

GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF INTELLIGENCE & INVESTIGATION-CUSTOMS
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C.No. Appg-12/DCI/R&A/Cont/2013/12790.

Dated: 17.11.2020

Mr. Sohail Muzaffar,
Chairman,
Transparency International-Pakistan
5-C, 2nd Floor, Khayaban-e-Ittehad,
Phase VII, Defence Housing Authority
Karachi

SUBJECT: RECOVERY OF BR TAX OF OVER RS. 102 MILLION FROM OCEAN CENTRE

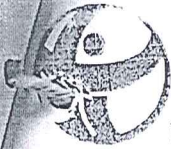
Please refer to your letter No. TL16/1804/10A dated 18.04.2016 (copy enclosed), on the subject cited above.

2. It is informed that as per this office record, an amount of Rs.44.595 million has been partially recovered vide Orders-in-Original No. 252/2013-14 dated 13.11.2013 and 17/2013-14 dated 22.01.2014. Being aggrieved the importers filed appeals No. K-106/2014 and K-220/2014 before the Customs Appellate Tribunal, Karachi. The Customs Tribunal vide consolidated judgment dated 20.05.2019 disposed of the appeals extending the benefit of Serial No. 23 of Notification / SRO-575(I)/2006 dated 05.06.2006. However, the department preferred SCRA's (685/2019 and 643/2019) which are pending before the Hon'ble High Court of Sindh at Karachi. Special directions have been issued for urgent ~~decision~~ ^{hearing}.

3. Kind attention is also invited to FBR's recent instruction vide C. No. 7(2)E&C/2020 dated 08.10.2020 (copy enclosed) whereby Board has put some conditions on processing of reward cases. Your esteemed opinion is sought for processing the amount against partial recovery in the light of foregoing facts.

Encl: As above.


(Tausif Aman Gurchani)
Deputy Director (Law)



TRANSPARENCY INTERNATIONAL-PAKISTAN

18th April 2016

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TL16/1804/10A

Nisar Muhammad Khan,
Chairman,
Federal Board of Revenue,
Government of Pakistan,
Islamabad.

Sub: Recovery of BR Tax of over Rs 102 Million from Ocean Centre.

Dear Sir,

Adviser Transparency International Pakistan on 2nd February 2013, sent a complaint to Mr. Khalid Mahmood, Director General I&I, FBR Islamabad about the evasion of over Rs 120 million evasion of custom tax and duties by Triple Trees Associates/Sofitel Hotel for a project Ocean Centre, Karachi.

Based on the complaint of Adviser Transparency International Pakistan, action was taken by the office of Directorate General I&I, FBR Karachi and vide letter No Appg-12/DCI/Triple Tree/R&A/Cont/3995 dated 9 May 2013, a report was sent to the Director General I&I, FBR Islamabad. It was stated that investigations were initiated, and a total of 37 consignments were cleared by Triple Tress Associates from 2009 to 2013, and tax evaded is Rs 102,716,205, and with a view to pre-empt penal action, the importer immediately deposited an amount of Rs 27,789,897 with the concerned collectorates, further establishing the contention of this directorate. Annex-A.

However, it is reported to Transparency International Pakistan that few FBR Officers in connivance with owners of Ocean Centre, Triple Trees Associates/Sofitel Hotel have manipulated the complaint of TIP.

All of sudden in April 2013, Collector Customs, Model Customs Collectorate (MCC) PaCCS took up this tax evasion case, to avoid penal action of penalty upto 100% against Triple Tress Associates.

The investigations being carried out by the Director General I&I, FBR Islamabad were in knowledge of Triple Tress Associates, as it was issued notices by the office of Directorate General I&I, FBR Karachi, and complete list of imports were provided to Directorate General I&I in March 2013.

Surprisingly, in order to avoid penal action, on the advise of some FBR officer, Triple Tress Associates deposited of Rs 27,789,897 with the concerned collectorates as a payment, and the Collector of the Collector Customs, Model Customs Collectorate (MCC) PaCCS, knowingly that this was not a case of voluntary surrendering, but is an investigation taken up by the Director General I&I, FBR Islamabad started in Feb 2013, took up as if the defaulter has come to FBR on his own and voluntarily surrendered benefit of Sr.8 of SRO 575(I)/2006 and made a part payment of Rs26.635 million.



**TRANSPARENCY
INTERNATIONAL-PAKISTAN**

Continuation Sheet No.

The Collector Customs, Model Customs Collectorate (MCC) PaCCS then asked the Triple Tree Associates to make payment of Rs. 47.99 million into the exchequer and also appreciated the voluntary payment of duty and taxes.

The Collector Customs also informed the Triple Tree Associates that total payment due after re-assessment came to Rs 90.913 million, out of which Rs16.286 million were paid at self assessment stage, and after the voluntary payment of Rs26.635 million, the balance of Rs 47.99 million was still outstanding towards the importer.

However, it was also reported by Adviser TIP that may imported equipment/items are installed in the Ocean Centre, Karachi on which Customs duty/taxes were not paid, viz. Lifts, Escalators, Air-condition Plants, Cinema seats, on which no investigations were carried out by FBR, and if inquiries were made, more tax evasion can be ascertained.


It is now over 3 years 2 months that FBR has not informed the Adviser about the detailed investigation and recovery on the his complain, as whether FBR has been able to recover evaded revenue of Rs 102,716,205 from the tax defaulters. This is a high profile case of tax evasion by the so called elite of society, in connivance with few officers of FBR, which was committed during 2009 to 2014.

Transparency International Pakistan request the Chairman FBR to urgently take up this case, which was reported by Transparency International Pakistan in February 2013, and tax evasion was proves in April 2013, and also on the role of The Collector Customs, Model Customs Collectorate (MCC) PaCCS of interfering with the Investigations to give benefit tax evader from penal action, which could be over Rs 102 million.

Recovery of evaded tax plus and penalty of 100% will enable FBR further revenue of Rs 102.7 million, and find out the tax evaded of other imported equipment, and if tax evasion in those items is also proved, recover the evaded tax with full penalty.

Transparency International Pakistan is striving to have transparency in procedures and Rule of Law in Pakistan, which is the only way to eliminate corruption and have good governance in country.

With Regards,


Sohail Muzaffar,
Chairman

Copies forwarded for the information with request to take action under their mandate to:

1. Secretary to Prime Minister, Islamabad.
2. Chairman, NAB, Islamabad.
3. Chairman, PMIC, Islamabad
4. Director General I&I, FBR Islamabad.
5. Member Customs FBR, Islamabad
6. Registrar, Supreme Court of Pakistan, Islamabad.

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

C.No.7(2)E&C/2020/

Islamabad, the 08 October, 2020.

All Director Generals of Customs
All Chief Collectors/ Collectors of Customs

Subject: PROCESSING OF CASES FOR SANCTION OF REWARD UNDER CUSTOMS
REWARD RULE SRO, NO. 1386(1)/2012 DATED 26-11-2012

I am directed to refer to the subject cited above and to state that instances have been observed wherein field formations process the cases for reward under para 4 of SRO No. 1386(1)/2012 dated 26-11-2012 despite the fact that the amount recovered is either not adjudged or an appeal is pending against the same, which may result in audit observations/paras.

2. In order to stream line the processing of reward cases, field formations are directed to ensure that the case has attained finality and following conditions have been fulfilled, before sanctioning of reward:

- a) The amount of duty/ taxes etc has been adjudged.
- b) No appeal is pending before any appellate force.
- c) The due amount of duty/ taxes has been recovered and deposited in the government treasury.
- d) In case of confiscated goods, the goods have been disposed through auction or by other means in terms of sub rule (3) of Rule-4 of above referred SRO.
- e) The amount of duty/ taxes or the "Auction Amount" deposited in government treasury has been duly certified by the Chief Accounts Officer.

10-2020
Addl Dir (HQ)

DDG, T1910

14/10/20
1. Reward

Mahmood
(Syed Mahmood Hassan)
Secretary (Enforcement & Coord)
Ph: 051-9203270 Fax: 051-9202848