Customs made or signed or caused to be made or signed, or delivered or caused to be delivered to an officer of Customs any fake declaration, notice, certificate or other document whatsoever, he was to be considered guilty of an offence under the aforesaid Section and such person was to be liable to pay a penalty not exceeding twenty five thousand rupees or three times the value of the goods in respect of which such offence was committed, whichever being greater.

MCC Lahore (Preventive) cleared four consignments of imported goods without examining the original Airway Bills (AWBs). On verification, it transpired that the value of goods and weights booked by the shipping lines was higher than the assessed value by the Customs authorities which is tabulated below;

(Rs. in million)

S. No.	GD No./date	Import value			Percent
		AWBs	Assessed	Concealed	
1	38889/10.04.15	6.52	1.77	4.75	73
2	46652/21.05.15	4.74	2.78	1.96	41
3	47352/25.05.15	0.28	0.02	0.26	93
4	51330/13.06.15	1.55	0.06	1.50	96

The irregularity/lapse resulted in loss of Rs. 34.91 million comprising of Rs. 9.50 million on account of evasion of Duty and Taxes and Rs. 25.41 million on account of non-imposition of penalty for violation of Section 32 the Customs Act, 1969.

The irregularity/lapse was conveyed to the Department in January, 2016. The MCC replied that the imported goods were cleared against invoice value

declared by the importers. Audit was of the view that the irregularity/lapse occurred due to weak internal controls.

The DAC in its meeting held during 25 to 28 January, 2016 directed the MCC to frame Contravention Reports in all cases and refer the same to adjudication for decision. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery, holding of inquiry in all such cases, besides fixing of responsibility.

[DP No. 3218-Cus]

2.4.7 Loss of Rs. 6.94 million due to illegal transfer of license of export oriented unit to a person not registered as manufacturer

According to Rule 2 (1) (d) and 2 (1) (i) of the Export Oriented Units and Small and Medium Enterprises Rules, 2008 issued vide SRO 327(I)/2008 dated 29.03.2008, "Export Oriented Unit" included a small and medium enterprise and meant a manufacturer having in-house manufacturing facility located in the tariff area of Pakistan and licensed as such by the Collector under Rule 3 and "manufacturer" meant any person engaged in the process of manufacture and duly authorized to do so under the aforesaid Rules.

The Collector, MCC Multan granted a license of Export Oriented Unit to M/s Dastgir Enterprises which was not registered as manufacturer with the Department of Inland Revenue. The licensee was found using two Sales Tax Registrations (STRs) in import documents i.e. 0400-2562074-19 and 0407-6200012-91 during the Financial Year 2014-15. The first STR was blacklisted since 2002 as per record of Regional Tax Office (RTO) Multan and the second was issued to a person registered as importer and exporter and not as a manufacturer. The Duty-free import of input goods by the licensee was against the Law and resulted in non-realization of Duty and Taxes of Rs. 6.94 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in January, 2016. The MCC replied that no irregularity had occurred as the original owner of the export oriented unit shifted his business activity to his son who got himself

registered with a new Sales Tax registration. Audit was of the view that the transfer of ownership of license of EOU was not a matter of legacy and that exemption of Duty and Taxes granted was illegal.

The DAC in its meeting held during 25 to 28 January, 2016 directed the Department to revisit the case and submit comprehensive reply. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery, holding of inquiry in the case, besides fixing of responsibility.

[DP No. 3096-Cus]

2.4.8 Non-reporting of losses to Audit - Rs. 20,776.97 million

According to Para 20 of GFR, Vol-I, any loss of public money, Departmental revenue, stores or Government property etc. caused by defalcation or misappropriation was to be intimated to Audit immediately even if such loss had been made good by the party responsible for it. Further, according to Para 104 (4) and (5) of CGO 12/2012 dated 15.06.2012, every Collector was required to ensure personally that all cases of Tax fraud, defalcation and of Tax evasions of substantial amounts were to be reported, without delay to Audit and that any lapse in this regard was to be viewed seriously.

Two field offices of FBR ignored the above provisions of the law and the instructions issued by FBR and did not report cases of frauds committed by various importers/exporters under their jurisdiction to Audit. The impact of Duty, Taxes and Fine/Penalties involved in these cases came to Rs. 20,776.97 million.

The irregularity/lapse was conveyed to the Department in January, 2016. The MCCs intimated that cases of Rs. 354.46 million were under scrutiny and cases of Rs. 20,410.67 million were sub judice in courts while no reply was furnished for cases involving Rs. 11.84 million. Audit held that the aforesaid were cases of systemic fraud committed with connivance of the Customs authorities hence needed to be dealt with seriously. The same matter had also been brought to the notice of the Department in last year's Audit Report but requisite action had not been taken despite lapse of considerable time.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to inquire into the matter seriously and communicate the outcomes of the inquiry to Audit. Further progress was not intimated to Audit till finalization of the Report.

Audit recommends early recovery, holding of inquiry to ascertain actual quantum of revenue loss due to frauds, besides fixing of responsibility.

[Annexure-3]

Non-Production of Record

2.4.9 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 was required to 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 was to be subjected to disciplinary action under relevant Efficiency and Discipline Rules.

Ten field offices of FBR did not produce auditable record related to receipts and expenditure and also denied access to the WeBOC system despite repeated requests by Audit. Resultantly, Audit could not verify the accuracy of revenue collection or amount of expenditure incurred. The statutory obligation was violated to hinder the auditorial function. Audit apprehended that the record had not been produced intentionally in order to conceal irregularities and violations of the law committed by the aforesaid.

The irregularity/lapse was conveyed to the Department during October, 2015 to January, 2016. The Department replied that the record was now available for inspection by Audit.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 took serious notice of the issue and directed the Department to produce the requisite record immediately. Further progress was not intimated till finalization of the Report.

Audit recommends that access to the WeBOC system be immediately provided and all auditable record be produced to Audit, besides fixing of responsibility.

[Annexure-4]

Irregularity & Non-Compliance

2.4.10 Loss of Rs. 6,407.48 million resulting from grant of inadmissible exemptions and concessions

Concessions of Duty, exemptions and zero rating of Taxes, notified under SROs issued in terms of Sections 19, 20 and 21 of the Customs Act, 1969 and Rules made there-under were to be admissible subject to fulfilment of conditions specified therein.

In 5,874 cases, thirteen field offices of FBR extended the benefit of exemptions and concessions in Duties and Taxes under various SROs without fulfilment of requisite conditions. For instance, benefit of zero rating/reduced rates of Sales Tax was extended to (i) the importers which were not covered under five major export sectors; (ii) importers not existing on Active Taxpayers List and goods imported in finished form under SRO 1125(I)/2011; (iii) inadmissible benefit under Free Trade Agreement with China to goods of origins other than China; (iv) goods excluded from the ambit of SRO 492(I)/2009; and (v) non-monitoring of imports by Exploration & Production (E&P) Companies. The aforesaid irregularity/lapse resulted in non-realization of revenue of Rs. 6,407.48 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during October, 2015 to January, 2016. The Department intimated that (i) cases of Rs. 3.38 million had been recovered; (ii) cases of Rs. 13.63 million were written off/not due; (iii) recovery of Rs. 1,189.23 million were under process; (iv) cases of Rs. 9.06 million were contested; (v) cases of Rs. 1.94 million were sub judice; (vi) cases of Rs. 2,409.45 million were under scrutiny. However, no reply was furnished for cases involving Rs. 2,780.79 million. Audit was of the view that acts of grant of inadmissible exemptions/concessions were sheer negligence and constituted undue benefit to the importers.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite recovery, pursue the Court cases for early decision and furnish comprehensive reply for cases being contested/under examination and not responded to. Further progress was not intimated till finalization of the Report.

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

[Annexure-5]

2.4.11 Loss of Rs. 5,857.47 million due to non-receipt of acknowledgements of transhipped goods from up-country Customs' stations

According to Rules 328, 336 and 339 of the Customs Rules, 2001 transhipment of imported goods was to be made through registered bonded carrier who was required to deposit a security of five million rupees in the shape of Bank Guarantee or Defence Saving Certificates to safeguard revenue involved in the goods to be transhipped. All goods for which transhipment permits had been issued were required to be delivered to Customs port or station of destination within seven days of the date of issue of transhipment permits or within the extended period in case allowed by the competent authority. No further transhipment permit was to be allowed to a carrier till a certificate from Customs ports or stations of destination was obtained for receipt of earlier consignments transhipped twenty days ago.

Three field formations of FBR did not take cognizance of 1,163 consignments of imported goods involving Duty and Taxes of Rs. 5,857.47 million which had been cleared without payment of Duty and Taxes involving transportation to up-country Customs stations in Pakistan. The acknowledgment receipts from the concerned destinations were not received till close of audit in November, 2015. The irregularity/lapse resulted in non-realization of revenue of Rs. 5,857.47 million.

The irregularity/lapse was conveyed to the Department in November, 2015. The Department replied that cases of Rs. 5,466.67 million were under scrutiny, recovery in cases of Rs. 183.16 million was not due while no reply was furnished in cases of Rs. 207.64 million. Audit was of the view that the irregularity/lapse occurred due to weak monitoring of transhipped goods.

The DAC in its meeting held during 19 to 22 January, 2016 directed the Department to submit comprehensive reply after scrutinizing the cases to Audit. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue, besides fixing of responsibility.

[Annexure-6]

2.4.12 Non/short-realization of Withholding Tax - Rs. 2,508.24 million

Section 148 of the Income Tax Ordinance, 2001 provided the rates for collection of Withholding Tax at import stage. Further, Section 154 (3C) of the Income Tax Ordinance, 2001 read with Section 164 ibid provided that the Collector of Customs, at the time of clearing of goods to be exported, was required to collect Withholding Tax from the gross value of the goods at the rate of one percent of the value of the exported goods.

In 5,761 cases, eight field offices of the FBR either did not collect Withholding Tax on imported goods or collected it at rates lower than provided in the aforesaid Law. The irregularity/lapse resulted in non/short-realization of revenue of Rs. 2,508.24 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that (i) recovery of Rs. 0.22 million had been made; (ii) cases of Rs. 21.88 million were under recovery; (iii) cases of Rs. 225.65 million were contested; (iv) cases of Rs. 1,687.15 million were under scrutiny; (v) cases of Rs. 563.05 million were sub judice; and (vi) recovery in cases of Rs. 0.79 million was not due hence vacated. However, no reply was furnished in cases involving Rs. 9.50 million. Audit was of the view that the irregularity/lapse occurred due to weak internal controls.

The DAC in its meeting held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite recovery, seek clarification from the FBR (where necessary), actively pursue the court cases and submit reply for cases contested/under scrutiny/not responded to. Further progress was not intimated till finalization of the Report.

Audit recommends expeditious recovery of revenue, besides fixing of responsibility.

[Annexure-7]

2.4.13 Loss of Rs. 2,351.76 million due to grant of inadmissible exemption of Duty and Taxes in excess of face value of the license

The license issued to a Export Oriented Unit and a Manufacturing Bond under Rules 3 and 343 of the Export Oriented Units and Small and Medium Enterprises Rules, 2008 and Chapter-XV of the SRO 450(I)/2001 respectively specified the limit of Duty and Taxes involved in the stock which could be held at any time by the licensee.

MCCs Sialkot, Appraisement Lahore and Exports PMBQ, Karachi did not take appropriate action against the licensees of Manufacturing Bonds and an EOU who had maintained Duty and Tax free stock of input goods in excess of permitted in licenses. The irregularity/lapse resulted in inadmissible exemption of Duty and Taxes of Rs. 2,351.76 million and corresponding loss to public exchequer.

The irregularity/lapse was conveyed to the Department during September, 2015 to January, 2016. The Department contested the cases of Rs. 1,715.45 million and intimated that cases of Rs. 636.31 million were under scrutiny.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to submit comprehensive reply in each case after analysing the import/export data of the licensees concerned. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue, besides fixing of responsibility.

[DP Nos. 2754, 3044-Cus & 127-CD/K]

2.4.14 Loss of Rs. 1,791.27 million due to excess payment of Duty Drawback

According to SROs 209(I)/2009 to 212(I)/2009 all dated 05.03.2009, Duty Drawback was to be paid on Duty paid raw materials used in manufacturing of exported goods at rates specified therein. Further, input goods were allowed to be imported free of Duty to licensees of Manufacturing Bonds, DTRE's users and Export Oriented Units under Customs Rules, 2001 and SRO 327(I)/2008 respectively. Furthermore, in a Public Notice No. 01/2014-

EXP/HQR issued by the MCC (Exports) Karachi vide C. No. SI/MISC/09/2009-EXP(HQ) dated 01.10.2014, it was decided to curb the practice of claiming Duty Drawback on input goods imported under any concessionary SRO. The exporters, at the time of claiming Duty Drawback, were required to submit an undertaking stating therein that they had not claimed any benefit under any concessionary SRO on imported goods used in the goods exported by them for which they were claiming Duty Drawback.

In 1,310 cases, five MCCs paid Duty Drawback on the goods manufactured and exported by licensees of Manufacturing Bond, Export Oriented Units and DTRE's users, in respect of which no Duty and Taxes were involved at import stage. Duty Drawback was also paid either at higher rates than admissible or on the goods not covered in SROs referred to above. Further, the instructions contained in the Public Notice 01/2014 were ignored to give benefit to the exporters. The irregularity/lapse resulted in excess payment of Duty Drawback of Rs. 1,791.27 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that (i) recovery of Rs. 0.39 million had been made; (ii) cases of Rs. 0.17 million were under recovery; (iii) cases of Rs. 7.95 million were contested; (iv) cases of Rs. 1,782.68 million were under scrutiny; and (v) recovery in cases of Rs. 0.08 million was not due hence vacated. Audit was of the view that the irregularity/lapse took place due to lack of supervisory review.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite recovery, refer the issue of payment of Duty Drawback on non-surgical scissors to the Public Accounts Committee as FBR was reluctant in referring the matter to Law Division for clarification, actively pursue the cases with Inland Revenue Service (where necessary) and submit comprehensive reply in cases being contested/under scrutiny. Further progress was not intimated till finalization of the Report.

Audit recommends recovery of overpaid amount of Duty Drawback, besides fixing of responsibility.

[Annexure-8]

2.4.15 Loss of Rs. 1,691.58 million due to unlawful use of premises of export oriented unit for other taxable activities not covered under license

According to Rule 8 (2) of the Export Oriented Units and Small and Medium Enterprises Rules, 2008 the premises of the export oriented unit was to be used only and exclusively for the export oriented unit (and no other activities were to be allowed in the premises). Further, as per Rule 10 of the Rules *ibid*, all imports and local procurements were also to be made by the licensee free of Duty and Taxes leviable on the goods procured by him.

MCC Exports, PMBQ, Karachi did not take action against a licensee who had used the premises of EOU and Duty and Taxes free imported plant and machinery for other taxable activities not covered under the license. This irregularity rendered the exemption of Duty and taxes of Rs. 1,691.58 million as unlawful and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in September, 2015. The MCC replied that a contravention case had been made against the unit.

The DAC in its meeting held during 19 to 22 January, 2016 directed the Department to pursue the adjudication process. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue, besides fixing of responsibility.

[DP No.137-CD/K]

2.4.16 Loss of Rs. 1,137.85 million due to application of incorrect rates of Duty and Taxes

Goods imported into Pakistan were liable to Customs Duty under Section 18 of the Customs Act, 1969 and were required to be classified according to Pakistan Customs Tariff for the purpose of levy of Customs Duty and allied Taxes.

In 3,276 cases, fourteen field offices of FBR cleared imported goods by charging lesser rates of Duty and Taxes than were actually leviable. The

irregularity/lapse resulted in short-realization of revenue of Rs. 1,137.85 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that (i) recovery of Rs. 0.28 million had been made; (ii) cases of Rs. 53.01 million were under recovery; (iii) cases of Rs. 16.97 million were contested; (iv) cases of Rs. 41.99 million were under scrutiny; (v) cases of Rs. 888.09 million were sub judice in the Courts, (vi) cases of Rs. 19.16 million were not due/vacated while no reply was furnished in cases of Rs. 118.35 million. Audit was of the view that the irregularity/lapse occurred due to lack of supervisory review.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite recovery, vigorously pursue the Court cases and submit reply for cases being contested/not responded to. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of the revenue, besides fixing of responsibility for application of lesser rates.

[Annexure-9]

2.4.17 Loss of Rs. 890.03 million due to non-removal of over-stayed goods from the bonded warehouses

According to Section 98 of the Customs Act, 1969 non-perishable imported goods could be remained in warehouse for a period of six months. The stated period could have been extended by the competent authority for further three months. Further, according to Section 83 (2) of the Customs Act, 1969 where the importer failed to pay Import Duty and other charges within ten days from the date of assessment, a surcharge at the rate of KIBOR plus three per cent on Import Duty and other charges was to be paid by the importer and where the goods were not removed within stipulated time from the bond under Section 98 of the Act, the importer was required to pay surcharge at the rate of one per cent per month on Duty and Taxes involved therein.

In 404 cases, eight MCCs did not initiate action for recovery of Duty and Taxes along with late payment surcharge where the warehoused goods were not

removed by the bonders within the stipulated period or where Duty and Taxes were not paid within ten days from the date of assessment. The irregularity/lapse resulted in non-realization of revenue of Rs. 890.03 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that (i) recovery of Rs. 137.33 million had been made; (ii) cases of Rs. 495.66 million were under recovery; (iii) cases of Rs. 239.80 million were sub judice; and (iv) recovery in cases of Rs. 17.24 million was not due hence vacated. Audit was of the view that delay in clearance of bonded goods occurred due to weak monitoring by the Department.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite recovery of the balance amount and pursue the Court cases vigorously. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of Duty and Taxes, besides fixing of responsibility.

[Annexure-10]

2.4.18 Loss of Rs. 539.95 million due to misclassification of imported goods

According to Section 18 of the Customs Act, 1969 imported goods were to be classified under First Schedule to the Customs Act, 1969.

In 1,686 cases, nine MCCs cleared imported goods like baby walkers, baby scooties, electric meters, hair creams, auto parts of motorcycle, glass balls, water pumps, lead acid batteries and self-adhesive tape by classifying them under incorrect PCT headings with lower rates of Customs Duty instead of correct PCT headings with higher rates. The irregularity/lapse resulted in short-realization of revenue of Rs. 539.95 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that (i) recovery of Rs. 1.42 million had been made; (ii) cases of Rs. 123.83 million were under recovery (iii) cases of Rs. 89.08 million were contested; (iv) cases of Rs. 266.03 million were under scrutiny; (v) cases of Rs. 1.63 million were sub judice; and (vi) recovery in

cases of Rs. 51.86 million was not due hence vacated. However, no reply was furnished in cases of Rs. 6.10 million. Audit held that General Rules for Interpretation and Classification of Goods were self-explanatory and very clear and that the irregularity/lapse occurred due to lack of supervisory review.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite recovery, actively pursue the cases in Courts and furnish reply for cases being contested/not responded to. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue, besides fixing of responsibility.

[Annexure-11]

2.4.19 Loss of Rs. 306.58 million due to non-consumption of imported input goods

According to Rule 12 of the Export Oriented Units and Small and Medium Enterprises Rules, 2008 the input goods were to be utilized within two years from the date of import. Further, as per Rule 307-A of the Customs Rules, 2001 if any licensee failed to give proper account of the 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 was required to pay on demand an amount equal to the Customs Duty, Central Excise Duty, Sales Tax and Income Tax leviable on goods imported by him as if they were imported and used for home consumption and was also liable to penalties imposed for such violation under the law.

In 228 cases, ten MCCs did not initiate action against licensees who imported Duty-free input goods for manufacture and export of finished goods but failed to consume and export finished goods within the stipulated period. The irregularity/lapse resulted in non-realization of revenue of Rs. 306.58 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in January, 2016. The Department intimated that (i) recovery of Rs. 0.66 million had been made; (ii) cases of Rs. 102.67 million were under recovery; (iii) cases of Rs. 30.82 million were contested; (iv) cases of Rs. 149.51 million were under scrutiny; (v)

recovery in cases of Rs. 0.74 million was not due hence vacated and (vi) no reply was furnished in cases of Rs. 22.18 million. Audit was of the view that such irregularities took place due to lack of supervisory review.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite recovery and submit a comprehensive reply in cases being contested/under scrutiny/not responded to. Further progress was not intimated till finalization of the Report.

Audit recommends early implementation of DAC's directives, besides fixing of responsibility for non-realization of revenue.

[Annexure-12]

2.4.20 Loss of Rs. 8,233.53 million due to non-recovery of adjudged revenue

Section 202 of the Customs Act, 1969 read with the Chapter XI-Recovery of Arrears of the Customs Rules, 2001 provided the procedure for recovery of Government dues like deduction or requiring any other officer of Customs, Federal Excise and Sales Tax to deduct such amount from any money owing to such person, attachment and sale of any movable or immovable property of the defaulter or the guarantor, person, company, bank or financial institution of the defaulter and arrest and detention of the defaulter.

In 1,088 cases, thirteen field offices of FBR did not take prompt action for recovery of adjudged revenue despite lapse of considerable time. The irregularity/lapse resulted in non-recovery of revenue of Rs. 8,233.53 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that (i) recovery of Rs. 7.76 million had been affected; (ii) cases for Rs. 4,447.89 million were under recovery process; (iii) cases of Rs. 2,176.20 million were sub judice; (iv) cases of Rs. 0.94 million were contested; (v) cases of Rs. 692.10 million were under examination; (vi) recovery in cases of Rs. 20.82 million was not due; and (vii) no reply was furnished for cases of Rs. 887.82 million. Audit was of the view that the systemic feature of the problem seemed to be due to the absence of meaningful supervisory control.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite recovery, pursue cases in the Courts and furnish reply in cases being contested/not responded to/under examination. Further progress was not intimated till finalization of the Report.

Audit recommends prompt realization of revenue besides, fixing of responsibility.

[Annexure-13]

2.4.21 Loss of Rs. 4,228.06 million due to non-finalization of cases under adjudication

According to Section 179 (3) of the Customs Act, 1969 seizure and contravention case was to be decided within 120 days of the issuance of show cause notice or within such period as extended by the Collector, for which reasons were to be recorded in writing, but such period was in no case to be extended beyond sixty days.

In 186 cases, seven field offices of FBR did not finalize the adjudication proceedings within stipulated or extended period as provided in the aforesaid Law. The irregularity/lapse resulted in blockage of revenue of Rs. 4,228.06 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that (i) recovery had been affected in cases of Rs. 3.55 million; (ii) cases of Rs. 241.16 million had been adjudged for recovery; (iii) cases of Rs. 678.07 million were under scrutiny; (iv) cases of Rs. 3,264.94 million were still under adjudication; (v) cases of Rs. 3.02 million were sub judice in Courts; and (vi) recovery in cases of Rs. 9.84 million was not due hence vacated. However, no reply was furnished for cases of Rs. 27.48 million. Audit was of the view that this occurred due to lack of interest in official duty.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite recovery, finalize adjudication proceedings, pursue the cases in courts and submit a comprehensive reply for cases

contested/under scrutiny/not responded to. Further progress was not intimated till finalization of the Report.

Audit recommends that all cases be adjudicated without further delay and an adequate and effective monitoring mechanism should be put in place to watch the performance of adjudicating officers to safeguard revenue.

[Annexure-14]

2.4.22 Loss of Rs. 4,187.06 million due to non-encashment of financial instruments

According to Section 81 of the Customs Act, 1969 the imported goods were to be assessed provisionally. Further, imported goods were to be cleared without payment of Duty and taxes on submission of bank guarantees or post-dated cheques under various provisions of the Act and concessionary SROs. On non-fulfilment of prescribed conditions, these instruments were required to be encashed to recover Government dues.

In 1,404 cases, eleven field offices of the FBR did not encash financial instruments where the importers/exporters failed in fulfilling the requisite conditions. In certain cases, the maturity period of financial instruments had also expired. The irregularity/lapse resulted in blockage of revenue of Rs. 4,187.06 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that (i) recovery of Rs. 9.16 million had been affected; (ii) cases of Rs. 2,260.25 million were under recovery; (iii) cases of Rs. 202.89 million were written off/regularized; (iv) cases of Rs. 168.83 million were sub judice; (v) cases of Rs. 19.68 million were under adjudication; and (vi) cases of Rs. 1,507.56 million were under examination/scrutiny. However, no reply was furnished for cases of Rs. 18.68 million. Audit was of the view that this happened due to weak internal controls.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite recovery process, pursue the sub judice cases, finalized the adjudication proceeding and submit comprehensive reply in

cases under examination/not responded to. Further progress was not intimated till finalization of the Report.

Audit recommends initiation of requisite legal action under the Law, besides fixing of responsibility for non-encashment of financial instruments.

[Annexure-15]

2.4.23 Loss of Rs. 2,115.87 million due to non-disposal of confiscated goods

According to Section 182 of the Customs Act, 1969 read with Sections 82, 89, 169 and 201 of the Act, CGO 12 dated 15.06.2002 and Rule 58 (1) of the Customs Rules, 2001 confiscated goods were required to be disposed-off after observing codal formalities within the shortest possible time.

In 1,096 cases, nineteen field offices of FBR did not dispose-off confiscated goods including perishable goods with reasonable expedition. Due to the very nature of perishable items and atmospheric conditions in which these goods were kept in the warehouses, the chances of deterioration in the value, quality and in its fitness for human consumption were very high. Further, in five cases, the MCC Karachi (Preventive) did not deposit the confiscated gold/jewellery and foreign currency as the case may be in SBP/NBP. The irregularity/lapse resulted in blockage of revenue of Rs. 2,115.87 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that (i) recovery had been affected in cases of Rs. 85.03 million; (ii) cases of Rs. 1,220.30 million were under recovery; (iii) cases of Rs. 1.92 million were contested; (iv) cases of Rs. 65.97 million were under scrutiny; (v) cases of Rs. 83.10 million were under adjudication; (vi) cases of Rs. 163.96 million were sub judice; and (vii) recovery in cases of Rs. 263.16 million was not due hence vacated. However, no reply was furnished for cases of Rs. 232.53 million. Audit was of the view that this happened due to lack of monitoring by senior management.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite the recovery process, finalize adjudication process, actively pursue the cases in the Courts and furnish reply for cases being

contested/not responded to/under scrutiny to Audit. Further progress was not intimated till finalization of the Report.

Audit recommends that all the confiscated goods should be disposed of promptly, besides fixing of responsibility for delay in disposal of goods.

[Annexure-16]

2.4.24 Likely loss of Rs. 1,351.99 million due to blockage of revenue in court cases

According to Article 199 (4A) of the Constitution of the Islamic Republic of Pakistan, 1973 an interim order made by a High Court against assessment or collection of public revenues would cease to have effect on the expiration of a period of six months following the day on which it was made.

In 36 cases, two field offices of the FBR did not initiate action for recovery of revenue against the importers/exporters which had been granted stay orders by the Courts and the same had expired after lapse of six months in terms of Article 199(4A). The irregularity/lapse resulted in blockage of revenue of Rs. 1,351.99 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in January, 2016. The Department intimated that the cases were still pending in the various Courts.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to actively pursue all the sub judice cases for early decision. Further progress was not intimated till finalization of the Report.

Audit recommends implementation of DAC's directives.

[DP Nos. 2890, 3055-Cus & 369-CD/K]

2.4.25 Loss of Rs. 1,208.15 million due to non-finalization of provisional assessments

According to Section 81 of the Customs Act, 1969 where the assessment of goods and the liability of payment of Customs Duty and Taxes was determined provisionally and additional amount was secured through bank

guarantee or post-dated cheques along with an indemnity bond, the correct amount of Duty and Taxes and other charges were to be determined within six months which may be extended for a period not more than ninety days.

In 423 cases, six MCCs did not finalize the provisional assessments within the stipulated period of six months or extended period, as the case may be. Further, no recovery action had been initiated to enforce the financial instruments where the assessments had been finalized to recover the revenue. The irregularity/lapse resulted in non-realization of revenue of Rs. 1,208.15 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that (i) recovery of Rs. 130.69 million was under process; (ii) cases of Rs. 23.75 million were contested; (iii) cases of Rs. 790.63 million were under scrutiny; (iv) cases of Rs. 16.10 million were under adjudication; (v) cases of Rs. 171.49 million were sub judice; and (vi) recovery in cases of Rs. 70.82 million was not due hence vacated. However, no reply was furnished in cases of Rs. 4.67 million. Audit was of the view that this took place due to lack of supervisory review.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite recovery process, actively pursue the cases in courts/under adjudication and submit comprehensive reply for cases not responded to/under scrutiny. Further progress was not intimated till finalization of the Report.

Audit recommends immediate recovery in all provisionally assessed cases, besides fixing of responsibility for inordinate delay.

[Annexure-17]

2.4.26 Loss of Rs. 361.61 million due to non-disposal of replaced spare parts

According to Rule 10 (e) of the Export Oriented Units and Small and Medium Enterprises Rules, 2008 the unit was allowed to avail exemption from Customs Duty, Sales Tax and Federal Excise Duty on import of plant, machinery, equipment and apparatus including capital goods to be used solely within the limit of an Export Oriented Unit, provided that plant, machinery,

equipment and apparatus including capital goods imported for an Export Oriented Unit were retained for a period of ten years from the date of importation. Further, on disposal before the expiration of ten years, the plant, machinery, equipment and apparatus were subject to levy of Duty and Taxes at the prescribed rates.

MCC Exports (PMBQ) Karachi did not take into consideration the Duty and Taxes free import of huge quantities of spare parts valuing Rs. 1,091.64 million by an Export Oriented Unit. The licensee did not dispose-off replaced spare parts despite lapse of a period exceeding ten years to avoid payment of Duty and Taxes. The irregularity/lapse resulted in loss of revenue of Rs. 361.61 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in September, 2015. The MCC replied that the matter was under scrutiny.

The DAC in its meeting held during 19 to 22 January, 2016 directed the Department to submit comprehensive reply to Audit. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue, besides fixing of responsibility.

[DP No.136-CD/K]

2.4.27 Loss of Rs. 293.58 million due to non-disposal of unclaimed Import General Manifests

According to Section 82 of the Customs Act, 1969 if any goods were not entered and cleared for home consumption or warehoused or transhipped within twenty days of the date of unloading thereof at a Customs station or within such extended period as the appropriate officer might allow, such goods might, after due notice given to the owner, be sold under the orders of the appropriate authority.

In 3,486 cases, four MCCs did not initiate legal action for disposal of imported goods where the importers failed in clearance of Import General Manifests (IGMs) within the stipulated period of twenty days. These Import General Manifests were lying un-claimed despite lapse of considerable time. The

irregularity/lapse resulted in loss of revenue of Rs. 293.58 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that all the cases were under recovery. Audit was of the view that this happened due to weak internal controls.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite disposal of un-claimed goods. Further progress was not intimated till finalization of the Report.

Audit recommends early disposal of un-claimed goods for realization of revenue.

[Annexure-18]

2.4.28 Loss of Rs. 198.45 million due to excess than permitted procurement of input goods

According to the second proviso to the Rule 299 (4) of the Customs Rules, 2001 when a DTRE approval was granted provisionally, the quantity approved by the Regulatory Collector was not be exceeded twenty-five per cent of the quantity applied for by the exporter or twenty-five percent of the capacity of the producing or manufacturing unit, whichever was less.

MCC Hyderabad allowed a DTRE user to procure input goods of 50,000 MT against approved quantity of 200,000 MT vide approval No. KCUS/328 /01102013. However, the DTRE user procured a quantity of 181,250 MT against provisionally allowed quantity of 50,000 MT. Resultantly, a quantity of inputs goods of 131,250 MT was procured more than approved quantity. The irregularity/lapse resulted in non-realization of revenue of Rs 198.45 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in August, 2015. The MCC replied that the DTRE approval was final and not provisional and corrigendum to that effect would be submitted to Audit shortly.

The DAC in its meeting held during 19 to 22 January, 2016 directed the Department to complete the action immediately and get it verified from Audit. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue.

[DP No.162-CD/K]

2.4.29 Loss of Rs. 183.05 million due to under-valuation of imported goods

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

In 1,483 cases, eleven field offices of FBR did not assess the imported goods like motor cycle parts, cosmetics, tissue papers, alternators, LED lights, BOPP film etc. according to provisions of Section 25 of the Customs Act, 1969 or assessed them at values lower than the values fixed by the Directorate General of Valuation, Karachi. The irregularity/lapse resulted in short-realization of revenue of Rs. 183.05 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that (i) recovery of Rs. 0.76 million had been made; (ii) cases of Rs. 46.69 million were under recovery; (iii) cases of Rs. 47.47 million were contested; (iv) cases of Rs. 75.17 million were under scrutiny; (v) cases of Rs. 2.04 million were sub judice; and (vi) recovery in cases of Rs. 2.04 million was not due hence vacated. However, no reply was furnished in cases of Rs. 8.88 million. Audit was of the view that this occurred due to weak internal controls.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite recovery, pursue the sub judice cases, take up the matter with DG Valuation (where necessary) and furnish comprehensive reply in cases being contested/not responded to. Further progress was not intimated till finalization of the Report.

Audit recommends recovery of revenue loss due to under-valuation of goods, besides fixing of responsibility.

[Annexure-19]

2.4.30 Loss of Rs. 126.31 million due to non-imposition of Fine and Penalty

SRO 499(I)/2009 dated 13.06.2009 and Section 156 of the Customs Act, 1969 provided the rates of redemption fine and penalty respectively for offences mentioned therein.

In 870 cases, six field offices of FBR either did not impose the penalty or failed in recovery of Fine and Penalty where the importers/exporters committed offences such as mis-declaration of weight, quantity, value, description and origins of imported goods. The irregularity/lapse resulted in non-realization of Fine and Penalty of Rs. 126.31 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that (i) recovery of Rs. 0.82 million was under process; (ii) cases of Rs. 0.10 million were contested; (iii) cases of Rs. 109.47 million were under scrutiny; and (iv) cases of Rs. 14.72 million were sub judice. However, no reply was furnished in cases involving Rs. 1.20 million. Audit was of the view that this happened due to lack of supervisory reviews by the senior management.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite recovery proceedings, pursue the sub judice cases vigorously and furnish reply for cases being contested/under scrutiny. Further progress was not intimated till finalization of the Report.

Audit recommends recovery of fine and penalty, besides fixing of responsibility for providing unlawful financial benefits to the importers and exporters.

[Annexure-20]

2.4.31 Loss of Rs. 71.37 million due to irregular remission of Duty and Taxes

According to Rule 297 (1) (b) of the Customs Rules, 2001 the DTRE facility was to be available to the persons who made value-addition in the manufacture and export of goods in accordance with the prevalent value-addition of the relevant industry but not less than 15%.

MCC Exports, PMBQ, Karachi did not initiate legal action against a DTRE user who failed in bringing about the requisite value addition. The user imported inputs goods valuing Rs. 281.89 million and exported finished goods of Rs. 316.17 million, meaning thereby, value-addition made by DTRE user came to 12.15%. The irregularity/lapse resulted in irregular remission of Duty and Taxes of Rs. 71.37 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during September, 2015. The MCC replied that value addition was not mandatory. Audit was of the view that the Rules specifically provided the limit of minimum value addition.

The DAC in its meeting held during 19 to 22 January, 2016 directed the Department to get the stated position verified from Audit. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue.

[DP No.141-CD/K]

2.4.32 Loss of Rs. 67.00 million due to change in consumption ratios

According to Rule 299 of the Customs Rules, 2001 the Regulatory Collector was empowered to refer within seven days of receipt of an application under this Sub-Chapter-7, such application to Input Output Coefficient Organization (IOCO) for determination of input-output ratios and wastages. Further, as per Rule 351 (1), the licensee was required to apply to the Collector, within fifteen days of issuance of manufacturing bond license, or sixty days before the first export of finished goods, for issuance of an Analysis Certificate as set out in Appendix-III showing the input and output ratio of input goods vis-a-vis finished goods along with wastages.

In 54 cases, five MCCs did not take appropriate action against DTRE users and licensees of Manufacturing Bonds who had issued input goods and utilized them at ratios either below or above the ratios approved by the Regulatory Collectors. They had altered the sizes and designs of the approved output goods at their own without prior approval of the competent authority. The input goods so utilized in manufacturing of unapproved output goods were not covered under the respective manufacturing schemes. Further, in certain cases, the input goods were cleared by extending the benefit of SRO 450(I)/2001 which

were not provided in the license. The irregularity/lapse resulted in non-realization of Duty and Taxes of Rs. 67.00 million and corresponding loss to the Public Exchequer.

The irregularity was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that (i) cases of Rs. 6.00 million were under recovery; (ii) cases of Rs. 2.43 million were contested; (iii) cases of Rs. 32.44 million were under scrutiny; (iv) cases of Rs. 10.49 million were under adjudication; and (v) recovery in cases of Rs. 11.26 million was not due hence vacated. However, no reply was furnished in cases involving Rs. 4.38 million. Audit was of the view that the irregularity/lapse occurred due to weak internal controls.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the MCCs to expedite recovery proceedings, pursue the cases under adjudication and submit comprehensive reply in cases contested /under scrutiny/not responded to. Further progress was not intimated till finalization of the Report.

Audit recommends that an adequate and effective monitoring mechanism to be devised to avoid such irregularities in future, besides fixing of responsibility.

[Annexure-21]

2.4.33 Irrecoverable loss of Rs. 63.84 million due to non-traceability of defaulters

Chapter XI of Customs Rules, 2001 provided detailed procedure for recovery of arrears.

MCC Sialkot did not manage to recover the revenue in 66 cases (73% of total cases) involving recovery of Rs. 63.84 million (7% of total recoverables) in which the defaulters were either not traceable or turned into dead units with the passage of time, indicating thereby that the chances of recovery of revenue from them were bleak. It was also pertinent to mention that these cases were older than a period ranging from one year to 20 years.

The irregularity/lapse was conveyed to the Department in January, 2016. The Department intimated that efforts were underway to locate the defaulters. Audit was of the view that the irregularity/lapse took place due to lack of supervisory review.

The DAC in its meeting held during 25 to 28 January, 2016 directed the MCC to expedite disposal as per Law. Further progress was not intimated till finalization of the Report.

Audit recommends thorough re-examination of all the cases and where the amounts were no more recoverable, write off proceedings may be initiated so that remaining cases may be focused for early recovery of arrears.

[DP No. 2798-Cus]

2.4.34 Non-realization of revenue on returned goods – Rs. 61.10 million

According to Section 22 (b) of the Customs Act, 1969 read with the proviso *ibid*, where such goods were exported in bond, without payment of;

- (i) the Customs-Duty chargeable on the imported materials, if any, used in the manufacture of the goods;
- (ii) the Excise Duty chargeable on the indigenous materials, if any, used in the manufacture of such goods;
- (iii) the Excise Duty, if any, chargeable on such goods;
- (iv) any other Tax chargeable on the material used in the manufacture of such goods; and
- (v) any other Tax chargeable on such goods.

were re-importable on payment of Customs Duty equal to the aggregate amount of all such duties and taxes calculated at the rates prevailing at the time and place of importation of goods.

In three cases, three field offices of FBR cleared the returned goods which were exported either by the DTRE users or licenses of the Manufacturing Bonds without realization of Duty and Taxes. The irregularity/lapse resulted in

loss of revenue of Rs. 61.10 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that cases of Rs. 1.36 million were under scrutiny, cases of Rs. 3.71 million were contested while no reply was furnished in cases of Rs. 56.03 million. Audit was of the view that this happened due to weak internal controls.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to look into the matter seriously and address the issues raised by Audit and submit comprehensive reply for cases being contested/under examination. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of Duty and Taxes, besides fixing of responsibility.

[DP Nos. 2586, 3145 & 3181-Cus, 135-CD/K]

2.4.35 Loss of Rs. 43.49 million due to non-levy of Anti-Dumping Duty

The Anti-Dumping Duty was levied under Anti-Dumping Duties Ordinance, 2015, pursuant to an investigation;

- a) where an investigated product was dumped within the meaning of the Ordinance; and
- b) where an injury was being caused to domestic industry within the meaning of this Ordinance.

Further, the rates of Anti-Dumping Duty were also published in the First Schedule to the Customs Act, 1969 for ease of Customs' appraising staff.

In 62 cases, two MCCs cleared imported goods without realization of Anti-Dumping Duty at specified rates on imported goods namely Polyester Staple Fibre (PCT heading 5503.2010), Polyester Texture Yarn (PCT heading 5402.3300), Polyester Yarn (PCT heading 5402.4700) and Steel Sheets in Coil of Secondary Quality (PCT heading 7210.1210). The irregularity/lapse resulted

in loss of revenue of Rs. 43.49 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that cases of Rs. 23.42 million were under recovery and cases of Rs. 20.07 million were under scrutiny. Audit was of the view that this occurred due to lack of supervisory review.

The DAC in its meeting held during 25 to 28 January, 2016 directed the MCC to expedite recovery and submit comprehensive reply in cases under examination. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue, besides fixing of responsibility.

[DP Nos. 2836, 2837, 3132, 3138 & 3175-Cus]

2.4.36 Loss of Rs. 22.31 million due to non-disposal of wastage and factory rejects

According to Rule 307A (e) of the Customs Rules, 2001 read with SRO 327(I)/2008 dated 29.03.2008, a DTRE user was allowed, with the permission of the Regulatory Collector, to dispose-off through local sale, B-grade products, factory rejects or wastage on payment of leviable Duty and taxes. As per Rule 352 (10) of the Customs Rules, 2001 no wastage of input goods in terms of quantity, volume, weight or number, as the case may be, was to be allowed except as determined in the Analysis Certificate and no Duty and Taxes were to be charged on such wastage of the warehoused input goods, provided that such wastage was either destroyed in the presence of an officer of Customs, not below the rank of an Assistant Collector, or leviable Federal Excise Duty and Sales Tax was paid on such wastage before removal.

In 43 cases, four MCCs did not initiate action for disposal of wastage produced during manufacturing of output goods by DTRE users, Export Oriented Units and Manufacturing Bonds. The irregularity/lapse resulted in blockage of revenue of Rs. 22.31 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that cases of Rs. 0.79 million were under recovery, cases of Rs. 1.03 million were contested and cases of

Rs. 20.49 million were under scrutiny. Audit was of the view that delayed disposal of wastage occurred due to weak internal controls.

The DAC in its meeting held during 25 to 28 January, 2016 directed the Department to expedite recovery and submit reply for cases being contested/under examination. Further progress was not intimated till finalization of the Report.

Audit recommends immediate disposal of wastage to recover the Duty and Taxes due to Government.

[DP Nos. 3046, 3095, 3134, 3167 & 3172-Cus]

2.4.37 Loss of Rs. 20.54 million due to non/short-levy of Federal Excise Duty

Federal Excise Duty (FED) was leviable under Section 3 of the Federal Excise Act, 2005 at the rates specified in the First Schedule to the Act. Aerated waters and concentrates thereof were liable to Federal Excise Duty @ 6% and 50% of retail price respectively.

In 143 cases, three MCCs either misclassified imported goods like aerated waters, concentrates and energy drinks under incorrect PCT headings to avoid the levy and collection of FED or charged it at rates lower than provided in the First Schedule to the Federal Excise Act, 2005. The irregularity/lapse resulted in short-realization of revenue of Rs. 20.54 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that recovery of Rs. 0.10 million had been made, cases of Rs. 17.65 million were under recovery and cases of Rs. 2.79 million were under examination. Audit was of the view that this occurred due to weak internal controls.

The DAC in its meeting held during 25 to 28 January, 2016 directed the Department to expedite recovery and submit reply for the cases under scrutiny. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue, besides fixing of responsibility.

[Annexure-22]

2.4.38 Loss of Rs. 13.30 million due to irregular provisional assessment

According to Section 81 (1) of the Customs Act, 1969 where it was not possible to assess the duties payable on the basis of goods declaration under Section 79, for reasons that the goods required chemical or other tests or a further inquiry, the Duty, Taxes and other charges payable on such goods, were to be determined provisionally, provided that there was no provisional assessment under this Section if no differential amount of Duty and Taxes and other charges were paid or secured against bank guarantee or pay order. Further, in terms of Section 83 (2) of the Act, where the owner failed to pay Import Duty and other charges within ten days from the date of assessment, he was liable to pay Surcharge at rate of KIBOR plus three percent on Import Duty and other charges payable.

In 17 cases, MCC Karachi (Preventive) did not realize Surcharge on partial late payments of Duty and Taxes made by three refineries which had made self provisional assessments at the time of filing of G.Ds. The irregularity/lapse resulted in non-realization of surcharge of Rs. 13.30 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in November, 2015. The response of the management was still awaited though considerable time had elapsed since the issue was intimated to the management.

The DAC in its meeting held during 19 to 22 January, 2016 directed the Department to submit a comprehensive reply to Audit. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue.

[DP Nos. 515, 516, 517 & 518-CD/K]

2.4.39 Non-conduct of mandatory stock taking of manufacturing bonds

According to Rule 361 of the Customs Rules, 2001 an appropriate officer of Customs, authorized by the concerned Assistant Collector of Customs, was required to conduct stock taking and detailed audit of a warehouse as and when so directed but at least once in a year to examine the mandatory requirements of the scheme, availabilities of all prescribed records set out in this scheme, input or output ratios actually consumed for the manufacturing of finished goods, opening stocks of the year, inward or outward input goods during the year, finished goods stocks, wastages or rejects (losses during the year, if any), due approvals of the Customs authorities, and was to submit its findings or report to the concerned Collectorate and a copy thereof to the licensee for his records.

MCC Sialkot did not apply the mandatory provisions of the Customs Rules, 2001 in letter and spirit and stock taking was not carried out in respect of licensees of manufacturing bonds. This reflected that the Department had no control over the activities of manufacturing bonds and the licensees were working at their liberty and huge revenue foregone/suspended by the Government was at great risk.

The irregularity/lapse was conveyed to the Department in January, 2016. The Department intimated that audit teams had been deployed to conduct the annual stock taking of all the licensees. Audit was of the view that this occurred due to weak internal controls.

The DAC in its meeting held during 25 to 28 January, 2016 directed the MCC to conduct mandatory stock taking immediately and share the results thereof with Audit. Further progress was not intimated till finalization of the Report.

Audit recommends that an adequate and effective monitoring mechanism should be devised and implemented to ensure timely completion of mandatory stock taking.

[DP No. 2758-Cus]

2.4.40 Clearance of banned goods imported in violation of Import Policy Order – Rs. 42.73 million

Import of certain items was either banned or allowed on fulfilment of requisite conditions provided in the Import Policy Order, 2013.

In nine cases, four field offices of the FBR cleared consignments of imported goods on payment of duties and taxes, whereas, the same were required to be confiscated being banned or restricted in terms of Import Policy Order, 2013. The irregularity/lapse resulted in illegal clearance of banned goods valuing Rs. 42.73 million.

The irregularity/lapse was conveyed to the Department in January, 2016. The Department intimated that the goods were not banned items and were cleared correctly under IPO. Audit was of the view that clearance of banned imported goods took place due to weak internal controls.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to re-visit the cases and submit comprehensive reply. Further progress was awaited till finalization of the Report.

Audit recommends strict adherence to the provisions of Import Policy Order, besides fixing of responsibility.

[Annexure-23]

2.4.41 Fraudulent use of National Tax Number

According to Section 194 of the Income Tax Ordinance, 2001 a person who knowingly or recklessly used a false National Tax Number including National Tax Number of another person on a return or other document prescribed or used for purposes of this Ordinance, committed an offence punishable with a fine not exceeding fifty thousand rupees or imprisonment for a term not exceeding two years or both.

In 40 cases, MCC Karachi Appraisement (East) did not take penal action against importers and a clearing agent namely M/s Allied Brothers CHAL KCUS-003053 who had used the National Tax Number 0000918-7 of Mr. Usman Ali Khalil, fraudulently in import documents.

The irregularity/lapse was conveyed to the Department in March 2015. The response of the management was still awaited though considerable time had elapsed since the issue was intimated to the management.

The DAC in its meeting held during 19 to 22 January, 2016 directed the Department to submit a comprehensive reply to Audit. Further progress was not intimated till finalization of the Report.

Audit recommends thorough inquiry into the matter, besides fixing of responsibility.

[DP No. 164-CD/K]

2.4.42 Non-deposit of public revenue into National Exchequer - Rs. 32.09 million

Rule 582 of Federal Treasury Rules read with instructions issued by the FBR vide C.No.1/1/SA-CH/FBR/2013 dated 27.08.2013 required that where public revenue was collected by any authority or agency, it should be remitted into Government Treasury without delay.

In 19 cases, MCC, Port Muhammad Bin Qasim, Karachi did not deposit auction money into National Exchequer and kept it in temporary account which was unlawful. The irregularity/lapse resulted in non-deposit of public revenue into Government treasury of Rs. 32.09 million.

The irregularity/lapse was conveyed to the Department during November, 2015. The Department intimated that the matter had been taken up with concerned bank for transfer of money to the National Exchequer. Audit was of the view that this occurred due to weak internal controls.

The DAC in its meeting held during 19 to 22 January, 2016 directed the Department to get the stated position verified from Audit. Further progress was not intimated till finalization of the Report.

Audit recommends early deposit of public revenue into Government treasury, besides fixing of responsibility.

[DP Nos. 283 & 284-CD/K]

2.4.43 Non-submission of reconciliation statements by the DTRE users – Rs. 63.14 million

According to Rule 307D read with Rule 305 of Sub-Chapter-7 of the Customs Rules, 2001 a DTRE user was required to submit 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 allowed or earlier after export.

In 16 cases, three field offices of FBR did not take appropriate action against DTRE users who failed in submitting their reconciliation statements in the form as envisaged in Appendix-III despite lapse of considerable time. The irregularity/lapse resulted in non-confirmation of suspended amount of Customs Duty, Sales Tax and Withholding Tax of Rs. 63.14 million.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that all the pending reconciliation statements had been submitted by the DTRE users which were under scrutiny to initiate post-exportation audit. Audit was of the view that the irregularity/lapse took place due to lack of supervisory review.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the MCCs to conduct audit of DTRE cases immediately and share the results with Audit. Further progress was not intimated till finalization of the Report.

Audit recommends initiation of appropriate action against DTRE users for non-submission of reconciliation statements.

[DP Nos. 2778, 3135 & 3136-Cus & 129-CD/K]

2.4.44 Irregular expenditure of Rs. 80.02 million on POL and repair of vehicles

According to Monetization Policy, 2011 authorization from Vehicle Committee of the Cabinet Division was required for use of vehicles for operational purposes. Further, as per Rule 15 of Staff Car Rules, 1980 proper record i.e. Log Books, Movement Registers and Requisition Slips were required to be maintained in respect of all Government vehicles for effective control over

expenditure on account of POL and repair & maintenance. Further as per instructions, issued by FBR from time to time, the use of vehicles like Toyota Land Cruiser, Pajero, Parado, Toyota Crown Car, Surf, etc. for operational purposes was not allowed.

Twenty nine field offices of FBR incurred expenditure of Rs. 80.02 million on POL and repair & maintenance of official/operational vehicles by committing following irregularities:

- (i) log books and movement registers were not maintained;
- (ii) vehicles were used by the officers whose nature of job did not require any field operations;
- (iii) nature of operations was defined neither by the Board nor by any field offices;
- (iv) vehicles were used which were not on pool of the respective offices;
- (v) when vehicles required some repair work, these were replaced by the new confiscated ones through an internal committee, which had no legality; and
- (vi) vehicles ripen for auction were used.

Although the Board had powers, in terms of Section 182 of the Customs Act, 1969 to use confiscated vehicles for operational purposes but it had not framed any Rules and had not issued any SOPs so far to streamline the use of confiscated vehicles and control of expenditure thereon. In the absence of any Rules, misuse of vehicles by the Customs staff could not be overruled. The irregularity/lapse resulted in irregular expenditure of Rs. 80.02 million on account of POL and repair & maintenance of vehicles.

The irregularity/lapse was conveyed to the Department during August, 2015 to December, 2015. The Department replied that all the vehicles were used for operational purposes only and movement registers and log books had been maintained now. Audit was of the view that record should be maintained as per Law.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to abide by the Law and get consolidated authorised pool of vehicles containing purchased, tampered and donated vehicles and get

the stated position verified from Audit. Further progress was not intimated till finalization of the Report.

Audit recommends that FBR should obtain authorization from Vehicle Committee and frame SOPs for use of confiscated vehicles specifying make, model, chassis and engine numbers of vehicles at the time of authorization.

[Annexure-24]

2.4.45 Inadmissible expenditure of Rs. 5.38 million on Pay and Allowances

Rule 7 (A) of Supplementary Rules stated that conveyance allowance was inadmissible during leave and according to Revised Leave Rules, 1980 Extra Ordinary Leave (EOL) may be granted without pay, on any ground, up to a maximum period of 5 years at a time. Further, according to Performance Allowance Guidelines, 2012 performance allowance was not admissible for a period of leave exceeding forty eight days in a calendar year.

Fourteen field offices of FBR did not deduct the portion of pay and other allowances from the pay of officers/officials during the period of leave. The irregularity/lapse resulted in inadmissible expenditure of Rs. 5.38 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during August, 2015 to December, 2015. The Department intimated recovery of Rs. 0.43 million, Rs. 4.12 million were under recovery while no reply was furnished in cases involving Rs. 0.83 million. Audit was of the view that this occurred due to weak internal controls.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite the recovery process and furnish reply for cases not responded to. Further progress was not intimated till finalization of the Report.

Audit recommends recovery of overpaid amount of pay and allowances immediately, besides fixing of responsibility.

[Annexure-25]

2.4.46 Inadmissible payment of Pay and Allowances – Rs. 5.11 million

According to Rule 76 of Fundamental Rules, a leave account was required to be maintained for each Government Servant in terms of leave on average pay from which Leave on Full Pay/Leave on Half Pay (LFP/LHP) could be granted under Supplementary Rules 207 provided that no leave should be granted until a report as to the admissibility of the leave had been obtained from the Accounts Office.

Two field formations of FBR paid inadmissible Pay and Allowances to the employees for the period during which they remained on leave including study leave abroad, whereas, as per service record, they had insufficient earned leave on their credit. The irregularity/lapse resulted in inadmissible payment of pay and allowances of Rs. 5.11 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during August, 2015 to December, 2015. The Department intimated that Rs. 3.99 million were under recovery and Rs. 1.12 million were under examination. Audit was of the view that this occurred due to weak internal controls.

The DAC in its meeting held in January, 2016 directed the Department to expedite the recovery process. Further progress of recovery was not intimated till finalization of the Report.

Audit recommends implementation of DAC's directives.

[DP Nos. 2935 & 3424-Exp]

2.4.47 Inadmissible payment of House Rent Allowance, House Requisition and non-deduction of normal rent – Rs. 1.07 million

According to Rule 26 of Accommodation Allocation Rules, 2002 a Government Servant could draw either House Rent Allowance or avail the facility of hired accommodation. Further, Accommodation Allocation Rules, 2002 and Ministry of Housing and Works, Islamabad Notification No.F-2(3)/2003-Policy dated 31.07.2004 prescribed certain pre-requisites for payment of rent of residential accommodation and as per Rule 26(1) normal rent at the rate of five percent was required to be recovered from the allottee of the Government accommodation.

Five field formations of FBR paid House Rent Allowance to employees who were provided with the facility of residential accommodation as well. Further, rent of residential accommodations was paid to the employees without fulfilment of pre-requisite conditions and deduction of house rent charges was not made from the pay of employees who were allotted Government accommodations. The irregularity/lapse resulted in inadmissible expenditure on house rent allowance/house requisition and non-deduction of rent of Rs. 1.07 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during August, 2015 to December, 2015. The Department intimated that (i) recovery of Rs. 0.06 million had been made; (ii) recovery of Rs. 0.02 million was not due; (iii) cases of Rs. 0.32 million were under recovery; and (iv) cases of Rs. 0.12 million were under examination. However, no reply was furnished in cases involving Rs. 0.55 million. Audit was of the view that this occurred due to weak internal controls.

The DAC in its meeting held during 25 to 28 January, 2016 directed the Department to expedite the recovery process and furnish reply for cases not responded to/under examination. Further progress was not intimated till finalization of the Report.

Audit recommends implementation of DAC's directives.

[DP Nos. 2829, 2873, 2875, 2978 & 3442-Exp]

2.4.48 Loss of Rs. 1.58 million due to non/short-deduction of Withholding Tax

Sections 153 and 155 of the Income Tax Ordinance, 2001 provided that every prescribed person making a payment in full or in part to any person on account of supply of goods, providing services and payment of rent of immovable property was required to deduct Withholding Tax from the gross amount at the prescribed rate.

Sixteen field offices of the FBR made payments on account of acquisition of goods, provisions of services and rent of immovable property but Withholding Tax was either not deducted or deducted it at the rates below the prescribed rates. The irregularity/lapse resulted in non/short-deduction of Withholding Tax of Rs. 1.58 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department during August, 2015 to December, 2015. The Department intimated that recovery of Rs. 0.12 million had been made, Rs. 0.09 million was not due, Rs. 1.33 million was under recovery while no reply was furnished for Rs. 0.04 million. Audit was of the view that this occurred due to weak internal controls.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the Department to expedite the recovery process and furnish reply for cases not responded to. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of the amount, besides taking disciplinary action.

[Annexure-26]

2.4.49 Loss of Rs. 0.86 million due to payment of Law Charges without consolidation of identical cases

According to the Notification issued by FBR vide C.No.92110-ML/2009, dated 05.08.2011, the Law Charges were payable at rates prescribed therein. Further, according to Para 126 of General Financial Rules, time-barred claims were ordinarily to be refused and no claim on account of such time-barred items was to be paid without sanction of the Government.

Three field offices of FBR made full payments of Law Charges without consolidating the cases identical in nature being carrying common point of law. The identical writ petitions were disposed-off by clubbing the same through one decision by the honourable Judges which also confirmed the view point of Audit. Further, payments were made in time-barred cases as well. The irregularity/lapse resulted in excess payment of Law Charges of Rs. 0.86 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in September, 2015. The Department intimated that they had recovered Rs. 0.1 million, whereas amount of Rs. 0.5 million was under recovery, an amount of Rs. 0.2 million was contested and Rs. 0.06 million was not due.

The DAC in its meeting held during 25 to 28 January, 2016 directed the Department to expedite the recovery process and submit comprehensive reply for cases being contested. Further progress was not intimated till finalization of the Report.

Audit recommends recovery of the excess paid Law Charges from the concerned advocates, besides fixing of responsibility.

[DP Nos. 2930, 2944 & 2954-Exp]

2.4.50 Non-transfer of Customs clearing agent course fees into National Exchequer – Rs. 5.56 million

Para 5.16 of Drawing and Disbursing Officer's Hand Book stated that departmental controlling officers had to ensure that all sums due to the Government were regularly and promptly assessed, realized and duly credited to the Public Account.

Directorate of Training (Customs), Lahore collected Customs clearing agent course fees and retained it in the private bank account, whereas, the same were required to be remitted to National Exchequer immediately. The irregularity/lapse resulted in non-transfer of course fees of Rs. 5.56 million.

The irregularity/lapse was conveyed to the Department in November, 2015. The Department replied that clearing agent course fee at the rate of five thousand each had been collected and deposited into DOT's bank account in pursuance of SRO issued by FBR. Audit was of the view that this occurred due to weak internal controls.

The DAC in its meeting held during 25 to 28 January, 2016 directed the Department to finalize SOPs regarding proper use of collected funds and provide the same to Audit for verification. Further progress was not intimated till finalization of the Report.

Audit recommends early remittance of course fees in the National Exchequer, besides finalization of SOPs.

[DP No. 2967-Exp]

2.4.51 Mis-management of Government assets – Rs. 15.00 million

According to Rules 148, 151 and 154 of General Financial Rules, all the received materials were to be examined, counted, measured or weighed, as the case may be, and were required to be managed in an adequate manner for keeping them in good and efficient conditions and for protecting them from damage. Moreover, an inventory of dead stock was required to be maintained in all Government offices in prescribed form.

MCC Lahore (Preventive) had not maintained proper inventory of office equipment, furniture & fixture and other assets handed over to MCC through TARP. The irregularity/lapse resulted in mis-management of Government assets valuing Rs. 15.00 million approximately.

The irregularity/lapse was conveyed to the Department in September, 2015. The Department replied that the actual details of the assets transferred from the TARP project would be updated shortly. Audit was of the view that this occurred due to lack of interest.

The DAC in its meeting held during 25 to 28 January, 2016 directed the MCC to get the stated position verified from Audit. Further progress was not intimated till finalization of the Report.

Audit recommends proper entry of inventories received from TARP, besides taking disciplinary action.

[DP No. 2904-Exp]

2.4.52 Irregular expenditure of Rs. 64.18 million due to overstaffing

Rule 12 of the Financial Rules stated that two or more Government servants could not be appointed substantively to the same permanent post at the same time and a Government servant could not be appointed substantively to a post on which another Government servant held a lien.

MCC Lahore (Preventive) made payments of Pay and Allowances to the employees who were excess than the sanctioned strength of the office in various cadres. The irregularity/lapse resulted in irregular expenditure of Rs. 64.18 million.

The irregularity was conveyed to the Department in September, 2015. The Department replied that the Department had taken up the issue with FBR to enhance the sanctioned strength. Audit was of the view that this occurred due to weak internal controls.

The DAC in its meeting held during 25 to 28 January, 2016 directed the Department to get verified the stated position from Audit. Further progress was not intimated till finalization of the Report.

Audit recommends rationalization of sanctioned strength by the HRM (FBR).

[DP No. 2918-Exp]

2.4.53 Payment through cash instead of crossed cheques entailing risk of fraud – Rs. 1.27 million

Para 6.51 of DDO's Hand Book read with Rules 147 to 167 of Treasury Rules stated that all the payments were required to be made through crossed cheques drawn in favour of corporate or local bodies, firms, private persons or Government servants.

The Directorate of I&I, Faisalabad made cash payments for acquisition of goods and services in cash instead of through crossed cheques. This entailed the risk of double or fraudulent payments against fake vouchers and resulted in irregular expenditure of Rs. 1.27 million.

The irregularity/lapse was conveyed to the Department in August, 2015. The Department replied that only petty payments were made to different persons under various heads of accounts. Audit was of the view that the Department should obtain vendor numbers for all suppliers for issuance of crossed cheques in their name.

The DAC in its meeting held during 25 to 28 January, 2016 directed the Department to re-submit the reply and get the position verified from Audit. Further progress was not intimated till finalization of the Report.

Audit recommends strict compliance of Rules and Regulations, besides taking disciplinary action.

[DP No. 3208-Exp]

2.4.54 Un-authorised payment of salaries and chemical charges - Rs. 2.81 million

Para 10 of the General Financial Rules provided that the expenditure was not *prima facie* more than that the occasion demanded and that every Government servant was required to exercise the same vigilance in respect of expenditure incurred from public fund as a person of ordinary prudence would exercise in respect of expenditure out of his own money.

MCC Faisalabad paid Pay and Allowances to staff of Customs laboratory of Rs. 2.78 million and incurred expense of Rs. 0.03 million for purchase of chemicals but retained the revenue generated from the laboratory fees in “Common Pool Fund” instead of depositing the same into Government treasury. The irregularity/lapse resulted in un-authorised expenditure of Rs. 2.81 million.

The irregularity/lapse was conveyed to the Department in August, 2015. The Department intimated that the expenditure was incurred as per law.

The DAC in its meeting held during 25 to 28 January, 2016 directed the MCC to justify the expenditure and report the progress to Audit. Further progress was not intimated till finalization of the Report.

Audit recommends that earnings of the laboratories being run at Government expense be deposited into Government treasury.

[DP No. 3211-Exp]

2.4.55 Un-authorized expenditure on contingent paid staff – Rs. 2.93 million

As per Establishment Division Notification dated 06.02.2014, there was complete ban on appointment and extension in employment of contingent paid staff.

The Directorate General, Training & Research Customs, Karachi recruited contingent paid staff in violation of above notification and incurred expenditure of Rs. 2.93 million during the Financial Year 2014-15.

The irregularity/lapse was conveyed to the Department in August, 2015. The Department informed that the staff had either retired, promoted or expired due to which there was no option except to hire workers on daily wages. It was

further intimated that as and when the recruitments were completed, the staff hired on daily wages would be replaced with the regular staff.

The DAC in its meeting held during 19 to 22 directed the formation to get the pointed out amount regularized from the competent authority. Further progress was not intimated till finalization of the Report.

Audit recommends implementation of DAC's directives.

[DP No. 55-Exp/K]

Performance

2.4.56 Unsatisfactory performance of departmental audit

The Directorates of Internal Audit and Post Clearance Audit were created under Sections 3B and 3DD of the Customs Act, 1969 respectively. The functions and objectives of the departmental audits were to conduct audit and send reports to the concerned field formations for initiation of recovery.

The Directorate General Internal Audit, Karachi did not maintain results of audit in the shape of printed reports, resultantly the findings were not followed up properly. Moreover, the audit plans of the Directorates of Internal Audit and Post Clearance Audit, Lahore were prepared without keeping in view the work load and available man-days for proportionate utilization of the resources. During the year 2014-15, the cost-benefit ratios of both the offices also showed unsatisfactory performance, as tabulated below:

(Rs. in million)			
Amount pointed out	Amount recovered	Expenditure	Cost benefit ratio
2,613.11	27.03	66.46	1:0.40
244.45	19.55	38.11	1:0.51

This fact was pointed out to the Department in November, 2015. The Department replied that all recoveries as intimated by the formations during meetings were made part of minutes of meeting and the main objectives of the Departmental audits were an independent objective assurance to add value and improve organization's operations.

The DAC in its meetings held during 19-22 January, 2016 and 25 to 28 January, 2016 directed the Department to improve the mechanism and effectiveness of their performance by developing key performance indicators and benchmarks to strengthen the entity so that difference between expenditure and cost benefit ratio may be minimized. Further progress was not reported till finalization of the Report.

Audit recommends that the findings of departmental audit should be followed by the field formations to improve the revenue collection.

[DP Nos. 2974-Exp & 95-PE/K]

2.4.57 Non-conduct of post-exportation audit of DTRE users - Rs. 5,601.74 million

According to Rule 307-E (1) of Sub-Chapter-7 of the Customs Rules, 2001 the liability of a DTRE user to pay Duty and Taxes as security instruments furnished by him was not to be discharged unless post exportation audit was carried out and was completed satisfactorily within a period of three months.

In 62 cases, four MCCs did not conduct post-exportation audit of DTRE users despite the fact that reconciliation statements had been submitted by them. The irregularity/lapse resulted in non-confirmation of remission of Duty and Taxes of Rs. 5,601.74 million.

The irregularity/lapse was conveyed to the Department during November, 2015 to January, 2016. The Department intimated that all the cases were under process/scrutiny. Audit was of the view that it was due to weak internal controls.

The DAC in its meetings held during 19 to 22 and 25 to 28 January, 2016 directed the MCCs to conduct audit of DTRE cases immediately and share the results thereof with Audit. Further progress was not intimated till finalization of the Report.

Audit recommends that an adequate and affective monitoring mechanism be devised and implemented to ensure that post-exportation audit was carried out within prescribed time-limit. Moreover, action should also be initiated against those officers/officials held responsible for this slackness.

[Annexure-27]

2.4.58 Loss of Rs. 593.08 million due to grant of benefits under lapsed Free Trade Agreement with China

According to Para 3 (1) of Article 8 of the Free Trade Agreement between the Government of the Islamic Republic of Pakistan and the Government of the People's Republic of China, the modalities for review and modification of tariff reduction were to be reviewed and modified after every five years by the Committee on Trade in Goods and the first review and

modification was required to be undertaken either at the end of the fourth year or at the beginning of the fifth year of entry into force of the Agreement.

All field formations of the FBR continued to extend the benefits of exemptions or concessions of Customs Duty under the Free Trade Agreement with China on goods imported on or after 01.01.2013 without seeking required guidance from Ministry of Commerce through FBR. Neither did the Board refer the matter to the Ministry of Commerce for clarification, nor the Ministry, itself took up the matter with the Chinese authorities to decide the modalities for tariff reduction for second phase, as envisaged in the Agreement. The irregularity/lapse resulted in irregular exemptions and concessions of Customs Duty of Rs. 593.08 million.

The irregularity/lapse was conveyed to the Department in October, 2015. The Department contested the para on the grounds that exemptions and concessions were correctly granted. Audit was of the view that first phase of five years of FTA was lapsed on 31.12.2012, hence all subsequent concessions were irregular.

The DAC in its meeting held during 25 to 28 January, 2016 directed the Department to take up the matter with the Board and Ministry of Commerce. Further progress was not intimated till finalization of the Report.

Audit recommends that the Ministry of Commerce may be approached for early clarification on the issue.

[DP Nos. 3329 & 3356-Cus]

Internal Control Weaknesses

INTOSAI defined internal controls as the plans of an organization, including management's attitude, methods, procedures and other measures that provided reasonable assurance to achieve general objectives in an economical, efficient and effective manner. It was a matter of common knowledge that Internal controls safeguard the resources against loss due to wastage, abuse, mismanagement, errors and other irregularities. The management could assure adherence to laws, regulations and its directives through internal controls. Audit assessed the effectiveness of the design and operation of internal controls.

Internal control environment of FBR's field formations was evaluated while conducting regularity audit for the year 2014-15. Weaknesses of internal controls observed are given in succeeding paragraphs:

2.4.59 Need to amend Law for levy and collection of Income Tax and Export Development Surcharge on exports

Section 154 (3C) read with Section 164 of the Income Tax Ordinance, 2001 provided that the Collector of Customs, at the time of clearance of goods to be exported, was required to collect Tax from the gross value of the goods at the rate of one percent of the value of the export goods. Further, Section 11 of the Finance Act, 1991 provided for levy of Special Customs Duty as Export Development Surcharge (EDS) on exportation of all goods at the rate of 0.25% of the export value.

The MCCs Exports, PMBQ and Custom House, Karachi did not realize Income Tax @ 1% and Export Development Surcharge @ 0.25% on goods exported through these two Collectorates during the Financial Year 2014-15. The quantum of un-realized Income Tax and Export Development Surcharge came to Rs. 11,981.00 million and Rs. 6,353.03 million respectively.

The irregularity was conveyed to the Department during April, 2015 to December, 2015. The Department contested the para on the grounds that collection of Income Tax and Export Development Surcharge on exports had been shifted by the FBR vide Circular No 3 of 2009 dated 17.07.2009 and SRO 10 (I)/2003 dated 04.01.2003 respectively, so there was no short or non-realization of Income Tax and Export Development Surcharge. Audit was of the

view that Circular No. 3 of 2009 was not consistent with the Income Tax Ordinance, 2001 and needed to be withdrawn immediately. Further, as the Parliament had levied the Export Development Surcharge as “Special Customs Duty”, it was the primary function of the FBR to properly collect the levy at the time of export. However, the FBR issued the said SRO under Section 22A of the Customs Act, 1969. It was pertinent to mention here that Section 22A empowered the FBR for deferment of any Duty/Taxes and not the mode of collection or to change the Collecting Agency. Besides, following points were also required to be attended with due care:

- (i) 1% Income Tax on exports was not an advance or Withholding Tax rather the final Tax liability under the Law. If any amount of Tax escaped recovery, that would never be recovered;
- (ii) there was no certainty that the realization of exports proceeds were being made through banks only as alternative modes of transactions were also available;
- (iii) the FBR lost its authority on its own genuine revenue;
- (iv) the inaction of the Department kept the revenue of Income Tax out of scope of internal and Statutory Audit; and
- (v) a few serious scams of exports against fake Forms-E took place in both the electronic and print media in recent past which also proved that the hunch of Audit carried weight as in such cases neither the foreign currency entered in the country nor the Income Tax and Export Development Surcharge were realized.

The DAC in its meeting held during 19 to 22 January, 2016 directed the MCC to make a reference, incorporating the reservations/recommendations of Audit, to FBR for seeking clarification from the Ministry of Law, Justice and Human Rights.

Audit recommends early clarification from the Ministry of Law, Justice and Human Rights, besides withdrawal of Circular No.03 of 2009 and SRO 10(I)/2003.

[Annexure-28]

The following additional weaknesses were also noted after identification and evaluation of both the control environment and the effectiveness of internal controls:

- a) no appropriate monitoring system to ensure correct assessments, leakage of revenue through bonded warehouses and non-encashment of Bank Guarantees/Indemnity Bonds was there;
- b) no effective internal control mechanism was there to watch compliance of provisions of Customs laws and Rules; and
- c) wrong practices were being followed in violation of Rules.

Recommendations

Audit recommends that aforesaid weaknesses in internal controls should be addressed on top priority basis. Moreover, adequate and effective internal controls needed to be put in place to guard against recurring violations of Rules to ensure that losses of revenue were minimised.

CHAPTER-3 ISLAMABAD CAPITAL TERRITORY (ICT)

3.1 Introduction

Islamabad became the Capital of Pakistan on 24.02.1960. It remained under the administrative controls of Deputy Commissioner, Rawalpindi till 31.12.1980. From 01.01.1981, administrative functions were assumed by the Federal Government and the Islamabad Capital Administration was established and assigned all the powers and functions of a Provincial Government.

Under Presidential Order No.18 of 1980, executive authority of Islamabad Capital Territory was to be exercised by the President through an Administrator known as the Chief Commissioner.

3.2 Comments on Budget and Accounts

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

3.2.1 Revenue Collection vs Targets

ICT was assigned a revenue target of Rs. 4.72 billion during the Financial Year 2014-15 which was revised downward to Rs. 4.11 billion. The ICT could, however, collect receipts of Rs. 2.88 billion which were 29.93% less than the target as tabulated below:

(Rs. in billion)

Tax Head	Original Target	Revised Target	Actual Collection	Difference from Target	
				Absolute (3-2)	Percent
1	2	3	4	5	6
Other Taxes	4.72	4.11	2.88	1.23	29.93

Source: Federal Budget 2015-16 and Financial Statements of the Federal Government 2014-15

Audit was of the view that had ICT taken adequate and effective measures for revenue collection, the targets could have been achieved without any downward revision.

3.2.2 Variance analysis of revenue collection in FY 2014-15 and FY 2013-14

A comparison between net collections of revenue for the Financial Year 2014-15 and the Financial Year 2013-14 is tabulated below:

(Rs. in billion)

Tax Heads	Collection		Difference	
	FY: 2014-15	FY: 2013-14	Absolute	Percent
Other Taxes	2.88	2.42	0.46	19.00

ICT's collection for the Financial Year 2014-15 of Rs. 2.88 billion depicted an increase of Rs. 0.46 billion (19%) as compared to the previous year.

3.3 AUDIT PARAS

Irregularity & Non-Compliance

3.3.1 Loss of Rs. 261.09 million due to non-recovery of Capital Value Tax

According to Section 7 (1) of the Finance Act, 1989 read with Circular No. 03 of 2012 (Capital Value Tax) issued by the Federal Board of Revenue vide C.No.4 (60) ITP/2012-106335-R dated 1.08.2012, the Capital Value Tax was required to be charged at rates prescribed therein.

In 487 cases, the Chief Commissioner, Islamabad Capital Territory, Islamabad either did not recover the Capital Value Tax or recovered it at lesser rates than applicable. The irregularity/lapse resulted in non/short-realization of Capital Value Tax of Rs. 261.09 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in December, 2015. The Department intimated that cases of Rs. 0.18 million were under recovery, recovery of Rs. 0.21 million was not due while cases of Rs. 260.70 million were sub judice.

The DAC in its meeting held on 15th January, 2016 directed the Department to expedite the recovery of Rs. 0.18 million within 30 days in one case and pended the para involving 481 cases of Rs. 260.70 million till the decision of the Court.

Audit recommends early recovery of balance amount and pursuing Court cases vigorously.

[DP Nos. 2649, 2653 & 2661-ICT]

3.3.2 Loss of Rs. 20.46 million due to non-recovery of Advance Income Tax

According to Section 236-K of the Income Tax Ordinance, 2001 any person responsible for registering or attesting transfer of any immovable property was required at the time of registering or attesting the transfer to collect from the purchaser or transferee Advance Tax where the value of immovable

property was more than Rs. 3.00 million at the rates specified in the Division XVIII of Part IV of the First Schedule.

In 134 cases, the Chief Commissioner, Islamabad Capital Territory, Islamabad did not collect Advance Income Tax at the time of registering or attesting the transfer of immovable property at the prescribed rates. The irregularity/lapse resulted in non-realization of revenue of Rs. 20.46 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in December, 2015. The Department intimated that recovery of Rs. 1.98 million had been affected, Rs. 1.28 million was not due and cases of Rs.17.20 million were under recovery.

The DAC in its meeting held on 15th January, 2016 directed the Department to expedite recovery of Rs. 17.20 million within 30 days. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue, besides fixing of responsibility.

[DP Nos. 2648, 2654 & 2660-ICT]

3.3.3 Loss of Rs. 8.57 million due to non-recovery of Mutation Fee

According to S. No. 7 of the notification issued by the Board of Revenue, Punjab vide No.3007-78/1516-LRI dated 22.11.1978 and adopted by the Islamabad Capital Territory entry based on oral sale of land in rural areas was required to be charged with the Mutation Fee @ 5.1 % of the value of land.

In 256 cases, the Chief Commissioner, Islamabad Capital Territory, Islamabad either did not recover the Mutation Fee or recovered it at rates below the prescribed rate. The irregularity/lapse resulted in non/short-realization of Mutation Fee of Rs. 8.57 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in December, 2015. The Department intimated recovery of Rs. 1.47 million, Rs. 0.47 million as not due and cases of Rs. 6.63 million were under recovery.

The DAC in its meeting held on 15th January, 2016 directed the Department to expedite recovery of Rs. 6.63 million within 30 days. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue, besides fixing of responsibility.

[DP Nos. 2651& 2652-ICT]

3.3.4 Loss of Rs. 1.47 million due to non-renewal of Bus Stands License and Route Permits

According to notification issued vide No.5(29)-B&A/2007(Vol-III) dated 30.09.2009 by the Chief Commissioner, Islamabad Capital Territory, Islamabad, Route Permit Fee and License Fee for Bus Stands was required to be charged at rates prescribed therein.

The Chief Commissioner, Islamabad Capital Territory, Islamabad did not take action against the owners of vehicles of expired Route Permits in 263 cases and operators of inter-city Bus Stands at Islamabad who were operating them without paying License Fee in 24 cases. The irregularity/lapse resulted in non-realization of revenue of Rs. 1.47 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in December, 2015. The Department intimated that recovery of Rs. 0.02 million had been affected, recovery in cases of Rs. 0.02 million was not due and cases of Rs. 1.01 million were under recovery. The Department further intimated that out of 21 Bus Stands, four Bus Stands fell under the jurisdiction of Rawalpindi administration and six Bus Stands did not exist at the places mentioned in the observation while ten Bus Stands were being operated on the basis of stay orders granted by various Courts.

The DAC in its meeting held on 15th January, 2016 directed the Department to expedite recovery of Rs. 1.01 million within 30 days and the cases in the Courts to be pursued vigorously. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue, besides fixing of responsibility.

(DP Nos. 2678, 2679 & 2680-ICT)

3.3.5 Loss of Rs. 4.80 million due to non-recovery of Capital Gains Tax on transfer of immovable property

According to FBR's notification issued vide C. No. 4(90)ITP/2007 dated 02.07.2012, every person responsible for registering or attesting transfer of any immovable property was required, at the time of registering or attesting the transfer, to collect from the seller or transferor Advance Tax at the rate of 0.5% except in the case of Federal Government, Provisional Governments or a Local Governments. The only condition where Tax was not to be withheld was where the seller produced evidence that the sale of property was being made after a period of more than two years from the date of purchase.

In 228 cases, the Chief Commissioner, Islamabad Capital Territory, Islamabad did not recover Capital Gains Tax where the resale of property took place within two years of the first purchase. The irregularity/lapse resulted in non-realization of Capital Gain Tax of Rs. 4.80 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in December, 2015. The Department intimated that recovery of Rs. 0.39 million had been affected, recovery of Rs. 0.03 million was not due and cases of Rs. 4.38 million were under recovery.

The DAC in its meeting held on 15th January, 2016 directed the Department to expedite recovery of Rs. 4.38 million within 30 days. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue, besides fixing of responsibility.

[DP Nos. 2650 & 2663-ICT]

3.3.6 Loss due to short-realization of revenue by way of mis-declaration of the value of a house at the time of sale – Rs. 1.80 million

According to Article 23 (b) of the Stamp Act, 1899 Stamp Duty was to be charged @ 4% on the value of conveyance deed and according to Article 1(b) of the Registration Act, 1908 Registration Fee was to be charged @ 1% of the recorded value of the instrument.

The Chief Commissioner, Islamabad Capital Territory, Islamabad did not take into consideration the mis-declaration of the sale value of house built on a plot measuring one Kanal and ten marlas which was acquired by Mr. Antonio Armani S/o Muhammad Sadiq Alvi at the value of Rs. 22.00 million on 20.02.2014. The house was shown as sold to Mrs. Rashida Rauf Qureshi w/o Muhammad Rauf Qureshi at a sale value of Rs. 1.00 million on 23.09.2014 which was 22 times lower than the original purchase price. Apparently this was committed to avoid payment of due amount of Duty and Taxes and resulted in short-realization of revenue of Rs. 1.80 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in December, 2015. The Department intimated that Stamp Duty and Registration Fee were recovered on transaction value.

The DAC in its meeting held on 15th January, 2016 directed the Department for early recovery and preparation of Valuation Table for approval from the competent authority. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue, besides fixing of responsibility.

[DP No. 2655-ICT]

3.3.7 Loss of Rs. 2.25 million due to non-recovery of Advance Income Tax

According to Sections 231-B and 234 of the Income Tax Ordinance, 2001 the Advance Tax was required to be collected at the time of registration/transfer of motor vehicles at rates specified in the Division VII and Division III of Part IV respectively of the First Schedule.

In 41 cases, the Chief Commissioner, Islamabad Capital Territory, Islamabad either did not collect Advance Income Tax at the time of new registration and transfer of registration of new motor vehicles or collected it at rates below the prescribed rate. The irregularity/lapse resulted in non-realization of revenue of Rs. 2.25 million and corresponding loss to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in December, 2015. The Department intimated that recovery of Rs. 0.58 million had been affected, contested recovery of Rs. 0.01 million stating it was not due and intimated that cases of Rs.1.66 million were under recovery.

The DAC in its meeting held on 15th January, 2016 directed the Department to expedite recovery of Rs. 1.66 million within 30 days. Further progress was not intimated till finalization of the Report.

Audit recommends early recovery of revenue, besides fixing of responsibility.

[DP Nos. 2667 & 2670-ICT]

Performance

3.3.8 Recurring loss of Rs. 1,470.35 million due to non-compliance of orders of higher ups

The Chief Commissioner vide O.M. No. 1(169)-Rev.Br/2013-2503 dated 17.07.2013 clarified that rates fixed for land of certain villages which previously fell in the jurisdiction of Rawalpindi District were not applicable in Islamabad Capital Territory as these villages had now been included in the jurisdiction of ICT. Further, the Deputy Commissioner/Commissioner (Revenue) and Additional Deputy Commissioner (Revenue)/District Collector, ICT were directed to fix the rates of land for Stamp Duty purposes with the approval of the Chief Commissioner, ICT.

The Chief Commissioner, Islamabad Capital Territory, Islamabad did not fix rates of land falling in the rural areas of ICT. The registered sale deeds took place at very low rates i.e. even below Rs. 1,666/Marla due to non-existence of Valuation Table. Average rate of land of mozas Khanna Dak, Khanna Kak, Shakrial and Gangal, which previously fell in the jurisdiction of Rawalpindi District and then included in the ICT, were Rs. 65,143/Marla. Had the average rate of Rs. 65,143/Marla applied for valuation of land in the rural areas of ICT, the National Exchequer could have benefited by huge revenue ranging in millions of rupees. Further, in the meeting held on 31.12.2014, it was committed that the matter would be referred to the Chief Commissioner, Islamabad through the Deputy Commissioner for fixing of rates of land in the rural and urban areas of Islamabad at the earliest. However, no compliance was intimated, despite lapse of more than a year. The irregularity/lapse resulted in recurring loss of revenue of Rs. 1,470.35 million (approximately) per annum to the Public Exchequer.

The irregularity/lapse was conveyed to the Department in December, 2015 with the request that the rates of land for rural areas of ICT may be fixed immediately without further delay to avoid the recurring loss. The Department intimated that Valuation Table was not applicable in the rural area of Islamabad.

The DAC in its meeting held on 15th January, 2016 showed its concern over non-observance of Rules laid in prescribed procedure and directed the Department for early preparation of Valuation Table for approval from the

competent authority. Further progress was not intimated till finalization of the Report.

Audit recommends early fixation of rates of land to avoid recurring loss, besides fixing of responsibility.

[DP Nos. 2659 & 2666-ICT]

3.3.9 Recurring loss of Rs. 166.28 million due to non-revision of rates of duties and taxes

According to Para 4 (a) of the Presidential Order No. 1 of 1970 read with Paras 18 (4) and 19 (1) *ibid*, it was decided that in the Islamabad Capital Territory, all Taxes, Fees and other charges levied under any law in force would continue to be levied as were prevailing in the West Pakistan. Thus the taxation laws prevailing in the Province of the Punjab were required to be adopted and implemented under the Presidential Order.

The Chief Commissioner, Islamabad Capital Territory, Islamabad did not revise the rates of Hotel Tax, Professional Tax, Education Cess and License Fee of Real Estate and Motor Vehicle Dealers since 1965, 1977, 1981 and 1984 respectively. Moreover, no fresh surveys of current market trends/conditions were conducted and consequently records were not being updated. Resultantly, a large number of persons in Islamabad were not included in the Tax net as yet. The irregularity/lapse resulted in estimated per year recurring loss of Rs. 143.50 million on account of Hotel Tax, Rs. 14.98 million on account of Professional Tax, Rs. 5.00 million on account of Education Cess and Rs. 2.80 million on account of License Fee of real estate and motor vehicle dealers respectively. In the meeting held on 31.12.2014, it was committed that the matter would be followed vigorously with the concerned quarters for revision of rates of Hotel Tax, Professional Tax, Education Cess and License Fee of Real Estate and Motor Vehicle Dealers but no compliance was made.

The irregularity/lapse was conveyed to the Department in December, 2015. The Department intimated that matter regarding amendments/review of Laws governing Bed Tax in Islamabad had been taken up with the quarters concerned.

The DAC in its meeting held on 15th January, 2016 directed the Department to get the rates revised according to rates applicable in Punjab. Further progress was not intimated till finalization of the Report.

Audit recommends early revision of rates of Duty and Taxes, besides fixing of responsibility.

[DP No.2677-ICT]

3.3.10 Recurring loss of revenue due to non-revision of Valuation Table

The value of land falling in the urban area of Islamabad Capital Territory was fixed in 2004, vide O.M. No.1(30)-HVC/98/4995 dated 11.09.2004.

The Chief Commissioner, Islamabad Capital Territory, Islamabad did not revise the Valuation Table despite lapse of more than eleven years and transfer/conveyance of property continued to take place on the basis of rates fixed in 2004. The Valuation Tables in all the Provinces of Pakistan were being revised regularly on yearly basis. Had the Valuation Table been revised annually in ICT keeping in view the inflation rates in real estate business in Pakistan in the last decade, the revenue would have gone up many-fold. The non-revision of Valuation Table caused huge recurring loss of revenue to the National Exchequer.

The irregularity/lapse was conveyed to the Department in December, 2015. The Department intimated that unless amendments were made in Acts or Law by the Parliament, the Valuation Table for Urban as well as Rural areas could not be fixed/revised. Audit was of the view that the Valuation Table should have been revised according to current market value of the Property in Islamabad.

The DAC in its meeting held on 15th January, 2016 showed its concerns over non-revision of Valuation Table in last 12 years and directed the Department to up-date the same immediately. Further progress was not intimated till finalization of the Report.

Audit recommends early revision of Valuation Table, besides fixing of responsibility.

[DP No. 2665-ICT]

ANNEXURES

Annexure-1

MFDAC

Statement of observations/paras included in MFDAC

(Rs. in million)

S.No.	DP No./ File No./ Para No./ Part	Name of Office	Amount	Nature of Observation
1.	F-70/9/I	MCC Faisalabad	2.71	Uneconomical expenditure on repairs
2.	F-70/7/I	MCC Faisalabad	0.03	Non-deduction of Group Insurance and Benevolent Fund
3.	F-70/4/II	MCC Faisalabad	0.00	Non-conduct of physical verification of stores/stock
4.	F-70/3/II	MCC Faisalabad	0.00	Non-conduct of internal audit
5.	F-70/2/II	MCC Faisalabad	0.03	Irregular payment of TA/ DA
6.	F-70/17/I	MCC Faisalabad	0.08	Excess purchase of uniforms
7.	F-70/16/I	MCC Faisalabad	0.30	Irregular payment of overtime allowance
8.	F-70/15/I	MCC Faisalabad	0.40	Non-deposit of withheld taxes
9.	F-70/12/I	MCC Faisalabad	0.70	Split over of expenditure under the head stationery
10.	F-70/1/II	MCC Faisalabad	0.17	Non-disposal of old news papers & other stores/periodicals
11.	3192	MCC Faisalabad	1.75	Irregular expenditure on POL/repair of motor vehicles
12.	3191	MCC Faisalabad	2.14	Wrong usage of confiscated vehicles
13.	3196	MCC Faisalabad	0.08	Non-recovery of loans & advances
14.	F-84/3/II	MCC Faisalabad	0.07	Short-realization of Income Tax
15.	F-84/25/I	MCC Faisalabad	0.00	Non-imposition of penalty
16.	F-84/2/II	MCC Faisalabad	6.65	Short-realization of revenue
17.	F-84/18/I	MCC Faisalabad	0.03	Non-realization of revenue due to import of excess weight
18.	3187	MCC Faisalabad	1.25	Short- realization of Warehousing Surcharge

19.	3174	MCC Faisalabad	0.41	Non-realization of revenue due to non-consumption of imports
20.	F-82/8/	MCC Faisalabad	0.00	Routine nature Audit of DTRE approvals
21.	F-82/7/I	MCC Faisalabad	0.00	Non-feeding of data in Paccs WeBOC
22.	F-75/2/I	MCC Faisalabad	0.01	Short-realization of revenue
23.	F-75/1/I	MCC Faisalabad	0.12	Short-realization of revenue
24.	F-83/3/II	MCC Faisalabad	0.00	Non-maintenance of soft data of Bank Guarantees
25.	F-83/22/	MCC Faisalabad	0.00	Non-provision of user ID and Password of WeBoc to Audit
26.	F-83/2/II	MCC Faisalabad	0.00	Non- achievement of revenue targets
27.	F-83/2/	MCC Faisalabad	14.40	Short-realization of revenue due to under assessment of goods
28.	F-83/19/	MCC Faisalabad	0.01	Short-realization of revenue due to incorrect assessment
29.	F-83/18/	MCC Faisalabad	0.10	Short-realization of revenue due to non charging of CD/WHT
30.	F-83/14/	MCC Faisalabad	0.00	Under assessment of imported goods – possible loss of revenue
31.	F-83/1/II	MCC Faisalabad	5.71	Short-realization of revenue
32.	F-69/2/I	MCC Faisalabad	40.88	Short-reporting of arrears
33.	F-69/1/II	MCC Faisalabad	0.00	Improper maintenance of Master Register
34.	F-72/3/I	MCC Faisalabad	0.03	Irregular payment of rebate
35.	F-72/2/II	MCC Faisalabad	0.00	Export of excess weight than declared weight of goods
36.	F-72/2/I	MCC Faisalabad	25.45	Irregular payment of rebate
37.	F-72/1/II	MCC Faisalabad	0.00	Irregular Payment of export rebate
38.	F-73/7/I	MCC Faisalabad	0.03	Short-realization of revenue due to misclassification
39.	F-73/3/II	MCC Faisalabad	0.00	Improper assessment of duty and taxes
40.	F-73/2/II	MCC Faisalabad	0.00	Doubtful release of vehicle
41.	F-73/2/I	MCC Faisalabad	16.00	Blockage of revenue due to non-disposal of tempered vehicles
42.	F-73/1/II	MCC Faisalabad	0.00	Delayed deposit of vehicles and goods in state ware house

43.	3155	MCC Faisalabad	0.39	Sale of confiscated vehicles against cash to the departments
44.	F-74/2/I	MCC Faisalabad	3.86	Blockage of revenue due to non-disposal of tempered vehicles
45.	F-74/2/	MCC Faisalabad	0.00	Improper assessment of duty and taxes
46.	F-74/1/II	MCC Faisalabad	0.11	Proof of payment of penalty not produced
47.	F-77/7/I	Collectorate of Adj. Faisalabad	0.50	Split over of expenditure
48.	F-77/4/I	Collectorate of Adj. Faisalabad	1.45	Uneconomical expenditure on repairs etc.
49.	F-77/2/II	Collectorate of Adj. Faisalabad	0.00	Non-conduct of internal audit
50.	F-77/10/I	Collectorate of Adj. Faisalabad	0.12	Non-deposit of withheld taxes
51.	F-77/1/II	Collectorate of Adj. Faisalabad	0.00	Non-conduct of physical verification
52.	3202	Collectorate of Adj. Faisalabad	2.09	Irregular payment through cash instead of cross cheques
53.	3201	Collectorate of Adj. Faisalabad	0.91	Irregular expenditure on POL/repair of vehicles
54.	3203	Collectorate of Adj. Faisalabad	0.02	Non-recovery of loans & advances
55.	F-79/8/I	Director I&I Faisalabad	0.11	Irregular expenditure from the budget
56.	F-79/7/I	Director I&I Faisalabad	0.14	Irregular/doubtful expenditure
57.	F-79/5/I	Director I&I Faisalabad	0.30	Split over of expenditure under the head stationery
58.	F-79/4/I	Director I&I Faisalabad	0.95	Uneconomical expenditure on repairs
59.	F-79/3/	Director I&I Faisalabad	0.00	Non-conduct of internal Audit
60.	F-79/2/II	Director I&I Faisalabad	0.00	Non-conduct of physical verification of stores/stock
61.	F-79/13/I	Director I&I Faisalabad	0.06	Non-disposal of old news papers & other stores
62.	F-79/12/	Director I&I Faisalabad	0.00	Miscellaneous irregularities
63.	F-79/10/I	Director I&I Faisalabad	0.07	Excess purchase of uniforms

64.	F-79/1/II	Director I&I Faisalabad	0.00	Non-deduction of Income Tax on property Income
65.	3209	Director I&I Faisalabad	0.21	Non-recovery of loans & advances
66.	F-229/9/I	MCC Preventive Lahore	0.78	Irregular payment on account of transportation of goods
67.	F-229/8/II	MCC Preventive Lahore	0.00	Non-deduction of Tax from the rent of residential building
68.	F-229/7/II	MCC Preventive Lahore	0.01	Misappropriation of funds under head telephone
69.	F-229/6/II	MCC Preventive Lahore	0.20	Incorrect recovery of HBA
70.	F-229/5/II	MCC Preventive Lahore	0.94	Incurring of illegal expenditure on account of POL etc.
71.	F-229/4/II	MCC Preventive Lahore	5.28	Irregular advance payment of rent of residential buildings
72.	F-229/3/II	MCC Preventive Lahore	0.00	Non-conduct of physical verification of Stores/Stock
73.	F-229/3/I	MCC Preventive Lahore	5.59	Irregular payment on account of repair of residential buildings
74.	F-229/2/II	MCC Preventive Lahore	0.00	Non-existence of internal controls
75.	F-229/11/I	MCC Preventive Lahore	0.63	Irregular expenditure of Public funds
76.	F-229/1/II	MCC Preventive Lahore	0.00	Non-maintenance of Ledgers of staff cars
77.	2914	MCC Preventive Lahore	0.06	Inadmissible payment of Cash Reward
78.	2908	MCC Preventive Lahore	0.45	Irregular Expenditure on electronic communication
79.	F-219/4/I	MCC Preventive Lahore	0.00	Improper maintenance of recovery register
80.	F-220/6/I	MCC Preventive Lahore	0.01	Non-realization of Regulatory Duty on released goods
81.	F-254/8/I	MCC Preventive Lahore	0.00	Excess payment of rebate
82.	F-254/7/I	MCC Preventive Lahore	0.00	Excess payment of rebate
83.	F-254/6/I	MCC Preventive Lahore	0.00	Excess payment of rebate
84.	F-254/5/I	MCC Preventive Lahore	0.00	Excess payment of rebate

85.	F-245/5/I	MCC Preventive Lahore	1.71	Short-realization of revenue due to under valuation
86.	F-249/13/I	MCC Preventive Lahore	1.76	Inadmissible benefit of Sixth Schedule
87.	F-252/3/I	MCC Preventive Lahore	0.01	Non-realization of Export Development Surcharge
88.	F-252/1/I	MCC Preventive Lahore	0.05	Non-realization of Income Tax on exports
89.	F-246/7/I	MCC Preventive Lahore	0.00	Non-confirmation of clearance of imported goods in baggage
90.	F-246/6/I	MCC Preventive Lahore	0.01	Non-realization of duty and taxes on non-baggage item
91.	F-246/5/I	MCC Preventive Lahore	0.00	Short-realization of revenue due to incorrect value of goods
92.	F-246/4/I	MCC Preventive Lahore	0.00	Inadmissible benefit of duty free allowance
93.	F-246/2/I	MCC Preventive Lahore	0.12	Non-assessment of goods brought in commercial quantity
94.	F-247/5/I	MCC Preventive Lahore	0.00	Non-realization of revenue due to non levy of RD
95.	F-247/4/I	MCC Preventive Lahore	0.01	Short-realization of withholding tax
96.	F-247/3/I	MCC Preventive Lahore	0.19	Non-transfer of amount collected by NBP to treasury
97.	F-247/2/I	MCC Preventive Lahore	0.00	Over statement of collection of customs duty
98.	F-217/9/I	MCC Preventive Lahore	8.02	Short-realization of Customs Duty and allied taxes
99.	F-217/8/I	MCC Preventive Lahore	9.07	Non-realization of duty/taxes due to inadmissible benefit of SRO
100.	F-217/40/I	MCC Preventive Lahore	0.00	Non-imposition of penalty for filing of GD after due period
101.	F-217/37/I	MCC Preventive Lahore	0.00	Non/Short-realization of revenue
102.	F-217/36/I	MCC Preventive Lahore	0.00	Non-realization of Customs Duty and allied taxes
103.	F-217/35/I	MCC Preventive Lahore	0.00	Non-clearance of IGM within stipulated period
104.	F-217/34/I	MCC Preventive Lahore	0.01	Non-realization of duty and taxes due to inadmissible benefit
105.	F-217/33/I	MCC Preventive Lahore	0.01	Non-realization of Regulatory Duty

106.	F-217/32/I	MCC Preventive Lahore	0.02	Short-realization of revenue due to miscalculation
107.	F-217/30/I	MCC Preventive Lahore	0.00	Short-realization of customs duty and allied taxes
108.	F-217/25/I	MCC Preventive Lahore	0.10	Short-realization due to application of incorrect rate
109.	F-217/17/I	MCC Preventive Lahore	0.76	Non-enforcement of bank guarantee on expiry of period
110.	F-217/14/I	MCC Preventive Lahore	1.62	Short-realization of Sales Tax and allied taxes
111.	3233	MCC Preventive Lahore	2.24	Non/short-realization of revenue due to inadmissible concession
112.	3228	MCC Preventive Lahore	0.86	Non-realization of revenue due to inadmissible benefit
113.	2631	MCC Preventive Lahore	1.76	Non-realization of CD due to grant of inadmissible benefit
114.	F-230/4/II	MCC (App) Lahore	0.00	Non- conduct of physical verification of Stores/Stock
115.	F-230/3/II	MCC (App) Lahore	0.00	Non-maintenance of Ledger staff cars
116.	F-230/2/II	MCC (App) Lahore	0.01	Unauthorized withdrawal on account of POL
117.	F-230/1/II	MCC (App) Lahore	0.01	Irregular payment of TA/DA
118.	2946	MCC (App) Lahore	0.18	Irregular expenditure on account of Electronic communication
119.	2936	MCC (App) Lahore	1.81	Irregular expenditure on operational vehicles
120.	F-267/17/I	MCC (App) Lahore	0.66	Short-realization of revenue due to grant of inadmissible benefit
121.	F-267/1/I	MCC (App) Lahore	2.98	Evasion of duty and taxes
122.	F-216/9/I	MCC (App) Lahore	1.22	Non-realization of Withholding Tax
123.	F-216/7/I	MCC (App) Lahore	19.19	Irregular clearance of Coasters under Personal Baggage Scheme
124.	F-216/27/I	MCC (App) Lahore	0.01	Short-realization of Sales Tax on import of Fabrics
125.	F-216/26/I	MCC (App) Lahore	0.24	Non-realization of revenue for non-finalization of assessment
126.	F-216/25/I	MCC (App) Lahore	0.02	Non-realization of Regulatory Duty

127.	F-216/24/I	MCC (App) Lahore	0.03	Short-assessment of duty / taxes
128.	F-216/23/I	MCC (App) Lahore	0.05	Short-realization of revenue due to non-levy of VAT
129.	F-216/1/I	MCC (App) Lahore	87.14	Non-realization of Income Tax on imported goods
130.	3004	MCC (App) Lahore	0.63	Non-imposition of penalty and fine on mis-declaration
131.	F-243/3/I	MCC (App) Lahore	0.20	Short-realization of revenue
132.	F-243/12/I	MCC (App) Lahore	0.00	Non-levy of Regulatory Duty
133.	2990	MCC (App) Lahore	1.27	Short-realization of revenue due to under valuation
134.	2999	MCC (App) Lahore	0.19	Non-realization of redemption fine
135.	3016	MCC (App) Lahore	0.33	Short-realization of additional customs duty
136.	3275	MCC (App) Lahore	0.00	Non-export of temporary imported vehicles
137.	3266	MCC (App) Lahore	0.08	Short-realization of revenue due to under valuation
138.	F-240/4/I	Chief Collector Cus (Central) Lahore	0.06	Non-receipt of file covers and other items printed from PCP
139.	F-240/3/I	Chief Collector Cus (Central) Lahore	0.06	Misappropriation of expenditure on account of POL
140.	F-240/2/II	Chief Collector Cus (Central) Lahore	0.00	Non-existence of internal controls
141.	F-240/1/II	Chief Collector Cus (Central) Lahore	0.00	Non-conduction of physical verification of Stores/Stock
142.	F-232/7/II	Director PCA Lahore	0.01	Excess expenditure on TA/DA
143.	F-232/6/II	Director PCA Lahore	0.01	Non-payment/collection of Sales Tax
144.	F-232/5/II	Director PCA Lahore	0.00	Non-existence of internal controls
145.	F-232/4/II	Director PCA Lahore	0.00	Ineffective cost benefit ratio of the Directorate

146.	F-232/3/II	Director PCA Lahore	0.01	Excess payment on TA/DA
147.	F-232/2/II	Director PCA Lahore	0.00	Non-conduction of physical verification of Stores/Stock
148.	F-232/1/II	Director PCA Lahore	5.00	Non-maintenance of Ledgers of staff Cars
149.	2934	Director PCA Lahore	0.01	Inadmissible expenditure on conveyance etc. during leave,
150.	2932	Director PCA Lahore	0.03	Misappropriation of expenditure on account of POL
151.	2931	Director PCA Lahore	0.30	Irregular expenditure on account of electronic communication
152.	F-238/6/II	Directorate of Internal Audit Lahore	0.00	Non-existence of internal controls
153.	F-238/6/I	Directorate of Internal Audit Lahore	0.09	Irregular expenditure on account of POL
154.	F-238/5/II	Directorate of Internal Audit Lahore	0.00	Non-conduction of physical verification of Stores/Stock
155.	F-238/4/II	Directorate of Internal Audit Lahore	0.00	Non-maintenance of Ledger staff cars
156.	F-238/3/II	Directorate of Internal Audit Lahore	0.17	Unauthorized payment of hiring charges
157.	F-238/2/II	Directorate of Internal Audit Lahore	0.01	Inadmissible payment on account of household items
158.	F-238/1/II	Directorate of Internal Audit Lahore	0.01	Excess payment of conveyance and performance allowances
159.	2977	Directorate of Internal Audit Lahore	0.09	Irregular expenditure on account of electronic communication
160.	2973	Directorate of Internal Audit Lahore	2.09	Irregular expenditure on Operational Vehicles
161.	F-236/7/I	Directorate of Training Lahore	0.06	Inadmissible/excess payment of house requisition

162.	F-236/4/I	Directorate of Training Lahore	0.18	Payment of performance and conveyance allowances
163.	F-236/2/II	Directorate of Training Lahore	0.00	Non-conduction of physical verification of Stores/Stock
164.	F-236/1/II	Directorate of Training Lahore	0.00	Non-existence of internal controls
165.	2969	Directorate of Training Lahore	0.16	Non-recovery of loans & advances
166.	F-228/2/II	Collectorate of Customs (Appeals) Lahore	0.00	Non-existence of internal controls
167.	F-228/1/II	Collectorate of Cus (Appeals) Lahore	0.00	Non- conduction of physical verification of Stores/Stock
168.	2893	Collectorate of Cus (Appeals) Lahore	1.09	Non disposal of condemned Dead Stock Stores.
169.	2891	Collectorate of Cus (Appeals) Lahore	0.80	Irregular expenditure on operational vehicles
170.	2924	Directorate of Customs Valuation Lahore	0.03	Irregular expenditure on account of electronic communication
171.	F-234/4/II	Directorate of I&I Lahore	0.00	Non-existence of internal controls
172.	F-234/3/II	Directorate of I&I Lahore	0.00	Non-conduction of physical verification of Stores/Stock
173.	F-234/2/II	Directorate of I&I Lahore	0.00	Non-maintenance of Ledger staff cars
174.	F-234/17/I	Directorate of I&I Lahore	17.22	Irregular expenditure on pay &allowances
175.	F-234/14/I	Directorate of I&I Lahore	0.04	Un-justified expenditure on payment of electricity charges
176.	F-234/1/II	Directorate of I&I Lahore	0.01	Irregular payment on account of Printing & Publication
177.	2957	Directorate of I&I Lahore	0.22	Irregular expenditure on account of electronic communication
178.	2956	Directorate of I&I Lahore	0.24	Over payment of pay and allowances
179.	2952	Directorate of I&I Lahore	7.37	Irregular expenditure on POL and repair of vehicles

180.	3034	Directorate of I&I Lahore	12.00	Loss of revenue due to improper warehousing/auction of vehicles
181.	3033	Directorate of I&I Lahore	12.81	Illegal release of confiscated vehicles under amnesty scheme
182.	F-37/6/I	MCC Multan	0.26	Irregular drawl of POL charges
183.	F-37/3/II	MCC Multan	0.00	Non-existence of internal controls
184.	F-37/2/II	MCC Multan	0.00	Non-conduction of physical verification of Stores/Stock
185.	F-37/13/I	MCC Multan	0.20	Irregular drawl of overtime allowance
186.	F-37/12/I	MCC Multan	0.34	Non-recovery of overpayment of pay and allowances
187.	F-37/1/II	MCC Multan	0.00	Non-disposal of replaced auto parts
188.	F-32/5/I	MCC Multan	0.00	Non-confiscation of vehicles involved in smuggling of goods
189.	F-35/4/I	MCC Multan	1.68	Un-authorized reporting of duty and taxes collected by GPO
190.	F-35/2/I	MCC Multan	0.00	Non realization of Custom Duty
191.	F-35/1/II	MCC Multan	0.00	Improper maintenance of record
192.	F-33/4/I	MCC Multan	0.00	Payment of export rebate without any proof
193.	F-33/3/I	MCC Multan	0.06	Inadmissible payment of rebate
194.	F-33/2/I	MCC Multan	0.03	Doubtful claim of rebate
195.	F-34/A/1/II	MCC Multan	0.00	Non-issuance of analysis certificate
196.	3094	MCC Multan	48.14	Misuse of raw material imported duty free
197.	F-38/4/I	MCC Multan	0.00	Deletion of recoverable amount from Recovery Register
198.	F-41/9/I	MCC Multan	1.43	Short realization of Duty/Taxes for inadmissible benefit of SRO
199.	F-41/3/I	MCC Multan	0.03	Non-realization of Value Addition Tax
200.	F-41/2/II	MCC Multan	0.00	Non-realization of Custom Duty
201.	F-41/2/I	MCC Multan	0.01	Short-assessment and collection of Sales Tax and WHT
202.	F-41/10/I	MCC Multan	0.85	Non-realization of Sales Tax due to inadmissible benefit

203.	F-41/1/II	MCC Multan	0.01	Short-realization of Income Tax on import of betel leaves
204.	F-42/14/I	MCC Multan	0.07	Short-realization of duty and taxes due to under valuation
205.	F-75/8/I	MCC Sialkot	0.21	Inadmissible expenditure on provisions
206.	F-75/7/I	MCC Sialkot	0.30	Non-recovery of conveyance allowance from pay
207.	F-72/13/I	MCC Sialkot	0.17	Excess / undue recovery due to use of wrong input output ratio
208.	2741	MCC Sialkot	0.11	Short-realization of Income Tax due to application of incorrect rate
209.	2772	MCC Sialkot	4.42	Irregular release of bank guarantee
210.	2795	MCC Sialkot	0.00	Poor monitoring and lenient application of DTRE's rules
211.	2797	MCC Sialkot	0.00	Poor performance of Recovery Cell
212.	2856	MCC Peshawar	0.06	Non-realization of Value Addition Tax
213.	3212	MCC Peshawar	11.77	Non-realization of Sales Tax from manufacturing bond
214.	3213	MCC Peshawar	0.04	Short-realization of duty/taxes
215.	3448	MCC Islamabad	0.19	Inadmissible withdrawal of hard area allowance
216.	3447	MCC Islamabad	1.26	Non-recovery of House Building Advance
217.	3368	MCC Islamabad	0.96	Inadmissible exemption of duty & taxes
218.	3395	MCC Islamabad	0.60	Short-realization of Sales Tax due to undervaluation of wastage
219.	3389	MCC Islamabad	956.88	Irregular local sale of goods manufactured in bond
220.	130-Exp/K	Chief Collector App (South) Karachi	0.30	Un-justified expenditure on account of repair
221.	133-Exp/K	Chief Collector App (South) Karachi	-	Non production of Physical Verification Report
222.	134-Exp/K	Chief Collector App (South) Karachi	-	Non-carrying out of Internal Check

223.	158-Exp/K	Chief Collector Enf (South) Karachi	0.06	Doubtful expenditure on repair and maintenance of the vehicles
224.	159-Exp/K	Chief Collector Enf (South) Karachi	0.10	Irregular expenditure on courier services
225.	Para-2/I	Chief Collector Enf (South) Karachi	0.06	Irregular expenditure without obtaining quotations
226.	Para-6/I	Chief Collector Enf (South) Karachi	-	Improper maintenance of log books and movement registers
227.	Para-7/I	Chief Collector Enf (South) Karachi	-	Non-carrying out physical verification of Stores
228.	Para-8/I	Chief Collector Enf (South) Karachi	-	Non- maintenance of dead stock/ Fixed Assets Register
229.	Para-9/I	Chief Collector Enf (South) Karachi	-	Non- maintenance of Cash Book
230.	28-Exp/K	Collector Adj-I Karachi	5.36	Un-justified expenditure on account of purchase/repair
231.	29-Exp/K	Collector Adj-I Karachi	6.19	Rush of expenditure in the month of June, 2015
232.	30-Exp/K	Collector Adj-I Karachi	0.60	Irregular expenditure on payment of cash reward
233.	32-Exp/K	Collector Adj-I Karachi	0.18	Irregular expenditure on courier and pilot services
234.	33-Exp/K	Collector Adj-I Karachi	0.14	Unauthorized expenditure from the grant of next financial year
235.	34-Exp/K	Collector Adj-I Karachi	-	Non-carrying out of physical verification of dead stock/stores
236.	35-Exp/K	Collector Adj-I Karachi	-	Non-production of record
237.	36-Exp/K	Collector Adj-I Karachi	-	Non-carrying out of Internal Check
238.	37-PE/K	Collector Adj-I Karachi	-	Adjudication of cases received manually
239.	101-Exp/K	Collector Adj-II Karachi	0.30	Irregular purchase of items without tendering system
240.	102-Exp/K	Collector Adj-II Karachi	0.10	Irregular expenditure on account of courier and pilot services
241.	103-Exp/K	Collector Adj-II Karachi	0.23	Rush of expenditure in the month of June, 2015
242.	104-Exp/K	Collector Adj-II Karachi	0.06	Un-justified expenditure on account of purchase/repair
243.	105-Exp/K	Collector Adj-II Karachi	0.08	Unjustified/excess expenditure on purchase of stationery

244.	106-Exp/K	Collector Adj-II Karachi	0.03	Excess expenditure on account of POL in excess of ceiling
245.	107-Exp/K	Collector Adj-II Karachi	0.03	Unjustified/excess expenditure on purchase of equipment
246.	108-Exp/K	Collector Adj-II Karachi	-	Non-carrying out of physical verification of dead stock/stores
247.	109-Exp/K	Collector Adj-II Karachi	-	Non-production of record
248.	110-Exp/K	Collector Adj-II Karachi	-	Non-carrying out of Internal Check
249.	112-PE/K	Collector Adj-II Karachi	-	Adjudication of cases received manually
250.	113-PE/K	Collector Adj-II Karachi	-	Non-production of record of on-line adjudication
251.	14-Exp/K	Collector Appeal (Cus) Karachi	-	Non-carrying out of physical verification of dead stock/stores
252.	Para- 04/I	Collector Appeal (Cus) Karachi	0.03	Unauthentic/doubtful expenditure on account of repair of vehicle
253.	65-Exp/K	D.G Valuation Customs, Karachi	0.45	Irregular expenditure on account of courier and pilot services
254.	67-Exp/K	D.G Valuation Customs, Karachi	0.81	Irregular expenditure on payment of cash reward
255.	68-Exp/K	D.G Valuation Customs, Karachi	0.70	Un-justified expenditure on repair and maintenance
256.	70-Exp/k	D.G Valuation Customs Karachi	0.55	Irregular expenditure from the irrelevant Financial Year
257.	71-Exp/K	D.G Valuation Customs Karachi	0.09	Irregular/doubtful expenditure on account of janitorial work
258.	73-Exp/K	D.G Valuation Customs Karachi	0.06	Mis-appropriation of Govt. money
259.	75-Exp/K	D.G Valuation Customs Karachi	0.02	Acceptance of security instrument for lesser amount
260.	77-Exp/K	D.G Valuation Customs Karachi	-	Non-carrying out of physical verification of dead stock/stores
261.	79-Exp/K	D.G Valuation Customs Karachi	-	Non-disposal of replaced tyres/ auto-parts and newspapers
262.	458-CD/k	D.G. Pakistan Coast Guard.	364.36	Non-disposal of liquors/hashish
263.	97-Exp/K	DG Transit Trade, Karachi	-	Irregular expenditure on POL, CNG & Repair of Transport

264.	98-Exp/K	DG Transit Trade, Karachi	0.14	Purchase of WINDOWS 7PRO etc. without tender
265.	99-Exp/K	DG Transit Trade, Karachi	0.44	Inadmissible grant of cash reward for routine duties
266.	Par -3/I	DG Transit Trade, Karachi	-	Non-maintenance of cash book.
267.	Para - 4/I	DG Transit Trade, Karachi	-	Non-carrying out physical verification of Stores/Stocks
268.	Para- 5/I	DG Transit Trade, Karachi	-	Non- maintenance of dead stock/ Fixed Assets Register
269.	Para-6/I	DG Transit Trade, Karachi	0.02	Misclassification of expenditure
270.	Para-8/I	DG Transit Trade, Karachi	0.44	Violation of powers to make reward rules/orders
271.	Para-10/I	DG Transit Trade, Karachi	1.69	Lapse of govt. money due to non-surrender of savings
272.	16-Exp/K	Director I&I, Karachi	0.50	Justification regarding expenditure of law charges
273.	17-Exp/K	Director I&I, Karachi	-	Non-disposal of old news papers
274.	18-Exp/k	Director I&I, Karachi	-	Non-maintenance of dead stock register
275.	92-CD/k	Director I&I, Karachi	-	Non-conducting the physical verification
276.	Para-5/I	Director I&I, Karachi (Supdt I&I Sukkur)	0.01	Non-realization of Regulatory Duty on led TV
277.	Para-6/I	Director I&I, Karachi (Supdt I&I Sukkur)	0.01	Short-realization of redemption fine
278.	25-Exp/K	Director R&A (Cus) Karachi	-	Non-maintenance of dead stock register
279.	26-Exp/K	Director R&A (Cus) Karachi	-	Non-production of Physical Verification Report
280.	51-Exp/K	DG Training & Research (Cus), Karachi	2.00	Irregular expenditure on procurement of Stationery etc.
281.	52-Exp/K	DG Training & Research (Cus), Karachi	0.94	Excess expenditure on account of POL in excess of ceiling
282.	53-Exp/K	DG Training & Research (Cus),	1.67	Unauthorized expenditure from the grant of next FY

		Karachi		
283.	54-Exp/K	DG Training & Research (Cus), Karachi	0.25	Excess expenditure on purchase of items at higher rates
284.	56-Exp/K	DG Training & Research (Cus), Karachi	1.13	Irregular expenditure on payment of cash reward
285.	57-Exp/K	DG Training & Research (Cus), Karachi	0.46	Irregular expenditure on printing
286.	58-Exp/K	DG Training & Research (Cus), Karachi	0.03	Excess/expenditure on payment of Income Tax etc
287.	59-Exp/K	DG Training & Research (Cus), Karachi	4.17	Rush of expenditure in the month of June, 2015
288.	60-Exp/K	DG Training & Research (Cus), Karachi	0.05	Unlawful payment of Sales Tax on textile articles
289.	62-Exp/K	DG Training & Research (Cus), Karachi	0.18	Irregular expenditure on account of courier and pilot services
290.	63-Exp/K	DG Training & Research (Cus), Karachi	-	Non-carrying out of Internal Check
291.	64-Exp/K	DG Training & Research (Cus), Karachi	-	Non-carrying out of physical verification of dead stock/stores
292.	80-Exp/K	Directorate of Internal Audit, Karachi	0.07	Irregular expenditure on account of courier and pilot services
293.	82-Exp/K	Directorate of Internal Audit, Karachi	2.27	Rush of expenditure in the month of June, 2015
294.	83-Exp/K	Directorate of Internal Audit, Karachi	0.50	Unauthorized expenditure from the grant of next Financial Year
295.	84-Exp/K	Directorate of Internal Audit, Karachi	0.60	Irregular expenditure on payment of cash reward
296.	85-Exp/K	Directorate of Internal Audit, Khi	0.08	Irregular expenditure on printing

297.	87-Exp/K	Directorate of Internal Audit, Karachi	0.00	Short recovery of Income Tax
298.	88-Exp/K	Directorate of Internal Audit, Karachi	-	Non-production of record/information/data
299.	89-Exp/K	Directorate of Internal Audit, Karachi	-	Non-carrying out of Internal Check
300.	90-Exp/K	Directorate of Internal Audit, Karachi	-	Non-carrying out of physical verification of dead stock/stores
301.	93-PE/K	Directorate of Internal Audit, Karachi	-	Non maintaining f record of recoveries and audit reports
302.	94-PE/K	Directorate of Internal Audit, Karachi	1,191.72	Recoveries at the instance of Internal Audit
303.	40-Exp/K	Directorate of PCA (Cus), Karachi	0.05	Irregular expenditure on account of courier/pilot services
304.	41-Exp/K	Directorate of PCA (Cus), Karachi	0.35	Irregular/un-authenticated expenditure on purchase/repair
305.	42-Exp/K	Directorate of PCA (Cus), Karachi	0.91	Rush of expenditure in the month of June, 2015
306.	43-Exp/K	Directorate of PCA (Cus), Karachi	0.43	Irregular expenditure on payment of cash reward
307.	44-Exp/K	Directorate of PCA (Cus), Karachi	0.54	Unauthorized expenditure from the grant of next Financial Year
308.	45-Exp/K	Directorate of PCA (Cus), Karachi	-	Non-carrying out of Internal Check
309.	49-PE/K	Directorate of PCA (Cus), Karachi	-	Performance evaluation
310.	137-Exp/K	MCC App (East), Karachi	16.16	Unauthorized/Irregular expenditure of electricity charges
311.	139-Exp/K	MCC App (East), Karachi	0.50	Irregular expenditure without calling tender
312.	143-Exp/K	MCC App (East), Karachi	-	Non-carrying out of Internal Check
313.	147-Exp/K	MCC App (East), Karachi	-	Non-carrying out of physical verification of dead stock/stores

314.	208-CD/K	MCC App (East), Karachi	20.10	Non-realization of withholding tax due to special exemption
315.	209- CD/K	MCC App (East), Karachi	574.46	Non-realization of withholding tax due to special exemption
316.	Para-8/I	MCC App (East), Karachi	0.01	Non-recovery of personal penalty
317.	146-Exp/K	MCC App (East), Karachi	-	Improper maintenance of dead stock/fixed assets register
318.	Para- 06/I	MCC App (East), Karachi	0.23	Short-realization of duty and taxes
319.	Para- 08/I	MCC App (East), Karachi	0.03	Non-realization of Regulatory Duty
320.	Para - 09/I	MCC App (East), Karachi	0.02	Short-realization of duty and taxes
321.	Para - 10/I	MCC App (East), Karachi	0.03	Short-realization of duty and taxes
322.	Para - 7/I	MCC App (East), Karachi	0.04	Non-recovery of personal penalty
323.	Para - 7/I	MCC App (East), Karachi	0.03	Short-realization of duty and taxes
324.	Para - 9/I	MCC App (East), Karachi	0.04	Non-recovery of personal penalty
325.	Para - 10/I	MCC App (East), Karachi	0.25	Non-realization of income tax
326.	162-Exp/K	MCC App (West),Karachi	26.24	Non-surrender of savings
327.	286-CD/K	MCC App (West),Karachi	57.00	Non-maintenance of record of test memo fee
328.	Para 1/II	MCC App (West),Karachi	0.01	Non-recovery of adjudged revenue
329.	286-CD/K	MCC App (West),Karachi	57.00	Non-maintenance of record of test memo fee
330.	169-Exp/K	MCC App (West),Karachi	2.12	Irregular expenditure incurred on a/c of previous year liabilities
331.	170-Exp/K	MCC App (West),Karachi	0.70	Expenditure of Transportation of Goods
332.	173-Exp/K	MCC App (West),Karachi	0.20	Justification regarding procurement of CNG charges
333.	175-Exp/K	MCC App (West),Karachi	-	Non-carrying out of physical verification of dead stock/stores.
334.	133-CD/K	MCC Exports (PMBQ) Karachi	427.80	Non-revalidation of indemnity bond/postdated cheques

335.	Para-28/I	MCC Exports (PMBQ) Karachi	-	Non-maintenance of record regarding raw material procured
336.	Para-29/I	MCC Exports (PMBQ) Karachi	3.95	Non-realization of Regulatory Duty
337.	Para-5/I	MCC Exports (PMBQ) Karachi	0.43	Non-realization of Value Addition Tax
338.	Para-6/I	MCC Exports (PMBQ) Karachi	0.10	Short-realization of penalty
339.	Para-8/I	MCC Exports (PMBQ) Karachi	0.01	Short-recovery of government dues
340.	147- CD/K	MCC Exports (PMBQ),Karachi	0.05	Non-recovery of duty / taxes involved in un-consumed input
341.	399-CD/K	MCC Exports (PMBQ),Karachi	-	Export of goods without filling of exports manifest
342.	400-CD/K	MCC Exports (PMBQ),Karachi	-	Export of goods without filling of export manifest
343.	01-Exp/K	MCC Exports (PMBQ),Karachi	1.06	Irregular payment of rent for residential accommodation
344.	04-Exp/K	MCC Exports (PMBQ),Karachi	0.07	Irregular payment of Income Tax on electricity bills
345.	05-Exp/K	MCC Exports (PMBQ),Karachi	0.05	Unjustified purchase of uniforms
346.	06-Exp/K	MCC Exports (PMBQ),Karachi	0.01	Less deduction of Withholding Tax from payments
347.	Para-07/I	MCC Exports (PMBQ),Karachi	0.02	Non-adjustment of TA/DA advance
348.	Para-08/I	MCC Exports (PMBQ),Karachi	-	Non-carrying out physical verification of stores
349.	Para-09/I	MCC Exports (PMBQ),Karachi	-	Non-maintenance of dead stock/ Fixed Assets Register
350.	08-Exp/K	MCC Exports, (C.H), Karachi	0.10	Unauthorized expenditure on repair
351.	09-Exp/K	MCC Exports, (C.H), Karachi	0.06	Irregular expenditure on account of repair of hardware
352.	10-Exp/K	MCC Exports, (C.H), Karachi	0.05	Unauthorized expenditure without sanction order
353.	Para -2/I	MCC Exports, (C.H), Karachi	0.82	Un-justified expenditure on repair and maintenance
354.	Para-4/I	MCC Exports, (C.H), Karachi	0.14	Irregular expenditure on payment of repair of machinery
355.	Para-8/I	MCC Exports, (C.H), Karachi	0.03	Non-maintenance of Cash Book

356.	Para-1/II	MCC Exports, (C.H), Karachi	-	Unauthorized expenditure on repair of hardware
357.	Para-2/II	MCC Exports, (C.H), Karachi	-	Non- carrying out of Internal Check
358.	Para-3/II	MCC Exports, (C.H), Karachi	-	Non-carrying out of physical verification of dead stock/stores
359.	Para-4/II	MCC Exports, (C.H), Karachi		Non-maintenance of dead stock
360.	493-CD/K	MCC Exports, (C.H), Karachi	0.49	Non-recovery of dues payable on wastage
361.	495-CD/K	MCC Exports, (C.H), Karachi	0.14	Non-recovery of dues payable on wastage
362.	496-CD/K	MCC Exports, (C.H), Karachi	0.11	Non-recovery of dues payable on wastage
363.	497-CD/K	MCC Exports, (C.H), Karachi	0.04	Non-recovery of dues payable on wastage of imported raw material
364.	500- CD/K	MCC Exports, (C.H), Karachi	-	Non-realization of duties and taxes
365.	502-CD/k	MCC Exports, (C.H), Karachi	-	Export of goods without filling of export manifest
366.	503-CD/K	MCC Exports, (C.H), Karachi	-	Export of goods without filling of export manifest
367.	504-CD/K	MCC Exports, (C.H), Karachi	-	Export of goods without filling of export manifest
368.	115-Exp/K	MCC Hyderabad	0.01	Irregular expenditure on account of Adhoc Relief Allowance
369.	116-Exp/K	MCC Hyderabad	0.01	Irregular expenditure on account of integrated allowance
370.	118-Exp/K	MCC Hyderabad	0.63	Irregular expenditure on account of courier and pilot services
371.	119-Exp/K	MCC Hyderabad	0.17	Short/non-deduction of Group Insurance Fund
372.	125-Exp/K	MCC Hyderabad	-	Non-recovery of interest on permanent advance
373.	128-Exp/K	MCC Hyderabad	-	Non-conducting of physical verification of stores
374.	129-Exp/K	MCC Hyderabad	-	Non-conducting of internal check
375.	2-CD/K	MCC Hyderabad	-	Non-cancellation of bonded warehouse license

376.	3-CD/K	MCC Hyderabad	-	Production of goods against provisional analysis certificate
377.	6-CD/k	MCC Hyderabad	0.45	Short-realization of revenue from post-dated cheques
378.	168-CD/k	MCC Hyderabad	-	Non-determination of duty & taxes and penalties
379.	250-CD/k	MCC Hyderabad	-	Release of conveyance without fine / penalty
380.	278-CD/k	MCC Hyderabad	0.23	Irregular auction of tyre scrap
381.	Para- 1/I	MCC PMBQ, Karachi	11.55	Irregular/un-justified expenditure on payment of electricity bills
382.	Para- 3/I	MCC PMBQ, Karachi	-	Unauthorized use of operational vehicles
383.	Para- 4/I	MCC PMBQ, Karachi	0.07	Irregular expenditure due to mis-classification
384.	Para- 5/I	MCC PMBQ, Karachi	0.06	Irregular expenditure on account of conveyance charges
385.	Para- 9/I	MCC PMBQ, Karachi	0.02	Irregular expenditure on office stationery charges
386.	Para- 10/I	MCC PMBQ, Karachi	0.02	Irregular expenditure on account of CNG charges
387.	Para-11/I	MCC PMBQ, Karachi	-	Non-carrying out physical verification of stores/stocks
388.	Para-12/I	MCC PMBQ, Karachi	-	Non-maintenance of Cash Book.
389.	178-Exp/K	MCC PMBQ, Karachi	0.50	Unauthorized use of vehicles for operational duty
390.	Para-2/I	MCC PMBQ, Karachi	0.03	Irregular release of imported goods under baggage
391.	Para-3/I	MCC PMBQ, Karachi	0.02	Short-realization of duty due to less value applied on assessment
392.	Para-4/I	MCC PMBQ, Karachi	0.02	Short-realization of duty on imported goods
393.	Para-5/I	MCC PMBQ, Karachi	0.02	Short-realization of duty on imported goods
394.	Para-6/I	MCC PMBQ, Karachi	0.00	Short-realization of duty and taxes on import of branded TV
395.	Para-7/I	MCC PMBQ, Karachi	0.01	Non-realization of duty and taxes on import of generators

396.	Para-4/I	MCC Preventive, Karachi	0.02	Loss of revenue due to under assessment of Baggage Goods
397.	Para-1/I	MCC Preventive, Karachi	-	Non-production of record
398.	Para-1/I	MCC Preventive, Karachi	-	Non-disposal of detained liquors / beers
399.	Para-7/I	MCC Preventive, Karachi	-	Improper maintenance of SWH
400.	Para-1/I	MCC Preventive, Karachi	-	Non-disposal of mishandled packages
401.	Para-2/I	MCC Preventive, Karachi	0.01	Short-realization of Taxes
402.	Para-3/I	MCC Preventive, Karachi	0.00	Non-realization of Fine
403.	Para-3/I	MCC Preventive, Karachi	0.00	Short-realization of dues due to under-valuation of goods
404.	Para-1/I	MCC Preventive, Karachi	0.00	Short-realization of dues due to under-valuation of goods
405.	Para-4/I	MCC Preventive, Karachi	0.00	Short-realization of dues due to under-valuation of goods
406.	Para-3/I	MCC Preventive, Karachi	0.01	Short-realization of dues due to under-valuation of goods
407.	Para-6/I	MCC Preventive, Karachi	-	Inadequate monitoring of bonded goods
408.	Para-10/I	MCC Preventive, Karachi	-	Improper maintenance of SWH
409.	149-Exp/K	MCC Preventive, Karachi	3.23	Irregular sanction of Reward
410.	150-Exp/K	MCC Preventive Karachi	0.25	Irregular expenditure on courier services
411.	151-Exp/K	MCC Preventive Karachi	0.95	Irregular expenditure without calling tender
412.	152-Exp/K	MCC Preventive Karachi	33.00	Rush of expenditure in the month of June, 2015
413.	153-Exp/K	MCC Preventive Karachi	0.15	Unjustified expenditure on maintenance of garden
414.	155-Exp/K	MCC Preventive Karachi	2.31	Irregular payment of law charges
415.	156-Exp/K	MCC Preventive Karachi	0.39	Irregular expenditure on purchase of stationery items
416.	157-Exp/K	MCC Preventive Karachi	0.14	Irregular reimbursement of TA/DA claims

417.	Para-11/I	MCC Preventive, Karachi	0.26	Inadmissible payment on account of Integrated Allowance
418.	Para-12/I	MCC Preventive, Karachi	0.00	Non-realization of Stamp Duty
419.	Para-13/I	MCC Preventive, Karachi	-	Non-completion of Service Books of non gazette staff.
420.	Para-14/I	MCC Preventive, Karachi	-	Non-maintenance of dead stock/ Fixed Assets Register
421.	Para-15/I	MCC Preventive, Karachi	-	Non-conduct of Physical Verification of Store/Stock
422.	175-CD/K	MCC Preventive, Karachi	0.10	Non-submission of bank guarantees
423.	176-CD/K	MCC Preventive, Karachi	1.03	Excess deduction of commission by GPO
424.	514-CD/K	MCC Quetta	-	Unauthorized maintenance of more than one bank account
425.	2668	ETO (ICT) Islamabad	0.26	Non-recovery of Bed Tax
426.	2669	ETO (ICT) Islamabad	0.24	Non-realization of token tax and penalty
427.	2671	ETO (ICT) Islamabad	0.14	Non-payment of Education Cess
428.	2672	ETO (ICT) Islamabad	0.10	Non/short-realization of Penalties
429.	2674	ETO (ICT) Islamabad	0.05	Non-realization of revenue due to non-renewal of certificates
430.	2675	ETO (ICT) Islamabad	0.05	Non/short-realization of fee on allocation of special number
431.	2676	ETO (ICT) Islamabad	0.05	Non-realization of professional tax
432.	F/31-14/I	ETO (ICT) Islamabad	0.01	Non/short-realization of Income Tax u/s 234 on Motor Vehicle
433.	F/31-1/II	ETO (ICT) Islamabad	0.01	Non-realization of Tobacco Fee
434.	F/31-2/II	ETO (ICT) Islamabad	0.01	Non/short-realization of Transfer Fee
435.	F/31-3/II	ETO (ICT) Islamabad	0.02	Non-realization of Hire Purchase Agreement Fee
436.	F/31-4/II	ETO (ICT) Islamabad	0.01	Non/short-realization of token tax

437.	2664	Joint Sub-Registrar, ICT, Islamabad	0.04	Short-realization of government revenue due to under valuation of immovable property
438.	F/28-1/II	Joint Sub-Registrar, ICT, Islamabad	0.01	Short-realization of stamp duty
439.	F/32-3/I	Secretary, Islamabad Transport Authority, ICT, Islamabad	0.09	Non-deposit of summary fine in the national exchequer

Audit Impact Summary

FBR and ICT effected recovery of Rs. 364.00 million at the instance of Audit. Further, Audit pointed out certain issues contained in previous years' Audit Reports as well as in current Report, in response to which following actions and necessary changes are likely to be considered in the rules and regulations:

i) Issues referred to FBR

- Issues like levy of Additional Customs Duty on auto parts imported in old & used condition, enhancing the pitch of penalty including confiscation of imported goods where invoice and packing list were not found inside the container, imposition of Withholding Tax (WHT) @ 1% on goods covered under zero rating regime and statutory rate in remaining cases, issue of chargeability of Duty and taxes on re-imported goods which had gone under repair work, WHT either @ 3% or 5% leviable on industrial concerns who did not hold valid exemption certificate at the time of import, the expression "other items" in SRO 575(I)/2005 include items other than plant, machinery, equipments and spares, levy of Additional Sales Tax on imported vehicles, the expression "raw material" also includes components, sub-components, assemblies and sub-assemblies, inclusion of Federal Excise Duty to calculate depreciation on vehicles imported under SRO 499(I)/2013, after promulgation of SRO 811(I)/2013 amendment in Rule 351 (i) of Customs Rules, 2001 and items like sea food (all types), dates, almond, kishmish, dry plum etc. cover/not cover in S.No.15-"food grains and food items all sorts" of SRO 566(I)/2006 were referred to Board for clarification / necessary amendments in relevant Rules in forthcoming Budget 2016-17

ii) Issues referred to Classification Committee

- Issues pertaining to classification of imported goods like scanners, glass balls (Bantey), networking equipments (server), red chilli seeds/water melon seeds and copper rods were referred to Classification Committee, Karachi.

iii) Issues referred to Drug Regulatory Authority

- Whether ceftriaxone and ceftriaxone sodium sterile, cefotaxime and cefotaxime sodium sterile were one and same things referred to the Drug Regulatory Authority for clarification.

iv) Issues referred to Ministry of Commerce

- Issue of removal of duplicate Pakistan Customs Tariff (PCT) headings in Free Trade Agreement with China issued vide SRO 659(I)/2007 was referred to Ministry of Commerce for necessary action.

Annexure-3

Para 2.4.8

Non-reporting of losses to Audit - Rs. 20,776.97 million

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2879	MCC, Peshawar	354.46
2.	382-CD/K	MCC Exports (PMBQ), Karachi	7,559.73
3.	383-CD/K	MCC Exports (PMBQ), Karachi	5,878.18
4.	384-CD/K	MCC Exports (PMBQ), Karachi	2,528.82
5.	385-CD/K	MCC Exports (PMBQ), Karachi	2,322.82
6.	386-CD/K	MCC Exports (PMBQ), Karachi	2,121.12
7.	281-CD/K	MCC Hyderabad	11.84
8.	378-CD/K	MCC Appraisalment (West), Karachi	0
9.	27-CD/K	MCC Preventive, Karachi	0
Total			20,776.97

Annexure-4

Para 2.4.9

Non-production of record

S.No.	DP No	Name of Office
1	2628	MCC Preventive, Lahore
2	2750	MCC, Sialkot
3	2888	Collector (Adjudication), Lahore
4	3260	MCC Preventive, Lahore
5	3347	MCC, Islamabad
6	3382	MCC, Islamabad
7	3411	MCC, Islamabad
8	107-CD/K	MCC Appraisalment (West), Karachi
9	125-CD/K	MCC Appraisalment (West), Karachi
10	287-CD/K	MCC Appraisalment (West), Karachi
11	28-CD/K	MCC Appraisalment (West), Karachi
12	29-CD/K	MCC Appraisalment (West), Karachi
13	30-CD/K	MCC Appraisalment (West), Karachi
14	31-CD/K	MCC Appraisalment (West), Karachi
15	506-CD/K	MCC Appraisalment (East), Karachi
16	513-CD/K	MCC Preventive, Karachi
17	459-CD/K	MCC Appraisalment (East), Karachi
18	449-CD/K	MCCs, Appraisalment (West), Preventive, Appraisalment (East), PMBQ, Quetta & Gwadar

Annexure-5

Para 2.4.10

Loss of Rs. 6,407.48 million resulting from grant of inadmissible exemptions and concessions

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2566	MCC (Appraisalment), Lahore	0.33
2.	2567	MCC (Appraisalment), Lahore	0.37
3.	2570	MCC (Appraisalment), Lahore	0.24
4.	2576	MCC (Appraisalment), Lahore	0.80
5.	2584	MCC (Appraisalment), Lahore	1.87
6.	2599	MCC (Appraisalment), Lahore	0.45
7.	2616	MCC (Preventive), Lahore	0.04
8.	2620	MCC (Preventive), Lahore	0
9.	2623	MCC (Preventive), Lahore	0.03
10.	2627	MCC (Preventive), Lahore	31.79
11.	2630	MCC (Preventive), Lahore	34.52
12.	2735	MCC, Sialkot	0.08
13.	2742	MCC, Sialkot	0.91
14.	2747	MCC, Sialkot	4.19
15.	2769	MCC, Sialkot	4.01
16.	2770	MCC, Sialkot	3.50
17.	2771	MCC, Sialkot	4.77
18.	2773	MCC, Sialkot	2.25
19.	2774	MCC, Sialkot	2.04
20.	2775	MCC, Sialkot	6.90
21.	2776	MCC, Sialkot	0.70
22.	2858	MCC, Peshawar	0.93
23.	2859	MCC, Peshawar	0.87
24.	2,862	MCC, Peshawar	0.26
25.	2886	MCC, Peshawar	0.04
26.	2,887	MCC, Peshawar	3.34
27.	2986	MCC (Appraisalment), Lahore	0.66
28.	2992	MCC (Appraisalment), Lahore	14.15
29.	3008	MCC (Appraisalment), Lahore	0.14
30.	3021	MCC (Appraisalment), Lahore	0.05

31.	3025	MCC (Appraisalment), Lahore	1.74
32.	3042	MCC (Appraisalment), Lahore	1.68
33.	3049	MCC (Appraisalment), Lahore	8.02
34.	3093	MCC, Multan	57.67
35.	3109	MCC, Multan	0.63
36.	3110	MCC, Multan	2.23
37.	3114	MCC, Multan	0.18
38.	3116	MCC, Multan	0.07
39.	3120	MCC, Multan	7.50
40.	3122	MCC, Multan	0.43
41.	3125	MCC, Multan	19.72
42.	3146	MCC, Faisalabad	0.30
43.	3160	MCC, Faisalabad	0.48
44.	3170	MCC, Faisalabad	3.13
45.	3179	MCC, Faisalabad	225.61
46.	3183	MCC, Faisalabad	0.39
47.	3217	MCC (Preventive), Lahore	1.94
48.	3220	MCC (Preventive), Lahore	0.35
49.	3221	MCC (Preventive), Lahore	0.23
50.	3222	MCC (Preventive), Lahore	0.48
51.	3225	MCC (Preventive), Lahore	0.67
52.	3229	MCC (Preventive), Lahore	1.13
53.	3230	MCC (Preventive), Lahore	1.60
54.	3235	MCC (Preventive), Lahore	2.46
55.	3236	MCC (Preventive), Lahore	2.53
56.	3238	MCC (Preventive), Lahore	8.11
57.	3240	MCC (Preventive), Lahore	14.00
58.	3241	MCC (Preventive), Lahore	16.79
59.	3242	MCC (Preventive), Lahore	48.75
60.	3247	MCC (Preventive), Lahore	0.01
61.	3248	MCC (Preventive), Lahore	0.12
62.	3254	MCC (Preventive), Lahore	0.53
63.	3255	MCC (Preventive), Lahore	3.03
64.	3261	MCC (Preventive), Lahore	2.07
65.	3262	MCC (Preventive), Lahore	2.65
66.	3263	MCC (Preventive), Lahore	527.77

67.	3274	MCC (Preventive), Lahore	0.11
68.	3276	MCC (Preventive), Lahore	47.02
69.	3287	MCC (Preventive), Lahore	1.16
70.	3290	MCC (Preventive), Lahore	0.25
71.	3297	MCC (Preventive), Lahore	19.08
72.	3310	MCC (Appraisalment), Lahore	0.09
73.	3319	MCC, Islamabad	97.61
74.	3321	MCC, Islamabad	29.79
75.	3325	MCC, Islamabad	18.88
76.	3332	MCC, Islamabad	1.60
77.	3335	MCC, Islamabad	1.23
78.	3336	MCC, Islamabad	120.22
79.	3338	MCC, Islamabad	0.59
80.	3339	MCC, Islamabad	0.44
81.	3340	MCC, Islamabad	0.24
82.	3341	MCC, Islamabad	0.19
83.	3345	MCC, Islamabad	0.05
84.	3348	MCC, Islamabad	231.72
85.	3349	MCC, Islamabad	111.00
86.	3351	MCC, Islamabad	38.93
87.	3353	MCC, Islamabad	12.82
88.	3354	MCC, Islamabad	12.59
89.	3355	MCC, Islamabad	11.33
90.	3358	MCC, Islamabad	4.79
91.	3361	MCC, Islamabad	298.11
92.	3364	MCC, Islamabad	1.90
93.	3366	MCC, Islamabad	1.08
94.	3371	MCC, Islamabad	0.31
95.	3377	MCC, Islamabad	0.13
96.	3378	MCC, Islamabad	0.12
97.	3380	MCC, Islamabad	0.05
98.	3381	MCC, Islamabad	0.04
99.	3387	MCC, Islamabad	0.21
100.	3396	MCC, Islamabad	0.24
101.	3402	MCC, Islamabad	0.08
102.	306-CD/K	MCC Import (PMBQ), Karachi	1.24

103.	312-CD/K	MCC Import (PMBQ), Karachi	0.09
104.	314-CD/K	MCC Import (PMBQ), Karachi	0.27
105.	318-CD/K	MCC Import (PMBQ), Karachi	0.06
106.	39-CD/K	MCC Preventive, Karachi	0.46
107.	42-CD/K	MCC Preventive, Karachi	4.94
108.	43-CD/K	MCC Preventive, Karachi	2.99
109.	47-CD/K	MCC Preventive, Karachi	2,706.37
110.	51-CD/K	MCC Appraisement (West), Karachi	0.36
111.	56-CD/K	MCC Appraisement (West), Karachi	1.01
112.	95-CD/K	MCC Appraisement (West), Karachi	0.60
113.	130-CD/K	MCC Exports (PMBQ), Karachi	361.61
114.	154-CD/K	MCC, Hyderabad	0.43
115.	185-CD/K	MCC Appraisement (East), Karachi	24.52
116.	186-CD/K	MCC Appraisement (East), Karachi	1.33
117.	224-CD/K	MCC Appraisement (East), Karachi	0.22
118.	232-CD/K	MCC Appraisement (East), Karachi	39.60
119.	234-CD/K	MCC Appraisement (East), Karachi	139.91
120.	261-CD/K	MCC Preventive, Karachi	7.64
121.	265-CD/K	MCC Preventive, Karachi	0.60
122.	269-CD/K	MCC Preventive Karachi	0.32
123.	303-CD/K	MCC Import (PMBQ), Karachi	0.21
124.	324-CD/K	MCC Import (PMBQ), Karachi	1.16
125.	331-CD/K	MCC Import (PMBQ), Karachi	0.53
126.	344-CD/K	MCC Import (PMBQ), Karachi	0.68
127.	376-CD/K	MCC Preventive, Karachi	0.06
128.	393-CD/K	MCC Appraisement East, Karachi	0.75
129.	442-CD/K	MCC Appraisement East, Karachi	7.29
130.	462-CD/K	MCC Appraisement East, Karachi	10.32
131.	460-CD/K	MCC Appraisement East, Karachi	940.76
132.	464-CD/K	MCC Appraisement East, Karachi	1.92
Total			6,407.48

Annexure-6

Para 2.4.11

Loss of Rs. 5,857.47 million due to non-receipt of acknowledgement of transshipped goods from upcountry customs' stations

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	194-CD/K	MCC Import (PMBQ), Karachi	363.06
2.	206-CD/K	MCC Appraisalment East, Karachi	14.14
3.	233-CD/K	MCC Appraisalment East, Karachi	207.64
4.	236-CD/K	MCC Appraisalment East, Karachi	441.63
5.	256-CD/K	D.G. Transit Trade, Karachi	0.00
6.	466-CD/K	MCC Appraisalment East, Karachi	1736.13
7.	427-CD/K	MCC Appraisalment East, Karachi	106.74
8.	437-CD/K	MCC Appraisalment East, Karachi	937.28
9.	447-CD/K	MCC Appraisalment East, Karachi	1598.48
10.	226-CD/K	MCC Appraisalment East, Karachi	452.37
Total			5,857.47

Annexure-7

Para 2.4.12

Non/short-realization of withholding tax - Rs. 2,508.24 million

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2595	MCC (Appraisalment), Lahore	904.99
2.	2602	MCC (Appraisalment), Lahore	0.20
3.	2617	MCC (Preventive), Lahore	0.59
4.	2645	MCC (Preventive), Lahore	0.06
5.	2748	MCC, Sialkot	0.37
6.	2838	MCC, Peshawar	114.03
7.	2839	MCC, Peshawar	426.70
8.	2840	MCC, Peshawar	22.33
9.	2848	MCC, Peshawar	0.02
10.	2853	MCC, Peshawar	0.02
11.	2,863	MCC, Peshawar	0.16
12.	2880	MCC, Peshawar	1.99
13.	2993	MCC (Appraisalment), Lahore	571.97
14.	3009	MCC (Appraisalment), Lahore	435.32
15.	3089	Additional Director I&I, Multan	0.60
16.	3102	MCC, Multan	0.03
17.	3158	MCC, Faisalabad	0.04
18.	3223	MCC (Preventive), Lahore	0.55
19.	3256	MCC (Preventive), Lahore	0.07
20.	3281	MCC (Preventive), Lahore	7.90
21.	3285	MCC (Preventive), Lahore	3.10
22.	3314	MCC (Appraisalment), Lahore	0.04
23.	3327	MCC, Islamabad	7.62
24.	3328	MCC, Islamabad	6.91
25.	3337	MCC, Islamabad	0.59
26.	3343	MCC, Islamabad	0.18
27.	3365	MCC, Islamabad	1.39
28.	3388	MCC, Islamabad	0.19
29.	3410	MCC, Islamabad	0.04
30.	3418	MCC, Islamabad	0.15
31.	3419	MCC, Islamabad	0.01
32.	3422	MCC, Islamabad	0.10
Total			2,508.23

Annexure-8

Para 2.4.14

Loss of Rs. 1,791.27 million due to excess payment of Duty Drawback

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1	2805	MCC, Sialkot	1,692.53
2	2806	MCC, Sialkot	42.62
3	2807	MCC, Sialkot	3.75
4	2808	MCC, Sialkot	3.38
5	2809	MCC, Sialkot	3.72
6	2810	MCC, Sialkot	0.67
7	2811	MCC, Sialkot	1.12
8	2812	MCC, Sialkot	0.10
9	2813	MCC, Sialkot	0.54
10	2815	MCC, Sialkot	-
11	2816	MCC, Sialkot	6.28
12	2817	MCC, Sialkot	12.75
13	2819	MCC, Sialkot	2.42
14	3056	MCC (Appraisalment), Lahore	5.70
15	3072	MCC, Multan	11.24
16	3182	MCC, Faisalabad	1.94
17	3300	MCC (Preventive), Lahore	0.05
18	3301	MCC (Preventive), Lahore	0.04
19	3302	MCC (Preventive), Lahore	0.03
20	3303	MCC (Preventive), Lahore	0.03
21	3406	MCC, Islamabad	1.32
22	3407	MCC, Islamabad	0.75
23	3408	MCC, Islamabad	0.21
24	3409	MCC, Islamabad	0.08
Total			1,791.27

Annexure-9

Para 2.4.16

Loss of Rs. 1,137.85 million due to application of incorrect rates of Duty and Taxes

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2867	MCC, Peshawar	0.17
2.	3032	Director (I&I), Lahore	1.30
3.	2573	MCC (Appraisalment), Lahore	0.07
4.	2589	MCC (Appraisalment), Lahore	20.67
5.	2591	MCC (Appraisalment), Lahore	1.17
6.	2594	MCC (Appraisalment), Lahore	0
7.	2603	MCC (Appraisalment), Lahore	0.11
8.	2609	MCC (Preventive), Lahore	184.84
9.	2611	MCC (Preventive), Lahore	53.82
10.	2613	MCC (Preventive), Lahore	3.75
11.	2629	MCC (Preventive), Lahore	0.41
12.	2647	MCC (Preventive), Lahore	9.75
13.	2768	MCC, Sialkot	12.51
14.	2841	MCC, Peshawar	17.57
15.	2842	MCC, Peshawar	1.09
16.	2847	MCC, Peshawar	0.05
17.	2851	MCC, Peshawar	0.01
18.	2852	MCC, Peshawar	0.04
19.	2860	MCC, Peshawar	0.15
20.	2882	MCC, Peshawar	1.67
21.	2987	MCC (Appraisalment), Lahore	0.51
22.	2997	MCC (Appraisalment), Lahore	2.58
23.	3005	MCC (Appraisalment), Lahore	1.22
24.	3007	MCC (Appraisalment), Lahore	9.25
25.	3015	MCC (Appraisalment), Lahore	0.19
26.	3019	MCC (Appraisalment), Lahore	48.93
27.	3104	MCC, Multan	0.16
28.	3156	MCC, Faisalabad	0.35
29.	3157	MCC, Faisalabad	0.09

30.	3164	Director (SWH) I&I, Faisalabad	0.01
31.	3171	MCC, Faisalabad	0.44
32.	3226	MCC (Preventive), Lahore	224.17
33.	3232	MCC (Preventive), Lahore	2.16
34.	3234	MCC (Preventive), Lahore	2.45
35.	3243	MCC (Preventive), Lahore	415.12
36.	3246	MCC (Preventive), Lahore	0.03
37.	3265	MCC (Preventive), Lahore	2.68
38.	3316	MCC (Appraisalment), Lahore	0.02
39.	3323	MCC, Islamabad	22.43
40.	3326	MCC, Islamabad	9.57
41.	3330	MCC, Islamabad	5.89
42.	3342	MCC, Islamabad	0.20
43.	3359	MCC, Islamabad	3.81
44.	3370	MCC, Islamabad	0.41
45.	157-CD/k	MCC, Hyderabad	0.095
46.	302-CD/k	MCC Import (PMBQ), Karachi	1.912
47.	334-CD/k	MCC Import (PMBQ), Karachi	0.116
48.	471-CD/k	MCC Appraisalment East, Karachi	5.666
49.	397-CD/K	MCC Exports (PMBQ), Karachi	0.62
50.	509-CD/K	MCC Import (PMBQ), Karachi	2.83
51.	66-CD/K	MCC Appraisalment (West), Karachi	0.12
52.	68-CD/K	MCC Appraisalment (West), Karachi	0.11
53.	69-CD/K	MCC Appraisalment (West), Karachi	0.50
54.	70-CD/K	MCC Appraisalment (West), Karachi	2.02
55.	71-CD/K	MCC Appraisalment (West), Karachi	0.40
56.	72-CD/K	MCC Appraisalment (West), Karachi	0.38
57.	73-CD/K	MCC Appraisalment (West), Karachi	0.12
58.	76-CD/K	MCC Appraisalment (West), Karachi	0.19
59.	77-CD/K	MCC Appraisalment (West), Karachi	0.73
60.	78-CD/K	MCC Appraisalment (West), Karachi	0.67
61.	402-CD/K	MCC Appraisalment (East), Karachi	8.91
62.	403-CD/K	MCC Appraisalment (East), Karachi	1.21
63.	404-CD/K	MCC Appraisalment (East), Karachi	4.58
64.	405-CD/K	MCC Appraisalment (East), Karachi	4.44
65.	412-CD/K	MCC Appraisalment (East), Karachi	0.16

66.	414-CD/K	MCC Appraisement (East), Karachi	5.82
67.	415-CD/K	MCC Appraisement (East), Karachi	24.91
68.	416-CD/K	MCC Appraisement (East), Karachi	3.69
69.	417-CD/K	MCC Appraisement (East), Karachi	3.75
70.	418-CD/K	MCC Appraisement (East), Karachi	1.29
71.	419-CD/K	MCC Appraisement (East), Karachi	0.79
72.	420-CD/K	MCC Appraisement (East), Karachi	0.00
73.	421-CD/K	MCC Appraisement (East), Karachi	0.00
Total			1,137.85

Annexure-10

Para 2.4.17

Loss of Rs. 890.03 million due to non-removal of overstayed goods from the bonded warehouses

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2618	MCC (Preventive), Lahore	0.15
2.	3099	MCC, Multan	4.95
3.	3128	MCC, Multan	0.37
4.	96-CD/K	MCC Appraisalment (West), Karachi	0.00
5.	97-CD/K	MCC Appraisalment (West), Karachi	0.00
6.	98-CD/K	MCC Appraisalment (West), Karachi	0.00
7.	99-CD/K	MCC Appraisalment (West), Karachi	0.00
8.	100-CD/K	MCC Appraisalment (West), Karachi	0.00
9.	101-CD/K	MCC Appraisalment (West), Karachi	0.00
10.	102-CD/K	MCC Appraisalment (West), Karachi	0.00
11.	103-CD/K	MCC Appraisalment (West), Karachi	0.00
12.	104-CD/K	MCC Appraisalment (West), Karachi	0.00
13.	105-CD/K	MCC Appraisalment (West), Karachi	0.00
14.	106-CD/K	MCC Appraisalment (West), Karachi	0.00
15.	4-CD/K	MCC, Hyderabad	78.83
16.	8-CD/K	MCC, Hyderabad	312.20
17.	93-CD/K	MCC Appraisalment (West), Karachi	48.19
18.	94-CD/K	MCC Appraisalment (West), Karachi	239.80
19.	193-CD/K	MCC Import (PMBQ), Karachi	183.83
20.	453-CD/K	MCC Preventive, Karachi	0.18
21.	81-CD/K	MCC Exports (PMBQ), Karachi	0.20
22.	299-CD/K	MCC Exports (PMBQ), Karachi	21.34
Total			890.03

Annexure-11

Para 2.4.18

Loss of Rs. 539.95 million due to misclassification of imported goods

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2568	MCC (Appraisalment), Lahore	0.31
2.	2569	MCC (Appraisalment), Lahore	0.27
3.	2574	MCC (Appraisalment), Lahore	0.79
4.	2592	MCC (Appraisalment), Lahore	0.68
5.	2605	MCC (Appraisalment), Lahore	0.08
6.	2607	MCC (Appraisalment), Lahore	0.07
7.	2610	MCC (Preventive), Lahore	1.37
8.	2614	MCC (Preventive), Lahore	119.30
9.	2633	MCC (Preventive), Lahore	1.07
10.	2744	MCC, Sialkot	17.06
11.	2988	MCC (Appraisalment), Lahore	52.59
12.	2991	MCC (Appraisalment), Lahore	0.71
13.	2995	MCC (Appraisalment), Lahore	4.34
14.	3000	MCC (Appraisalment), Lahore	0.25
15.	3002	MCC (Appraisalment), Lahore	0.09
16.	3010	MCC (Appraisalment), Lahore	2.90
17.	3017	MCC (Appraisalment), Lahore	25.51
18.	3106	MCC, Multan	0.02
19.	3111	MCC, Multan	3.30
20.	3119	MCC, Multan	0.02
21.	3215	MCC (Preventive), Lahore	49.83
22.	3216	MCC (Preventive), Lahore	0.20
23.	3219	MCC (Preventive), Lahore	29.69
24.	3227	MCC (Preventive), Lahore	0.74
25.	3231	MCC (Preventive), Lahore	1.66
26.	3282	MCC (Preventive), Lahore	4.65
27.	3283	MCC (Preventive), Lahore	11.45
28.	3293	MCC (Preventive), Lahore	0.05
29.	3296	MCC (Preventive), Lahore	21.72
30.	3298	MCC (Preventive), Lahore	3.74

31.	3312	MCC (Appraisalment), Lahore	0.09
32.	3320	MCC, Islamabad	50.82
33.	3331	MCC, Islamabad	2.82
34.	3334	MCC, Islamabad	1.29
35.	3360	MCC, Islamabad	2.80
36.	3363	MCC, Islamabad	2.16
37.	3367	MCC, Islamabad	0.98
38.	3393	MCC, Islamabad	1.17
39.	41-CD/K	MCC Preventive, Karachi	110.73
40.	59-CD/K	MCC Appraisalment (West), Karachi	0.19
41.	166-CD/K	MCC Appraisalment (West), Karachi	1.06
42.	182-CD/K	MCC Preventive, Karachi	0.11
43.	300-CD/K	MCC Import (PMBQ), Karachi	2.04
44.	304-CD/K	MCC Import (PMBQ), Karachi	0.06
45.	305-CD/K	MCC Import (PMBQ), Karachi	0.04
46.	313-CD/K	MCC Import (PMBQ), Karachi	0.47
47.	315-CD/K	MCC Import (PMBQ), Karachi	0.13
48.	316-CD/K	MCC Import (PMBQ), Karachi	0.10
49.	317-CD/K	MCC Import (PMBQ), Karachi	0.10
50.	320-CD/K	MCC Import (PMBQ), Karachi	0.02
51.	323-CD/K	MCC Import (PMBQ), Karachi	1.52
52.	329-CD/K	MCC Import (PMBQ), Karachi	0.97
53.	330-CD/K	MCC Import (PMBQ), Karachi	0.64
54.	332-CD/K	MCC Import (PMBQ), Karachi	0.36
55.	335-CD/K	MCC Import (PMBQ), Karachi	0.11
56.	336-CD/K	MCC Import (PMBQ), Karachi	0.03
57.	337-CD/K	MCC Import (PMBQ), Karachi	0.02
58.	345-CD/K	MCC Import (PMBQ), Karachi	0.53
59.	347-CD/K	MCC Import (PMBQ), Karachi	0.15
60.	349-CD/K	MCC Import (PMBQ), Karachi	0.08
61.	350-CD/K	MCC Import (PMBQ), Karachi	0.07
62.	351-CD/K	MCC Import (PMBQ), Karachi	0.05
63.	428-CD/K	MCC Appraisalment (East), Karachi	3.76
Total			539.95

Annexure-12

Para 2.4.19

Loss of Rs. 306.58 million due to non-consumption of imported input goods

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2761	MCC, Sialkot	0.94
2.	2791	MCC, Sialkot	0.81
3.	2823	MCC, Sialkot	21.45
4.	3045	MCC (Appraisalment), Lahore	0.83
5.	3066	MCC, Multan	3.67
6.	3131	MCC, Faisalabad	17.35
7.	3177	MCC, Faisalabad	0.12
8.	3180	MCC, Faisalabad	4.51
9.	3267	MCC (Preventive), Lahore	17.83
10.	128-CD/K	MCC Exports (PMBQ), Karachi	25.83
11.	143-CD/K	MCC Exports (PMBQ), Karachi	0.35
12.	148-CD/K	MCC Exports (PMBQ), Karachi	0.04
13.	149-CD/K	MCC Exports (PMBQ), Karachi	0.09
14.	151-CD/K	MCC Exports (PMBQ), Karachi	0.03
15.	237-CD/K	MCC Appraisalment (East), Karachi	5.36
16.	239-CD/K	MCC Appraisalment (East), Karachi	1.30
17.	242-CD/K	MCC Appraisalment (East), Karachi	6.60
18.	246-CD/K	MCC Appraisalment (East), Karachi	49.73
19.	474-CD/K	MCC Appraisalment (East), Karachi	6.74
20.	441-CD/K	MCC Appraisalment (East), Karachi	15.44
21.	33-CD/K	MCC Preventive, Karachi	33.85
22.	210-CD/K	MCC Appraisalment (East), Karachi	8.34
23.	82-CD/K	MCC Exports (PMBQ), Karachi	0.93
24.	9-CD/K	MCC, Hyderabad	84.08
25.	138-CD/K	MCC Import (PMBQ), Karachi	0.35
Total			306.58

Annexure-13

Para 2.4.20

Loss of Rs. 8,233.53 million due to non-recovery of adjudged revenue

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2646	MCC (Preventive), Lahore	39.86
2.	2796	MCC, Sialkot	685.42
3.	2881	MCC, Peshawar	20.66
4.	3054	MCC (Appraisalment), Lahore	547.89
5.	3098	MCC, Multan	142.17
6.	3112	MCC, Multan	0.66
7.	3127	MCC, Multan	8.52
8.	3129	MCC, Faisalabad	1,389.15
9.	3412	MCC, Islamabad	14.77
10.	18-CD/K	MCC Appraisalment (West), Karachi	17.53
11.	19-CD/K	MCC Appraisalment (West), Karachi	7.00
12.	23-CD/K	MCC Appraisalment (West), Karachi	0.21
13.	24-CD/K	MCC Appraisalment (West), Karachi	0.15
14.	25-CD/K	MCC Appraisalment (West), Karachi	0.10
15.	32-CD/K	MCC Appraisalment (West), Karachi	12.14
16.	35-CD/K	MCC Preventive, Karachi	49.90
17.	38-CD/K	MCC Preventive, Karachi	0.78
18.	45-CD/K	MCC Preventive, Karachi	1.05
19.	79-CD/K	MCC Exports (PMBQ), Karachi	16.77
20.	80-CD/K	MCC Exports (PMBQ), Karachi	3.99
21.	108-CD/K	MCC Appraisalment (West), Karachi	5.48
22.	116-CD/K	MCC Appraisalment (West), Karachi	12.58
23.	119-CD/K	MCC Appraisalment (West), Karachi	0.13
24.	121-CD/K	MCC Appraisalment (West), Karachi	5.96
25.	122-CD/K	MCC Appraisalment (West), Karachi	2.05
26.	159-CD/K	MCC, Hyderabad	561.60
27.	160-CD/K	MCC, Hyderabad	53.53
28.	169-CD/K	MCC Preventive, Karachi	0.33
29.	191-CD/K	MCC Import (PMBQ), Karachi	10.97
30.	192-CD/K	MCC Import (PMBQ), Karachi	0.23

31.	197-CD/K	MCC Appraisement (East), Karachi	1,277.35
32.	198-CD/K	MCC Appraisement (East), Karachi	274.93
33.	199-CD/K	MCC Appraisement (East), Karachi	194.12
34.	200-CD/K	MCC Appraisement (East), Karachi	411.76
35.	201-CD/K	MCC Appraisement (East), Karachi	1,075.14
36.	228-CD/K	MCC Appraisement (East), Karachi	32.47
37.	238-CD/K	MCC Appraisement (East), Karachi	13.08
38.	241-CD/K	MCC Appraisement (East), Karachi	12.16
39.	244-CD/K	MCC Appraisement (East), Karachi	50.84
40.	245-CD/K	MCC Appraisement (East), Karachi	9.66
41.	255-CD/K	DG Transit Trade, Karachi	13.11
42.	259-CD/K	DG Transit Trade, Karachi	0.11
43.	288-CD/K	MCC Import (PMBQ), Karachi	0.32
44.	364-CD/K	MCC Import (PMBQ), Karachi	15.04
45.	368-CD/K	MCC Preventive, Karachi	15.20
46.	377-CD/K	MCC Preventive, Karachi	0.05
47.	425-CD/K	MCC Appraisement (East) Karachi	9.26
48.	426-CD/K	MCC Appraisement (East), Karachi	78.85
49.	429-CD/K	MCC Appraisement (East), Karachi	29.19
50.	431-CD/K	MCC Appraisement (East), Karachi	12.34
51.	445-CD/K	MCC Appraisement (East), Karachi	48.72
52.	468-CD/K	MCC Appraisement (East), Karachi	81.59
53.	470-CD/K	MCC Appraisement (East), Karachi	60.23
54.	477-CD/K	MCC Appraisement (East), Karachi	128.31
55.	478-CD/K	MCC Appraisement (East), Karachi	80.44
56.	479-CD/K	MCC Appraisement (East), Karachi	30.34
57.	480-CD/K	MCC Appraisement (East), Karachi	58.05
58.	492-CD/K	MCC Exports Custom House, Karachi	0.70
59.	512-CD/K	MCC Exports (PMBQ), Karachi	4.16
60.	16-CD/K	MCC Appraisement (West), Karachi	45.78
61.	17-CD/K	MCC Appraisement (West), Karachi	19.52
62.	20-CD/K	MCC Appraisement (West), Karachi	3.68
63.	21-CD/K	MCC Appraisement (West), Karachi	0.54
64.	22-CD/K	MCC Appraisement (West), Karachi	0.26
65.	26-CD/K	MCC Appraisement (West), Karachi	4.77
66.	36-CD/K	MCC Preventive, Karachi	26.57

67.	109-CD/K	MCC Appraisement (West), Karachi	0.09
68.	110-CD/K	MCC Appraisement (West), Karachi	0.18
69.	111-CD/K	MCC Appraisement (West), Karachi	0.31
70.	112-CD/K	MCC Appraisement (West), Karachi	0.26
71.	114-CD/K	MCC Appraisement (West), Karachi	0.51
72.	115-CD/K	MCC Appraisement (West), Karachi	0.75
73.	117-CD/K	MCC Appraisement (West), Karachi	0.17
74.	118-CD/K	MCC Appraisement (West), Karachi	0.12
75.	120-CD/K	MCC Appraisement (West), Karachi	0.06
76.	124-CD/K	MCC Appraisement (West), Karachi	459.86
77.	365-CD/K	MCC Import (PMBQ), Karachi	1.14
78.	366-CD/K	MCC Import (PMBQ), Karachi	1.14
79.	367-CD/K	MCC Import (PMBQ), Karachi	0.32
80.	448-CD/K	MCC Appraisement East, Karachi	0.48
81.	481-CD/K	MCC Appraisement East, Karachi	37.65
82.	494-CD/K	MCC Exports Custom House, Karachi	0.24
Total			8,233.53

Annexure-14

Para 2.4.21

**Loss of Rs. 4,228.06 million due to non-finalization
of cases under adjudication**

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2889	Collector (Adjudication), Lahore	573.97
2.	3031	Director (I&I), Lahore	129.57
3.	111-PE/K	Collector Adjudication-II, Karachi	3,193.64
4.	83-CD/K	Director I&I, Karachi	27.59
5.	84-CD/K	Director I&I, Karachi	18.27
6.	85-CD/K	Director I&I, Karachi	18.07
7.	86-CD/K	Director I&I, Karachi	17.22
8.	87-CD/K	Director I&I, Karachi	10.58
9.	88-CD/K	Director I&I, Karachi	10.05
10.	89-CD/K	Director I&I, Karachi	4.23
11.	90-CD/K	Director I&I, Karachi	2.81
12.	158-CD/K	MCC, Hyderabad	212.62
13.	170-CD/K	MCC Preventive, Karachi	2.76
14.	190-CD/K	MCC Import (PMBQ), Karachi	6.68
Total			4,228.06

Annexure-15

Para 2.4.22

Loss of Rs. 4,187.06 million due to non-encashment of financial instruments

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2766	MCC, Sialkot	246.31
2.	2855	MCC, Peshawar	82.52
3.	3048	MCC (Appraisalment), Lahore	171.32
4.	3159	MCC, Faisalabad	63.13
5.	3250	MCC (Preventive), Lahore	3.76
6.	3251	MCC (Preventive), Lahore	84.19
7.	3252	MCC (Preventive), Lahore	38.29
8.	3253	MCC (Preventive), Lahore	16.69
9.	3257	MCC (Preventive), Lahore	5.23
10.	3258	MCC (Preventive), Lahore	1.10
11.	3259	MCC (Preventive), Lahore	-
12.	3264	MCC (Preventive), Lahore	11.30
13.	3383	MCC, Islamabad	283.95
14.	3385	MCC, Islamabad	14.61
15.	3386	MCC, Islamabad	4.80
16.	40-CD/K	MCC Preventive, Karachi	33.73
17.	63-CD/K	MCC Export (PMBQ), Karachi	6.90
18.	153-CD/K	MCC, Hyderabad	37.55
19.	202-CD/K	MCC Appraisalment East, Karachi	76.55
20.	203-CD/K	MCC Appraisalment East, Karachi	545.32
21.	204-CD/K	MCC Appraisalment East, Karachi	163.80
22.	205-CD/K	MCC Appraisalment East, Karachi	146.10
23.	257-CD/K	D.G. Transit Trade, Karachi	125.42
24.	298-CD/K	MCC Import (PMBQ), Karachi	288.81
25.	387-CD/K	MCC Exports Custom House, Karachi	1735.68
26.	396-CD/K	MCC Exports Custom House, Karachi	
Total			4,187.06

Annexure-16

Para 2.4.23

Loss of Rs. 2,115.74 million due to non-disposal of confiscated goods

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2638	MCC (Preventive), Lahore	12.50
2.	2639	MCC (Preventive), Lahore	0.30
3.	2641	MCC (Preventive), Lahore	39.23
4.	2642	MCC (Preventive), Lahore	29.63
5.	2804	MCC, Sialkot	4.45
6.	2833	DD (I&I), Gujranwala	6.42
7.	2843	DC Customs, (SWH), I&I, Peshawar	21.49
8.	2844	DC Customs, (SWH), I&I, Peshawar	42.18
9.	2845	MCC, Peshawar	121.82
10.	2846	MCC, Peshawar	9.79
11.	2849	MCC, Peshawar	8.28
12.	2850	MCC, Peshawar	10.00
13.	3030	Director (I&I), Lahore	48.01
14.	3059	MCC, Multan	24.15
15.	3060	MCC, Multan	47.99
16.	3063	MCC, Multan	10.60
17.	3064	MCC, Multan	8.01
18.	3071	MCC, Multan	0.22
19.	3090	Additional Director I&I, Multan	25.46
20.	3091	Additional Director I&I, Multan	239.76
21.	3150	MCC, Faisalabad	22.09
22.	3154	MCC, Faisalabad	28.37
23.	3162	Director (SWH) I&I, Faisalabad	41.34
24.	3272	MCC (Preventive), Lahore	0.64
25.	3304	MCC (Preventive), Lahore	0.18
26.	3413	MCC, Islamabad	59.08
27.	3414	MCC, Islamabad	0.23
28.	3415	MCC, Islamabad	-
29.	3416	Deputy Director I&I, Islamabad	79.41
30.	3417	Deputy Director I&I, Islamabad	14.63

31.	3420	MCC, Islamabad	51.20
32.	3421	MCC, Islamabad	24.45
33.	91-CD/K	Director I&I, Karachi	1.77
34.	171-CD/K	MCC Preventive, Karachi	4.23
35.	172-CD/K	MCC Preventive, Karachi	18.30
36.	173-CD/K	MCC Preventive, Karachi	10.88
37.	174-CD/K	MCC Preventive, Karachi	13.36
38.	181-CD/K	MCC Preventive, Karachi	1.56
39.	183-CD/K	MCC Preventive, Karachi	15.26
40.	252-CD/K	MCC, Hyderabad	5.30
41.	253-CD/K	MCC, Hyderabad	16.12
42.	254-CD/K	MCC, Hyderabad	14.96
43.	258-CD/K	DG Transit Trade, Karachi	185.51
44.	272-CD/K	Director I & I, Karachi	52.42
45.	273-CD/K	Director I & I, Karachi	3.20
46.	274-CD/K	Director I & I, Karachi	0.68
47.	275-CD/K	Director I & I, Karachi	1.75
48.	276-CD/K	MCC, Hyderabad	9.30
49.	277-CD/K	MCC, Hyderabad	18.34
50.	279-CD/K	MCC, Hyderabad	1.50
51.	282-CD/K	MCC Import (PMBQ), Karachi	104.60
52.	285-CD/K	MCC Import (PMBQ), Karachi	6.12
53.	370-CD/K	MCC Preventive, Karachi	6.58
54.	371-CD/K	MCC Preventive, Karachi	5.05
55.	372-CD/K	MCC Preventive, Karachi	8.98
56.	373-CD/K	MCC Preventive, Karachi	17.55
57.	374-CD/K	MCC Preventive, Karachi	3.80
58.	409-CD/K	MCC Appraisalment East, Karachi	10.32
59.	455-CD/K	D.G. Pakistan Coast Guards, Karachi	78.14
60.	456-CD/K	D.G. Pakistan Coast Guards, Karachi	14.10
61.	457-CD/K	D.G. Pakistan Coast Guards, Karachi	1.20
62.	507-CD/K	MCC Import (PMBQ), Karachi	1.92
63.	10-CD/K	MCC Appraisalment (West), Karachi	53.26
64.	11-CD/K	MCC Appraisalment (West), Karachi	56.36
65.	12-CD/K	MCC Appraisalment (West), Karachi	22.71
66.	13-CD/K	MCC Appraisalment (West), Karachi	40.73

67.	14-CD/K	MCC Appraisalment (West), Karachi	3.90
68.	15-CD/K	MCC Appraisalment (West), Karachi	110.17
69.	406-CD/K	MCC Appraisalment (East), Karachi	83.12
70.	407-CD/K	MCC Appraisalment (East), Karachi	19.72
71.	408-CD/K	MCC Appraisalment (East), Karachi	0.00
72.	410-CD/K	MCC Appraisalment (East), Karachi	10.49
73.	411-CD/K	MCC Appraisalment (East), Karachi	1.13
74.	422-CD/K	MCC Appraisalment (East), Karachi	26.16
75.	505-CD/K	MCC Appraisalment (East), Karachi	23.41
Total			2,115.74

Annexure-17
Para 2.4.25

**Loss of Rs. 1,208.15 million due to non-finalization
of provisional assessment**

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2745	MCC, Sialkot	16.09
2.	3384	MCC, Islamabad	65.03
3.	155-CD/K	MCC, Hyderabad	1.05
4.	156-CD/K	MCC, Hyderabad	3.63
5.	289-CD/K	MCC Appraisalment (West), Karachi	22.58
6.	297-CD/K	MCC Import (PMBQ), Karachi	255.51
7.	476-CD/K	MCC Appraisalment East, Karachi	53.64
8.	430-CD/K	MCC Appraisalment East, Karachi	228.57
9.	424-CD/K	MCC Appraisalment East, Karachi	354.61
10.	439-CD/K	MCC Appraisalment East, Karachi	207.45
Total			1,208.15

Annexure-18

Para 2.4.27

**Loss of Rs. 293.58 million due to non-disposal
of unclaimed Import General Manifest**

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	3137	MCC, Faisalabad	220.00
2.	3237	MCC (Preventive), Lahore	2.87
3.	3271	MCC (Preventive), Lahore	0.35
4.	3294	MCC (Preventive), Lahore	-
5.	3308	MCC (Appraisalment), Lahore	13.31
6.	3324	MCC, Islamabad	19.55
7.	3350	MCC, Islamabad	37.50
Total			293.58

Annexure-19

Para 2.4.29

Loss of Rs. 183.05 million due to under-valuation of imported goods

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2565	MCC (Appraisalment), Lahore	0.42
2.	2581	MCC (Appraisalment), Lahore	0.56
3.	2582	MCC (Appraisalment), Lahore	7.89
4.	2600	MCC (Appraisalment), Lahore	0.29
5.	2763	MCC, Sialkot	0.29
6.	2865	MCC, Peshawar	1.43
7.	2866	MCC, Peshawar	2.48
8.	2883	MCC, Peshawar	2.04
9.	2984	MCC (Appraisalment), Lahore	28.37
10.	3012	MCC (Appraisalment), Lahore	0.13
11.	3020	MCC (Appraisalment), Lahore	0.10
12.	3023	MCC (Appraisalment), Lahore	0.43
13.	3027	MCC (Appraisalment), Lahore	0.70
14.	3028	MCC (Appraisalment), Lahore	0.21
15.	3039	MCC (Appraisalment), Lahore	0.11
16.	3057	MCC (Appraisalment), Lahore	0.17
17.	3142	MCC, Faisalabad	0.26
18.	3151	MCC, Faisalabad	0.13
19.	3163	Director (SWH) I&I, Faisalabad	0.05
20.	3224	MCC (Preventive), Lahore	0.59
21.	3239	MCC (Preventive), Lahore	10.98
22.	3245	MCC (Preventive), Lahore	1.02
23.	3249	MCC (Preventive), Lahore	0.62
24.	3269	MCC (Preventive), Lahore	1.11
25.	3270	MCC (Preventive), Lahore	0.44
26.	3277	MCC (Preventive), Lahore	0.08
27.	3278	MCC (Preventive), Lahore	0.07
28.	3288	MCC (Preventive), Lahore	1.65
29.	3295	MCC (Preventive), Lahore	0.20

30.	3311	MCC (Appraisalment), Lahore	0.11
31.	3394	MCC (Preventive), Lahore	1.03
32.	49-CD/K	MCC Appraisalment (West), Karachi	0.26
33.	50-CD/K	MCC Appraisalment (West), Karachi	3.90
34.	53-CD/K	MCC Appraisalment (West), Karachi	0.47
35.	54-CD/K	MCC Appraisalment (West), Karachi	0.36
36.	55-CD/K	MCC Appraisalment (West), Karachi	0.52
37.	57-CD/K	MCC Appraisalment (West), Karachi	1.50
38.	60-CD/K	MCC Appraisalment (West), Karachi	1.29
39.	61-CD/K	MCC Appraisalment (West), Karachi	0.26
40.	64-CD/K	MCC Appraisalment (West), Karachi	1.78
41.	67-CD/K	MCC Appraisalment (West), Karachi	0.23
42.	74-CD/K	MCC Appraisalment, Karachi	0.10
43.	161-CD/K	MCC, Hyderabad	4.31
44.	165-CD/K	MCC Appraisalment (East), Karachi	0.68
45.	184-CD/K	MCC Appraisalment (West), Karachi	1.68
46.	187-CD/K	MCC Appraisalment (East), Karachi	0.26
47.	189-CD/K	MCC Appraisalment (East), Karachi	0.14
48.	260-CD/K	MCC Preventive, Karachi	5.53
49.	262-CD/K	MCC Preventive, Karachi	8.98
50.	263-CD/K	MCC Preventive, Karachi	1.86
51.	264-CD/K	MCC Preventive, Karachi	0.65
52.	266-CD/K	MCC Preventive, Karachi	0.78
53.	267-CD/K	MCC Preventive, Karachi	0.81
54.	268-CD/K	MCC Preventive, Karachi	2.22
55.	280-CD/K	MCC Preventive, Karachi	5.83
56.	307-CD/K	MCC Import (PMBQ), Karachi	0.78
57.	310-CD/K	MCC Import (PMBQ), Karachi	0.19
58.	319-CD/K	MCC Import (PMBQ), Karachi	0.02
59.	327-CD/K	MCC Import (PMBQ), Karachi	2.18
60.	328-CD/K	MCC Import (PMBQ), Karachi	1.02
61.	333-CD/K	MCC Import (PMBQ), Karachi	0.21
62.	339-CD/K	MCC Import (PMBQ), Karachi	4.32
63.	340-CD/K	MCC Import (PMBQ), Karachi	3.76
64.	341-CD/K	MCC Import (PMBQ), Karachi	2.77
65.	342-CD/K	MCC Import (PMBQ), Karachi	0.97

66.	343-CD/K	MCC Import (PMBQ), Karachi	0.75
67.	346-CD/K	MCC Import (PMBQ), Karachi	0.43
68.	353-CD/K	MCC Import (PMBQ), Karachi	0.02
69.	375-CD/K	MCC Preventive, Karachi	0.61
70.	423-CD/K	MCC Appraisalment (East), Karachi	4.32
71.	444-CD/K	MCC Appraisalment (East), Karachi	1.28
72.	463-CD/K	MCC Appraisalment (East), Karachi	51.06
Total			183.05

Annexure-20

Para 2.4.30

Loss Rs. 126.31 million due to non-imposition of Fine and Penalty

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2588	MCC (Appraisalment), Lahore	101.06
2.	2632	MCC (Preventive), Lahore	0.72
3.	2640	MCC (Preventive), Lahore	0.06
4.	2643	MCC (Preventive), Lahore	0.12
5.	2644	MCC (Preventive), Lahore	0.07
6.	3103	MCC, Multan	0.04
7.	3268	MCC (Preventive), Lahore	1.60
8.	3357	MCC, Islamabad	6.05
9.	34-CD/K	MCC Preventive, Karachi	14.717
10.	37-CD/K	MCC Preventive, Karachi	0.675
11.	413-CD/K	MCC Appraisalment East, Karachi	1.20
Total			126.312

Annexure-21

Para 2.4.32

Loss of Rs. 67 million due to change in consumption ratios

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2751	MCC, Sialkot	1.10
2.	2755	MCC, Sialkot	0
3.	2756	MCC, Sialkot	0
4.	2759	MCC, Sialkot	0.31
5.	2760	MCC, Sialkot	0.96
6.	2780	MCC, Sialkot	5.37
7.	2781	MCC, Sialkot	5.08
8.	2782	MCC, Sialkot	5.41
9.	2783	MCC, Sialkot	0.43
10.	2785	MCC, Sialkot	5.93
11.	2786	MCC, Sialkot	6.93
12.	2787	MCC, Sialkot	0.75
13.	2790	MCC, Sialkot	2.89
14.	2792	MCC, Sialkot	1.85
15.	2793	MCC, Sialkot	0.86
16.	2820	MCC, Sialkot	1.90
17.	3024	MCC (Appraisalment), Lahore	15.64
18.	3068	MCC, Multan	1.32
19.	3375	MCC, Islamabad	0.20
20.	3392	MCC, Islamabad	7.64
21.	167-CD/K	MCC, Hyderabad	2.43
Total			67.00

Annexure-22

Para 2.4.37

Loss of Rs. 20.54 million due to Non/short levy of Federal Excise Duty

(Rs. in million)

S.No.	DP No	Name of Office	Amount
1.	2583	MCC (Appraisalment), Lahore	15.70
2.	2625	MCC (Preventive), Lahore	0.03
3.	2861	MCC, Peshawar	0.80
4.	2864	MCC, Peshawar	0.94
5.	2998	MCC (Appraisalment), Lahore	0.51
6.	3292	MCC (Preventive), Lahore	0.11
7.	3369	MCC, Islamabad	0.73
8.	3374	MCC, Islamabad	0.22
9.	3376	MCC, Islamabad	0.15
10.	3401	MCC, Islamabad	1.37
Total			20.54

Annexure-23

Para 2.4.40

**Clearance of banned goods imported in violation of
Import Policy Order – Rs. 42.73 million**

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2764	MCC, Sialkot	2.62
2.	2802	MCC, Sialkot	-
3.	2834	DD (I&I), Gujranwala	1.75
4.	3352	MCC, Islamabad	32.20
5.	46-CD/K	MCC Preventive, Karachi	2.98
6.	465-CD/K	MCC Appraisalment East, Karachi	3.18
Total			42.73

Annexure-24

Para 2.4.44

Irregular expenditure of Rs. 80.02 million on POL and repair of vehicles

(Rs. in million)

S.No.	DP.No.	Name of Office	Amount
1.	2901	MCC (Preventive), Lahore.	4.25
2.	2925	Directorate of PCA, Lahore	2.14
3.	3206	Director (I&I), Faisalabad	1.60
4.	3200	Collectorate of Adjudication, Faisalabad	0.99
5.	3077	MCC, Multan	4.10
6.	PDP-177-Exp/K	MCC Port Muhammad Bin Qasim, Karachi	7.51
7.	PDP-02-Exp/K	MCC Exports (PMBQ), Karachi	1.63
8.	PDP-03-Exp/K	MCC Exports (PMBQ), Karachi	0.00
9.	PDP-07-Exp/K	Collector of Customs Export Customs House, Karachi	2.55
10.	PDP-11-Exp/K	Collector Appeal (Customs), Karachi	0.40
11.	PDP-15-Exp/K	Director I&I, Karachi	2.70
12.	PDP-19-Exp/K	Director I&I, Karachi	0.00
13.	PDP-24-Exp/K	Director R&A (Customs), Karachi	0.00
14.	PDP-27-Exp/K	Collector Adjudication-I, Karachi	1.25
15.	PDP-39-Exp/K	Directorate of Post Clearance Audit (Customs), Karachi	1.40
16.	PDP-50-Exp/K	Directorate General, Training & Research (Customs), Karachi	4.70
17.	PDP-66-Exp/K	D.G. Valuation Customs, Karachi	2.60

18.	PDP-20-Exp/K	Director R&A (Customs), Karachi	3.08
19.	PDP-81-Exp/K	Directorate of Internal Audit, Karachi	1.40
20.	PDP-100-Exp/K	Collector Adjudication-II, Karachi	0.60
21.	PDP-117-Exp/K	MCC, Hyderabad	3.82
22.	PDP-131-Exp/K	Chief Collector Appraisalment (South), Karachi	0.30
23.	PDP-145-Exp/K	Collector of Customs Appraisalment (East), Karachi	0.00
24.	PDP-148-Exp/K	MCC Preventive, Karachi	17.42
25.	PDP-135-Exp/K	Collector of Customs Appraisalment (East), Karachi	5.00
26.	PDP-179-Exp/K	MCC Port Muhammad Bin Qasim	7.51
27.	PDP-46-Exp/K	Directorate of Post Clearance Audit (Customs), Karachi	0.00
28.	PDP-96-Exp/K	DG Transit Trade, Karachi	2.10
29.	PDP-180-Exp/K	MCC Port Muhammad Bin Qasim	0.97
Total			80.02

Annexure-25

Para 2.4.45

Inadmissible expenditure of Rs. 5.38 million on pay and allowances

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2870	MCC, Peshawar	2.02
2.	2872	MCC, Peshawar	0.04
3.	2876	MCC, Peshawar	0.08
4.	2907	MCC (Preventive), Lahore.	0.23
5.	2915	MCC (Preventive), Lahore.	0.06
6.	2928	Directorate of PCA, Lahore	0.43
7.	2943	MCC (Appraisalment), Lahore	0.39
8.	2955	Directorate of Intelligence & Investigation, Lahore	0.29
9.	3080	MCC, Multan	0.07
10.	3190	MCC, Faisalabad	0.23
11.	3432	MCC, Islamabad	0.57
12.	3441	Collector Adjudication, Islamabad	0.83
13.	PDP-141-Exp/K	Collector of Customs Appraisalment (East), Karachi	0.07
14.	PDP-154-Exp/K	MCC Preventive, Karachi	0.08
Total			5.38

Annexure-26

Para 2.4.48

Loss of Rs. 1.58 million due to non/short-deduction of withholding tax

(Rs. in million)

S.No.	DP.No.	Name of Office	Amount
1.	2878	MCC, Peshawar	0.07
2.	2913	MCC (Preventive), Lahore.	0.19
3.	2933	Directorate of PCA, Lahore	0.03
4.	2949	MCC (Appraisalment), Lahore	0.10
5.	2950	MCC (Appraisalment), Lahore	0.07
6.	2960	Directorate of I&I, Lahore	0.11
7.	2963	Directorate of I&I, Lahore	0.04
8.	2976	Directorate of Internal Audit (Customs), Lahore	0.13
9.	2983	Chief Collector Customs (Central), Lahore	0.02
10.	3076	MCC, Multan	0.16
11.	3193	MCC, Faisalabad	0.05
12.	3434	MCC, Islamabad	0.15
13.	3444	Collector Adjudication, Islamabad	0.03
14.	3445	Collector Adjudication, Islamabad	0.01
15.	3449	MCC, Islamabad	0.23
16.	3451	MCC, Islamabad	0.18
Total			1.58

Annexure-27

Para 2.4.58

Non-conduct of post-exportation audit of DTRE users - Rs. 5,601.74 million

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	2779	MCC, Sialkot	68.21
2.	2821	MCC, Sialkot	-
3.	3065	MCC, Multan	123.05
4.	3130	MCC, Faisalabad	1,818.70
5.	3166	MCC, Faisalabad	1,475.17
6.	3188	MCC, Faisalabad	1,330.02
7.	134-CD/K	MCC Export PMBQ, Karachi	548.61
8.	163-CD/K	MCC, Hyderabad	237.99
Total			5,601.74

Annexure-28

Para 2.4.59

**Need to amend Law for levy and collection of Income
Tax and Export Development Surcharge on exports**

(Rs. in million)

S.No.	DP No.	Name of Office	Amount
1.	390-CD/K	MCC Exports PMBQ, Karachi	321.00
2.	391-CD/K	MCC Exports PMBQ, Karachi	187.44
3.	394-CD/K	MCC Exports PMBQ, Karachi	27.72
4.	270-CD/K	MCC Exports Customs House, Karachi	2.79
5.	271-CD/K	MCC Exports Customs House, Karachi	5.78
6.	484-CD/K	MCC Exports Customs House, Karachi	3,719.56
7.	485-CD/K	MCC Exports Customs House, Karachi	1,595.57
8.	488-CD/K	MCC Exports Customs House, Karachi	336.92
9.	489-CD/K	MCC Exports Customs House, Karachi	157.15
10.	388-CD/K	MCC Exports (PMBQ), Karachi	1,284.02
11.	389-CD/K	MCC Exports (PMBQ), Karachi	749.74
12.	392-CD/K	MCC Exports (PMBQ), Karachi	110.88
13.	482-CD/K	MCC Exports Customs House, Karachi	1,478.26
14.	483-CD/K	MCC Exports Customs House, Karachi	6,382.27
15.	486-CD/K	MCC Exports Customs House, Karachi	1,347.68
16.	487-CD/K	MCC Exports Customs House, Karachi	628.61
Total			18,335.39