THE FEDERAL TAX OMBUDSMAN
ISLAMABAD

OM No.04/OM/2025
Dated: 06.10.2025* HQs, Islamabad

The Secretary,
Revenue Division,
Islamabad. ...Respondent

Dealing Officer : Dr. Arslan Subuctageen, Advisor
Appraising Officer : Mr. Muhammad Nazim Saleem, Advisor

FINDINGS/RECOMMENDATIONS

This is an own motion investigation initiated through exercise of jurisdiction, conferred under Section 9(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) on the basis of a news clipping from Daily Business Recorder dated 02.10.2025 regarding a UAE-based cargo handler at Jinnah International Airport (JIAP), Karachi, who is accused of orchestrating a massive theft of imported goods worth billions of rupees from Customs custody for the last 18 months, raising serious questions about potential collusion of their employees with customs officials. The theft and evasion allegedly involved the illegal removal of high-value goods and their delivery to operators of "ghost companies" without payment of mandatory duties and taxes since March 2024 so far six consignments of expensive electronics have been removed clandestinely from the shed of this UAE based cargo handling company without payment of the leviable duty and taxes on the basis of forged and fake GDs and other documents, the machine numbers used in this mega fraud are taken from the previously processed, cleared and out of charged GDs of pharmaceuticals processed by some other cargo handler. It has also been pointed out in the above referred news report that the importing companies are bogus with false details of their business addresses and other particulars etc. These ghost consignments were shown in the

* Date of registration in FTO Sectt:

Customs Computerized System as uncleared whereas actually these were clandestinely removed on fake and forged documents and by misuse of electronic clearance system of Customs causing immense loss of Billion of Rupees to the Federal exchequer and a notice under Section 10(4) of the FTO Ordinance, 2000 read with Section 9(4) of the Federal Ombudsmen Institutional Reforms Act (FOIRA), 2013, was accordingly issued to FBR.

2. In response to the notice issued to the Secretary, Revenue Division, in terms of Section 10(4) of the FTO Ordinance read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013, Collector, Collectorate of Customs Airports, Jinnah International Airport (JIAP), Karachi, submitted a detailed report dated 20.10.2025, wherein it was stated that according to a credible information that M/s Gerry's Dnata, in collusion with certain importers, is involved in fraudulent clearance of high-value electronic goods by issuing fake gate passes, thereby circumventing the filing of Goods Declarations (GDs) and evading payment of legitimate duties and taxes. Upon investigation, the information was confirmed, revealing a systematic and deliberate manipulation of cargo handling procedures by M/s Gerry's staff, resulting in massive revenue losses to the exchequer. Details of illegal clearances is as under:

(i) Two consignments (vide Airway Bills No.176-6270880 and 176-06992694) imported by M/s Khalifa General Trading comprising electronic goods (consigned from UAE by M/s Pir Jillani General Trading LLC, Dubai) were found illegally cleared against fake gate passes. Accordingly, an FIR dated 05.09.2025 has been lodged before the Court of Special Judge (Customs, Taxation & Anti-Smuggling), Karachi.

(ii) Upon investigation, another consignment imported by M/s Skyway Impex (vide Airway Bill 176-13730813), consigned from UAE by same shipper i.e. M/s Pir Jillani General Trading LLC, Dubai was found lying unclaimed at M/s Gerry's shed. Intelligence indicated that it was about to be cleared through a fake gate pass without filing any GD or paying duties/taxes. The said consignment was immediately seized and FIR dated 24.09.2025 has been lodged. The consignment consisted of:

- 101 laptops
- 246 tablets
- 102 iPads
- 7 MacBooks
- 46 PlayStation-5 consoles

- 20,000 memory cards
- 258 assorted iPhones

(iii) Further investigations revealed that another consignment vide Airway Bill No. 176- 00057326 imported by M/s Premier Star & Technologies Pvt Ltd, consigned from UAE by same shipper i.e. M/s Pir Jillani General Trading LLC, Dubai had also been illegally cleared against fake gate pass issued by M/s Gerry's shed. FIR has been lodged in this case as well.

(iv) Two more consignments vide Airway Bill Nos 176-04712676and 176-10413782 were detected which were fraudulently cleared on the basis of fake gate passes without filing any GDs or payment of duty/taxes. The said two consignments were also consigned from UAE by the same shipper i.e. M/s Pir Jillani General Trading LLC, Dubai. FIRs have been lodged in these two cases as well.

(v) Out of six detected consignments, five consignments have already been fraudulently cleared against fake gate passes without filing GDs and without payment of leviable duties and taxes, while one available consignment was seized by Customs, thereby thwarting an attempt for illegal removal. All consignments were shipped from the UAE by the same consignor, M/s Pir Jillani General Trading LLC, Dubai, and comprised high-value electronic goods packed in two pallets, weighing between 900-1000 kg.

(vi) The value of duty and taxes involved in respect of seized consignment lying in M/s Gerry's shed has been calculated amounting to Rs. 103 million, involving duties/taxes of Rs.66 million. However, for the consignments that were fraudulently released against fake gate passes, precise determination of the evaded duties/taxes could not be made as the airway bills carried vague and incomplete descriptions as 'Electronic components'. However, based on the available quantity and weight of these shipments, and relying on the fact that similar high-value electronic goods were involved, a careful estimate indicates a total value in these five consignments of approximately Rs.547 million, with duty and tax evasion to the extent of nearly Rs.384 million. This constitutes a grave offence of willful evasion, misdeclaration, concealment, and criminal breach of trust by the custodian M/s Gerry's Dnata.

The fraudulent scheme employed by M/s Gerry's Dnata exploited systemic gaps due to non-integration of the airline cargo management (iCargo) and Customs' WeBOC system, as elaborated below:

(i) Cargo Information Flow

- Airlines transmit incoming cargo lists to Gerrys via the iCargo module.
- M/s Gerry's staff converts these into Excel sheets for manual reconciliation.

(ii) Manipulation by M/s Gerry's Staff

- M/s Gerry's staff reconcile the airway bills with the "cargo lists" retrieved through the iCargo system and thereafter prepare a final consolidated document of all off-loaded cargo, which is uploaded into the WeBOC system against the respective Import General Manifest (1GM) for the issuance of index" against each cargo entry.
- In order to manipulate the clearance process, M/s Gerry's staff deliberately concealed two airway hills and failed to upload them into the WeBOC system. By' doing so, no 'index number' was generated for the consignments, thereby preventing the filing of GDs and ensuring that the concealed cargo remained outside systemic detection while lying at M/s Gerry's shed for subsequent illegal clearance.
- In this manner, in case of aforesaid airway bills, consignments were deliberately concealed. As a result, no index number was generated for these consignments, and they remained "invisible" within the Customs clearance system.
- In the remaining four cases, the IGM/index remained unclaimed in the WeBOC system and clearance of goods were made against fake gate passes issued by M/s Gerry's shed.

(iii) Issuance of Fake Gate Passes

- M/s Gerry's staff issued fake gate passes using GD numbers belonging to unrelated importers (e.g. M/s Hilton Pharma Pvt Ltd, M/s Zafa Pharmaceutical Laboratories) whose goods had already been legitimately cleared.
- The documents were not presented to the Customs Preventive Officers posted at the exit gate and goods were illegally removed.

The modus operandi exposes a total lack of checks and balances within M/s Gerry's Dnata. Fake gate passes were generated through its computerized system by unauthorized staff, reflecting systemic failure and deliberate circumvention of procedures. The absence of electronic integration between M/s Gerry's iCargo system and Customs' WeBOC created a window for concealment of airway bills and manipulation of records. As custodian of imported goods, M/s Gerry's Dnata was duty-bound to ensure accurate record-keeping but they deliberately concealed consignments and issued fraudulent gate passes. M/s Gerry's Dnata has gravely undermined Customs' trust and compromised the integrity of the clearance process. Despite repeated requests, M/s Gerry's higher management withheld critical records to hamper investigation, raising strong suspicion of complicity at senior / institutional level. Investigations are ongoing into M/s Gerry's management possible collusion. In this backdrop, Pakistan Airport Authority vide letter No.CC/Airports/I&P/53/ 2025/2477 dated 10.10.2025 and No.SI/MISC/I0/2025/I&P dated 10.10.2025 have been requested to initiate proceeding for the cancellation of the license of M/s Gerry's Dnata as a ground handling agent. The criminal investigations in these cases are underway. So far five number of arrests have been made which include three employees of M/s Gerry's Dnata. Whereas, two major accused are declared absconders The Collectorate has also framed contravention cases under Section 179 of the Customs Act, 1969, which are subjudice before the adjudication authorities. Meanwhile, the Collectorate initiated the process for encashment of their bank guarantee of USD 0.2 million submitted under rule 554(6)(d)(v) of Customs Rules, 2001. Moreover, on the basis of interim challan a demand notice dated 04.10.2025 was issued to M/s Gerry's Dnata for payment of duty & taxes amounting to Rs.384 million which was suffered by government exchequer due to their failure as custodian. Thereafter, M/s Gerry's Dnata (Pvt) Limited filed Constitutional Petition No.4868 of 2025 before the Hon'ble High Court. Last hearing was conducted on 16.10.2025 and the case has been adjourned for 13.11.2025. In the meantime, interim relief has been granted to M/s Gerry's Dnata by the Hon'ble High Court vide order dated 06.10.2025 restraining the department from encashing the bank guarantee and recovery on the basis of demand notice dated 04.10.2025.

4. During investigation, it is observed that all the airports are highly sensitive areas and any illegal clearance of imported goods poses a serious threat to cargo security and the public exchequer.The instant case of fraudulent clearances exposes a complete breakdown of internal controls and checks within M/s Gerry's Dnata (Pvt.) Ltd. The absence of electronic integration between M/s Gerry's iCargo system and Customs'

WeBOC platform created a window for concealment of airway bills and manipulation of import records. It is further observed that their exist an urgent need to conduct a comprehensive investigation of M/s Gerry's Dnata Sheds operating at all airports across Pakistan to cross-verify all consignments off-loaded during the last three years, matching airline manifests and airway bills with corresponding GDs filed in the WeBOC system.

5. In view of the above narrated observations, this Office is of the considered view that necessary and immediate measures are needed on war footings to safeguard the interests of the Federal Government for which the Deptt of Customs/FBR should take all possible measures to thwart such fraudulent clearances taking place due to fake and dubious modus operandi and to apprehend the perpetrators of such criminal activities. Following measures inter alia other steps already taken must be adopted by the Deptt of Customs forthwith:

(i) the manifests and off-load data must be retrieved directly from the respective international airlines for independent validation and to eliminate reliance on intermediary data.

(ii) all consignments found to have been off-loaded but cleared without filing a corresponding GD must be specifically flagged and reported as potentially unauthorized or fraudulent clearances.

(iii) initiate an inquiry to determine under what legal authority M/s Gerry's Dnata as GHAs or Cargo Handlers have been uploading import manifests in WeBOC, bypassing the international airlines-contrary to the standard practice, procedures and SoPs applicable to shipping lines for sea cargo.

(iv) it is imperative to Implement electronic integration of all iCargo systems with the Customs WeBOC mechanism, ensuring that airlines directly file manifests with Customs under WeBOC, thus removing the existing loophole and preventing future manipulation or illegal pilferage of cargo by GHAs or associated criminal networks.

Findings:

6. This Office would like to appreciate the steps taken by Collector of Customs (Airports), JIAP, Karachi and the Deptt of Customs to identify this fraud, take cognizance of the situation and for arrest of few of the accused individuals, however, much more is required by the Deptt for complete eradication of such like frauds and mishappenings in future. It is well considered view of this Office that all these happenings are not possible without the active collusion and connivance of the relevant Customs staff posted at the subject shed working under the Collectorate of Customs, JIAP, Karachi. The cargo operator viz M/s Gerry's Dnata is a license holder of the department of Customs under the provision of Customs Act 1969 and the provisions of sub-Chapter XIV (Terminal Operators under CCS) Customs Rules 548 to 556E etc. issued vide SRO 450(I)/2001 dated 18.06.2001 and is accordingly bound to abide by the Customs Law, Rules, Regulations and the prescribed procedures made by the Customs department and their violation is tantamount to maladministration on part of Customs Department for not taking appropriate measures to control such criminal happenings by their license holder shed operator as this is not the first instance of its kind at Karachi Airport. Previously, Customs staff was reportedly involved in removing substantial quantities of expensive mobile phones from the Customs warehouse, while the department neither took action against its staff nor recovered the stolen devices. This practice of a shed operator leads to huge revenue loss and stands contrary to law, reportedly the Customs Deptt and FBR has not taken any corrective measures in this regard and neither any action has been initiated against the suspected delinquent Customs officials hence this state of affairs has emerged which is based on neglect and inattention towards the law and falls within the ambit of maladministration as defined under Section 2(3)(i) & (ii) of the FTO Ordinance, 2000.

Recommendations:

7. FBR to:

(i) direct Member Customs (Ops) to take cognizance of this mega fraud and conduct a country wide audit for the past 03 years of all sheds operating under M/s Gerry's Dnata, regarding its import & export related activities;

(ii) direct the Collector of Customs (Airports), JIAP, Karachi to immediately proceed for suspension of the license of M/s Gerry's Dnata against its shed operating at Karachi after serving a SCN to the CEO of the shed operator and after affording them a hearing opportunity and on completion of the audit and proceedings may cancel their license to operate in Pakistan, if the charges stand established against them. This recommendation is issued in exercise of the powers vested in this Office under the provisions of Sections 29 and 30 inter alia other Sections of the FTO Ordinance, 2000;

(iii) direct the Collector of Customs (Airports), JIAP, Karachi, to investigate the role of Customs officials involved in this mega scam and after conducting a fact-finding inquiry against the Customs staff and after affording them an opportunity of being heard, refer the matter to FBR for initiating necessary disciplinary action against them under the E&D Rules, 2020, as per provisions of law; and

(iv) report compliance within 45 days.

(Dr. Asif Mahmood Jah)
(Hilal-i-Imtiaz) (Sitara-i-Imtiaz)
Federal Tax Ombudsman

Dated: 18:11:2025
Approved for reporting