

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

COMPLAINT NO.0010/OM/2023

Dated: 31.05.2023 * RO Lahore

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer	:	Ms. Adila Rehman, Advisor
Appraising Officer	:	Dr. Arslan Subuctageen, Advisor
Departmental Representatives	:	Mr. Muhammad Faizan Arif, D.C
		Ms. Saima Rashid, D.C

FINDINGS/RECOMMENDATIONS

This is an Own Motion investigation initiated, while exercising powers, conferred under Section 9(1) of the Federal Tax Ombudsman Ordinance, 2000, regarding seized/confiscated valuable articles including local and foreign currencies, precious metals i.e. gold and silver etc. lying at Customs Warehouses.

2. The FTO Secretariat was in continuous receipt of a number of Complaints wherein it was alleged that, due to negligence and inefficiency of Customs Officers/Officials, seized/confiscated valuable articles, including local and foreign currencies, precious metals i.e. gold and silver etc. lying at Customs Warehouses, have been misappropriated/stolen.

3. The Own Motion Complaint was referred to the Secretary, Revenue Division, Islamabad and all other field formations, in terms of Section 10(4) of the FTO Ordinance, read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013 to submit a detailed report reflecting current status of the above-mentioned valuable articles as per enclosed format. In response thereto, FBR and all other field formations submitted their respective replies which are as under:

- The Collector, Collectorate of Customs Appraisement (West), CFS (NLC) Dryport, Thokar Niaz Baig, Lahore vide letter dated 21.06.2023 submitted that no incident of misappropriation or theft

has ever been reported. Detailed inventory of 23-articles with updated status was also enclosed wherein it was mentioned that all the goods were under auction process.

- The Collector, Collectorate of Customs (Enforcement) Lahore, vide letter dated 06.07.2023 sent report on prescribed format containing 100 entries relating to foreign currency, local currency, gold, silver etc. Out of these, 54 items/goods were stolen/misappropriated from the State Warehouse and remaining 46 items/goods were still lying at State Warehouse.
- The Collector, Collectorate of Customs (Enforcement), Peshawar, vide letter dated 06.07.2023, submitted the requisite information on the prescribed format received from Custom Warehouse ASU Khyber, Warehouse Mardan, Warehouse Bacha Khan International Airport, Warehouse Abbotabad and State Warehouse Peshawar which are as under:
 - (a) Custom Warehouse ASU Khyber mentioned 51 items/goods and reported that all goods were deposited in the National Bank of Pakistan;
 - (b) Warehouse Bacha Khan, International Airport mentioned 74 items/goods in the prescribed format and reported that out of which 53 items/goods were deposited in the NBP/State Bank and remaining 21 items were deposited in State Warehouses;
 - (c) Warehouse Mardan, Abbotabad and Peshawar mentioned the report as Nil.
- The Collector, Collectorate of Customs (Enforcement), Custom House, Quetta, vide letter dated 11.07.2023 submitted the requisite information only for Financial Year 2022-23 on the prescribed format containing 31 entries of articles/goods which were reported to be in the safe custody of State Warehouse.
- The Collector, Collectorate of Customs (Enforcement), Customs House Karachi, vide letter dated 06.07.2023, submitted the requisite information containing 143 entries of items/goods and reported that only 14 goods were deposited in the National Bank of Pakistan, 3 were under auction and current status of remaining 126 goods were shown as Nil with remarks that "confirmation of this case is pending for stock taking".
- The Collector, Collectorate of Customs, Islamabad International Airport, Islamabad, vide letter dated 14.07.2023 submitted the requisite information containing 19 entries of items/goods and reported that 15 cases relating to goods were pending before different Forums.

- The remaining Collectorates submitted the report as Nil.

4. The case was fixed for hearing on 08.08.2023 and 09.08.2023. Mr. Muhammad Faizan Arif, Deputy Collector, Collectorate of Customs (Enforcement), Karachi attended the hearing. The case was discussed in detail. It was pointed out that value of seized goods has not been mentioned in the table. Also there were lot of columns showing Nil. The D.C explained that Nil columns relating to current status etc. relate to cases of Karachi Airport roughly up to 85%. These goods were deposited here but information was not updated. Subsequent to the Airport becoming a separate Collectorate, they were keeping the goods in their own custody. Stock taking had not been conducted since almost eight years. It had been completed now and report is being forwarded. The Collectorate will bifurcate the cases, Collectorate-wise and submit detailed report soon. As to the current system, the D.C informed that there is no alarm system installed. Moreover, cameras were installed with monitors in Additional Collector's room but it is not clear if they are functional or not. There are three Superintendents with keys to the strong room, aided by Preventive officers.

5. Ms. Saima Rashid, Deputy Collector, Islamabad International Airport attended hearing and informed that all the gold seized had been shifted to the State Bank. They usually wait till the amount of gold reaches a critical amount, which after purification can be converted to 5 kg bars by the Mint. Thereafter, they deposit the gold in the Mint. They conduct stock taking twice a year. The strong room is under 24 hours surveillance through cameras.

6. Replies submitted by all field formations have been perused. There are many deficiencies in the safe custody of the seized/confiscated valuable articles including local and foreign currencies, precious metals i.e. gold and silver etc which are as under:

- (i) The field offices failed to explain the reason why most of seized/confiscated goods are still in the State Warehouses and why they have not deposited in the State Bank of Pakistan or any other concerned bank;
- (ii) The Collectorate of Customs (Enforcement), Lahore failed to deposit the remaining 46 items/goods into the State Bank of Pakistan despite the fact that 54 items (out of 100) were stolen/misappropriated from the State Warehouse;
- (iii) Some of the items/goods were still pending for auction;
- (iv) Collectorate of Customs (Enforcement), Karachi failed to provide the current status/information regarding 126 items/goods due to the reason "confirmation of this case is pending for stock taking";
- (v) Collectorate of Customs (Enforcement), Peshawar has deposited some gold in the State Bank of Pakistan but some still being kept in the State Warehouse;
- (vi) The current status of adjudication proceedings of the cases is not clear;
- (vii) The field offices have not provided the complete information as required by this Office;

Recommendations:

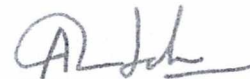
7. FBR to direct all the field offices to:

- (i) complete all the missing information/details in every manner;
- (ii) deposit all the valuable articles, especially gold/cash ornaments etc. in the State Bank of Pakistan or National Bank of Pakistan to restrict the theft/misappropriation;
- (iii) provide the exact status of the adjudication proceedings pending before different forums and to pursue properly regarding theft/misappropriation of valuable articles, especially in the Collectorate of Customs (Enforcement), Lahore; and
- (iv) report compliance within 60-days.

Dated: 15.12.2024

KA

Approved for reporting


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


Director
FTO Secretariat