

**BEFORE  
THE FEDERAL TAX OMBUDSMAN  
ISLAMABAD**

**Complaint No.0007/OM/2022**

Dated: 09.02.2022 R.O. Karachi

1. **The Secretary,**  
Revenue Division,  
Islamabad. ...Respondent
2. **The Member Customs (Operations)**  
F.B.R. Islamabad.
3. **The Chief Collector (Enforcement) South,**  
Karachi.
4. **THE D.G.**  
Reform & automation (Customs)  
Karachi.

Dealing Officer	:	Syed Tahir Raza Zaidi, Advisor
Appraising Officer	:	Mrs. Sarwat Tahira Habib, Sr. Advisor

**FINDINGS / RECOMMENDATIONS**

Whereas it was brought to the notice that the manifestation of empty containers as prescribed under Rule 402 of the Custom Rules notified vide SRO No. 450(1) 2001 is not being carried out through the WeBOC at the time of importation. The shipping lines /agent are not following the prescribed procedure in true letter and spirit and there exist possibility of misuse and clandestine removal of imported cargo in the garb of empty containers. Hence, in exercise of powers conferred under Section 9(1) of the Federal Tax Ombudsman Ordinance, 2000 an Own Motion investigation was initiated.

2. In the above back drop, the Chief Collector (Enforcement and Compliance) and Chief Collector (Appraisalment & Facilitation), Karachi were requested the furnish a comprehensive report regarding the prevailing practice in respect of manifestation, movement and re-export of empty containers.

3. The Collector of Customs (West) Custom House, Karachi furnished comments where in, inter alia, it has been stated that:

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\* Date of Registration in FTO Sectt.



- (i) "each imported empty Container is duly manifested in the Import General manifest (IGM). The empty containers duly manifested to be destined for Pakistan are discharged by the terminal operators and are released on the presentation of Container Release Order (CRO) issued by the respective Shipping Line. As empty containers do not contain any cargo, they are not sealed. At the out gates of the terminals doors of each empty container are opened for inspection by the Customs gate staff to ensure that they do not carry any cargo.

The Honourable Federal tax Ombudsman has observed that laws / procedures for the movement of empty containers are not being enforced in letter and spirit and there exists a possibility of removal of non-duty paid goods in the garb of movement of empty containers. In this regard, it is submitted that each empty container is duly manifested in the Import General Manifest (A sample manifest is enclosed. Empty containers are only released against a Container Release Order (CRO) issued by the relevant shipping Line (A sample CRO is enclosed. On presentation of the CRO from the concerned shipping line, the relevant terminal operator issues an empty Container Delivery Gate Pass' (a sample of such gate pass is enclosed. Empty containers do not bear any seals and the doors of the same are opened at out gates for inspection by Customs (enforcement) staff before delivery (A sample of pictures of empty container taken at out gate is enclosed. In addition to the above controls, a WeBOC module for the regulation of temporary containers has also been developed, which automatically tracks/updates the time period of the stay of empty containers before their respective re-export. However, the module could not be made fully operational due to some technical glitches which are being addressed, to monitor the over staying of empty containers and their movement, more effectively.

4 The Collector of Customs (East) Customs House, Karachi has also furnished comments in the following manner.

*Q* "that the procedure of manifestation followed for import of empty containers is automated and is regulated vide Rule 11(1) of CGO 12-2002. Before arrival of the vessel, IGM in respect of the empty containers is also filled in WeBOC system by the shipping line along with full load containers. The containers carrying cargo as well as empty containers are duly manifested as shown in the above annexure. Only containers destined for Pakistan are discharged on the port. Subsequently, empty containers are released from port upon presenting Container Release order (CRO) issued by the shipping line. Containers are checked by Customs staff at exit gates of the terminals and ports, especially empty containers as same are unsealed and with open doors.

It is further submitted that the WeBOC module for e export of empty containers has also been developed and is available with the Collectorate of Customs, Enforcement, Karachi. The time period of the stay of empty containers before re-export and related extension is also automatically tracked / updated in the WeBOC system as the date of importation of empty containers is also linked to the module



for export of empty containers. However, module has not been fully deployed due to some technical glitches. Moreover, it is submitted that the Collectorate of Customs Enforcement, Karachi being the regulatory Collectorate under Chapter XXVI of Customs Rules 2001 has conducted workshop for the shipping agents as well as the terminal operators and identified issues on the basis of feedback and accordingly forwarded CRF to the Directorate of Reforms and Automation, Karachi.

5. The Collector of Customs (Enforcement) Customs House, Karachi vide para-wise comments has stated that:

- (i) Furthermore, current module of cargo manifest as embedded in WeBOC caters to the requirement of empty containers alongwith full load containers. IGM indicates categories such as Vessel Information Report (VIR), container number, shipping line etc. For both types of containers. Sample is enclosed.
- (ii) The Honourable forums has observed that the shipping lines are not observing the relevant law. Procedure as laid down in Rule 402 of the Customs Rules notified vide SRO 450(I) 2001 dated 18-06-2001 regarding manifestation of the imported empty containers. Therefore, it has been apprehended that there exists a possibility of misuse. It is humbly submitted that the procedure of manifestation followed for import of empty containers is automated. Before arrival of the vessel, IGM in respect of the empty containers is also filed in WeBOC by the shipping line along with full load containers. The containers carrying cargo as well as empty containers are duly manifested as shown in the above annexure.
- (iii) Only containers destined for Pakistan are discharged on the port. Subsequently, empty containers are released from port upon presenting Container Release Order (CRO) issued by the shipping line. Containers are checked by Customs staff at exit gates of the terminals and ports, specially empty containers as same are unsealed and with open doors.
- (iv) It is further submitted that the WeBOC module for export of empty containers has also been developed. The time period of the stay of empty containers before re-export and related extension is also automatically tracked / updated in the WeBOC system as the date of importation of empty containers is also linked to the module for export of empty containers. However, module has not been fully deployed due to some technical hitches. The Collectorate conducted workshop for the shipping agents as well as the terminal operators and identified issues on the basis of feedback. The Collectorate accordingly forwarded CRF to the Directorate of Reforms and Automation, Karachi for addressing the issues.

6. Perusal of the replies furnished by the department transpires, that the current module of cargo manifest as embedded in WeBOC caters to the requirement of manifestation of empty containers alongwith full load containers at the time of imports. The import General Manifest indicates categories such as Vessel Information Report (VIR), container number,



shipping line etc in respect of empty containers alongside containers carrying imported goods. The Collector of Customs (Enforcement), Karachi has also annexed screen shots of WeBOC screen showing proper manifestation of empty containers at the time of import. The Collector Enforcement has further informed that although WeBOC module for re-export of empty containers has been developed, the same could not be fully deployed due to some technical problems. In view of non deployment of WeBOC module for re-export of empty containers, electronic filing of such containers is not being done at the time being. The Collectorate of Enforcement after taking feedback / import from all stake holders has sent Change Request Form (CRF) to the D.G. Reforms & Automation for necessary updation of the WeBOC module which is awaited since long. According to letter No. 52-Misc-23-2009-lie (A) dated 28-03-2022 addressed to Traffic Managers of all Container Terminals at Karachi Port, the Assistant Collector further extended the date of electronic entry of empty Container through WeBOC upto 30-06-2022 which was other wise long time back.

#### **FINDINGS:-**

7. Both Collector of Customs (East) and (West) Karachi have confirmed that a WeBOC module has been developed, which automatically tracks/updates, the time period of the stay of the empty containers before their respective export. However the module could not be made fully operational due to some technical glitches, while the Collector (Enforcement) Custom House, Karachi has reported that "after taking feedback from all stake holders, his office has sent a Change Request Form (CRF) to DG Reforms and automation, while extending, the time limit for electronic entry of containers through WeBOC to 30.06.2022.

8. In view of the foregoing it is held that WeBOC module for re-export of empty of empty containers could not be deployed despite lapse of considerable time which can give way to possible misuse/removal of imported cargo in the garb of empty container, which tantamounts to maladministration on the part of the Department.

#### **RECOMMENDATIONS:-**



## 9. FBR to direct;

- (i) The Directorate General of Reforms & Automation to develop and deploy the WeBOC module for re-export of empty containers by the already extended deadline of 30.06.2022 so that a link is created to cross match and to completely account for each and every IGM;
- (ii) Collector of Customs (Enforcement) Karachi to ensure that the necessary change is implemented by the given deadline; and
- (ii) Report compliance in 45 days.

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

Dated: 27-06-2022

PK/gq/Jawad

Approved for reporting

Certified to be True Copy

Registrar  
FTO Secretariat  
Islamabad