

FBR asked to take action against officials for illegal gold trade

KARACHI: The Federal Tax Ombudsman (FTO) has directed the Federal Board of Revenue (FBR) to initiate inquiry against the customs officials, who connived in illegal trade of gold and jewellery to have caused at least Rs1.36 billion in losses to exchequer, sources said on Monday.

Sources in Pakistan Customs on Monday said the FTO took the decision after detecting ‘serious’ lapses in import and export of gold and jewellery.

The commercial import of gold into Pakistan is not allowed under a law. However, exporters of jewellery are allowed to import the gold under a quota as raw materials for their exports.

They could import gold under entrustment or self-consignment schemes. The country’s gold imports amounted to \$20.7 million in

the July-June 2017/18 fiscal year, up 24.3 percent over the corresponding period a year earlier.

The sources said the FTO found a number of export consignments of jewellery without receipts against goods sent to their foreign buyers. It was further detected that the import of gold was much higher than the exports of jewellery. So, the imports were done in connivance with the customs officials, they added.

The FTO ordered the Federal Board of Revenue to direct the Chief Collector (North), Central and Enforcement South to initiate departmental enquiry to ascertain the officers and take ‘disciplinary’ actions

against those who were found “involved in illegal / inadmissible import/export in violation of law”.

“Under the prevalent laws, the export receipts of jewellery shall be realised within 120 days from the date of export and the commercial banks shall ensure that sale proceeds are repatriated in full 120 days otherwise commercial banks shall inform the State Bank of Pakistan as well as to Trade Development of Pakistan,” the FTO said in a document.

“As a consequence, the importers-cum-exporters hoodwinked the customs department with impunity especially in cases where concession (is) available under entrustment scheme/self consignment scheme.”

The FTO observed that billions of rupees worth of foreign exchange were not realised against exports of jewellery. The FTO found in the inquiry that around 10 importers/exporters were involved in 22 consignments/cases, causing Rs1.36 billion in losses to exchequer.

“Failure of customs officials to take timely action under the Customs Act 1969 as well as under Import and Export Control Act, 1950 and failure to exercise due precaution in the discharge of their duties and responsibilities (are) resulting in massive losses of revenue to the national exchequer which is a sheer negligence,” the FTO said.

The FTO further directed the FBR to order the collectors to initiate recovery proceedings in accordance with the law to recover the “adjudged amount”.

The ombudsman also asked the commerce minister to constitute a committee comprising of representatives from the SBP, the Federal Board of Revenue and Trade Development Authority of Pakistan to review concessionary regime for gold import to plug loopholes in the procedure to obviate chances of misuse in future.

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