



# **SRI LANKA CUSTOMS ANNUAL PERFORMANCE REPORT 2014**

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**Compiled by  
Policy, Planning and Research Directorate**





# Annual Performance Report 2014

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# Sri Lanka Customs

2014

## PRINCIPAL OFFICIALS

**Mr. Jagath P. Wijeweera**

Director General of Customs

**Mr. A. Senanayaka**

Additional Director General of Customs (Human Resources)

**Mr.R.P.D.T. Senevirathne**

Additional Director General of Customs (Regional)

**Mr. K.L.G.T. Perera**

Additional Director General of Customs (Enforcement)

**Mr. M. Puviharan**

Additional Director General of Customs (Revenue & Services)

**Mr. S. Rajendran**

Additional Director General of Customs (Corporate)

**Mr.K.A.D.R. Kristy**

Director of Customs (Preventive)

**Mr.M.Paskaran**

Director of Customs (Social Protection)

**Mr. P.H. Liyanage**

Director of Customs (Post Clearance Audit)

**Mr. K.A. Dharmasena**

Director of Customs (Central Investigation)

**Mr. G.A.L. Gamini**

Director of Customs (Legal Affairs)

**Mr.U. Liyanage**

Director of Customs (Central Intelligence )

**Mr.K. Premanath**

Director of Customs (Declarations)

**Mr. M. Rishafi**

Director of Customs (Industrial Services)

**Mr.T.W.A. Senanayake**

Director of Customs (Export)

**Mr. D.A.I. Dharanagama**

Director of Customs (Cargo Examinations)

**Mr.S.Sivakumar**

Director of Customs (Passenger Services - Colombo)

**Mr. P.B.S.C. Nonis**

Director of Customs (Passenger Services - Katunayake)

**Mr. B.A.K.W.Mahendran**

Director of Customs (Revenue & Services -Katunayake))

**Mr. T.A.L. Weerasinghe**

Director of Customs (Policy, Planning and Research)

**Mr. S. Nethkunanathan**

Director of Customs (ICT)

**Mr. M.U.S. Perera**

Director of Customs (Central Valuation)

**Mr. A. Kulenthiran**

Director of Customs (Specialized Services)

**Mr. S. Gunawardana**

Director of Customs (Logistics)

**Mrs.D.H.S. Pulleperuma**

Director of Customs (Human Resource Management)

**Mrs. D.L.U. Pieris**

Director of Customs (Human Resource Development)

**Mrs. Ramyakanthi**

Director of Customs (Employee Services)

**Mr.K.D. Nicolas**

Director of Customs (Special Tasks and Vigilance)

**Mr. P.T.G. Gunathilaka**

Chief Accountant

**Mr. Jagath Dias**

Director of Customs (Revenue & Services - Provincial)

**Mr. K.K. Balachandra**

Director of Customs (Industries and Services - Provincial)

**Mr.K.K. Vithana**

Director of Customs (Passenger Services - Provincial)

**Mr.Naleen Osen**

Director of Customs (Internal Audit)

**Mr. U.S. Wanapushpa**

Deputy Director (Statistics)

**Mr. A.K.N.Wickramasinghe**

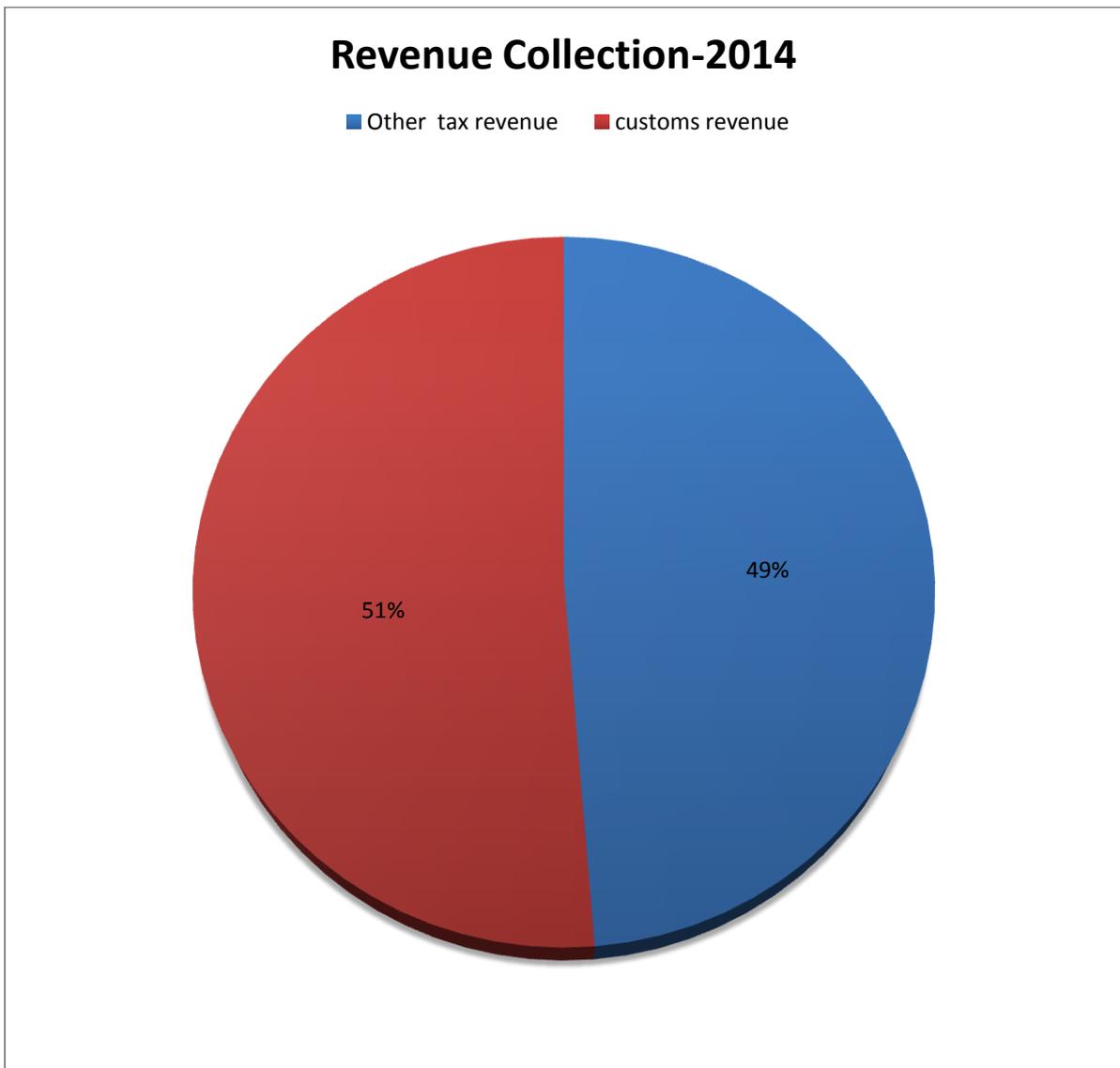
Deputy Director of Customs (Exercise )

# **Overall Performance 2014**



## REVENUE COLLECTION - 2014

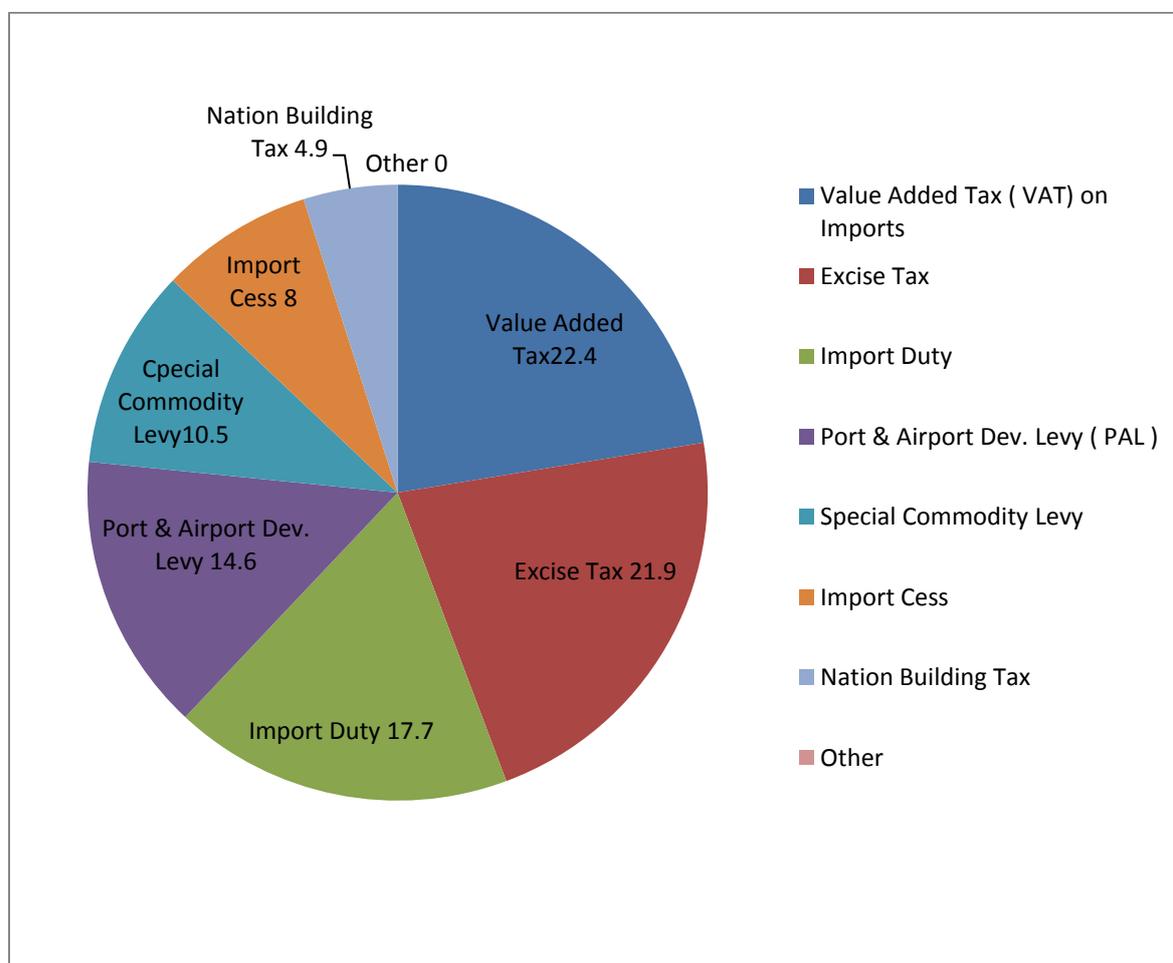
As a Percentage of National Tax Revenue\*



\* *Provisional Data*

## IMPORT REVENUE COLLECTION – 2014: TAX COMPOSITION

CATEGORY	(Rs Millions)	As a % of Total
Value Added Tax ( VAT) on Imports	101,412	22.4
Import Duty	80,052	17.7
Import Cess	35,967	8
Port & Airport Dev. Levy ( PAL )	65,849	14.6
Excise Tax	<b>99,350</b>	21.9
Special Commodity Levy	47,663	10.5
Nation Building Tax	22475	4.9
Other	66	0
<b>Total</b>	<b>452,835</b>	



## Sri Lanka Customs Revenue Collection - 2014

Code	Description	Revised Target 2014	Progress up to end of Dec.			Comparison of up to end of Dec. 2013 & 2014			
			Target	Actual	Deviation	2013	2014	Deviation	%
1001.01.00	Import Duty	85,000	85,000	77,701	-7,299	74,766	77,701	2,935	3.93
1001.02.00	Export Duty	20	20	24	4	22	24	2	9.09
1001.04.00	Port & Airport Dev. Levy ( PAL )	80,000	80,000	68,625	-11,375	61,516	68,625	7,109	11.56
1001.05.01	Cess Levy - Import	41,500	41,500	35,609	-5,891	33,011	35,609	2,598	7.87
1001.05.02	Cess Levy - Export	3,500	3,500	3,085	-415	3,088	3,085	-3	-0.1
1001.08.00	Special Commodity Levy	65,000	65,000	47,953	-17,047	46,705	47,953	1,248	2.67
	<b>Total Custom Tax Revenue</b>	<b>275,025</b>	<b>275,025</b>	<b>232,997</b>	<b>-42,028</b>	<b>219,108</b>	<b>232,997</b>	13,889	6.34
1002.05.01	Excise Tax - Cigarettes	61,000	61,000	57,204	-3,796	58,534	57,204	-1,330	-2.27
1002.05.02	Excise Tax - Liquor	-	-	12	12	-	12	12	12
1002.05.03	<b>Excise Tax - Petroleum</b>	<b>40,000</b>	<b>40,000</b>	<b>31,819</b>	<b>-8,181</b>	<b>27,131</b>	<b>31,819</b>	4,688	17.28
	<i>Excise Tax - Petroleum ( Import )</i>			28,732		27,131	28,732	1,601	5.9
	<i>Excise Tax - Petroleum ( Local )</i>			3,087		0	3,087	3,087	
1002.05.04	Excise Tax - Motor Vehicle	70,000	70,000	76,435	6,435	55,517	76,435	20,918	37.68
1002.05.09	<b>Excise Tax - Others</b>	<b>7,000</b>	<b>7,000</b>		<b>-7,000</b>	<b>2,528</b>		-2,528	-100
	<i>Excise Tax - Others - Import</i>				0	1,248		-1,248	-100
	<i>Excise Tax - Others - Local</i>				0	1,279		-1,279	-100
	<b>Total Excise Tax Revenue</b>	<b>178,000</b>	<b>178,000</b>	<b>165,470</b>	<b>-12,530</b>	<b>143,710</b>	<b>165,470</b>	21,760	15.14
1002.01.04	Value Added Tax ( VAT ) on Imports	135,000	135,000	102,235	-32,765	96,591	102,235	5,644	5.84
1003.10.00	<b>Social Responsibility Levy (SRL)</b>	-	-	-	-	<b>1</b>	-	-1	-100
	<i>Social Responsibility Levy (SRL) - Import</i>	-	-	-	-	1	-	-1	-100
	<i>Social Responsibility Levy (SRL) - Local</i>	-	-	-	-	-	-	-	-
1002.12.03	Nation Building Tax	19,000	19,000	16,086	-2,914	22,443	16,086	-6,357	-28.33
	<b>Total Other Tax Revenue</b>	<b>154,000</b>	<b>154,000</b>	<b>118,321</b>	<b>-35,679</b>	<b>119,034</b>	<b>118,321</b>	-713	-0.6
	<b>Total Tax Revenue</b>	<b>607,025</b>	<b>607,025</b>	<b>516,788</b>	<b>-90,237</b>	<b>481,852</b>	<b>516,788</b>	34,936	7.25
2003.02.17	Sale of Garments			89	89	92	89	-3	-3.26
2003.02.99						-		-	-
2003.99.00	Sundries				0	2,141		-2,141	-100
2003.03.00									
	<b>Total Non Tax Revenue</b>			<b>89</b>	<b>89</b>	<b>2,233</b>	<b>89</b>	-2,144	-96.01
	<b>Total Revenue ( Tax &amp; Non Tax )</b>	<b>607,025</b>	<b>607,025</b>	<b>516,877</b>	<b>-90,148</b>	<b>484,085</b>	<b>516,877</b>	32,792	6.77

\* Provisional figure

\* Data Source – Accounts Division - Sri Lanka Customs

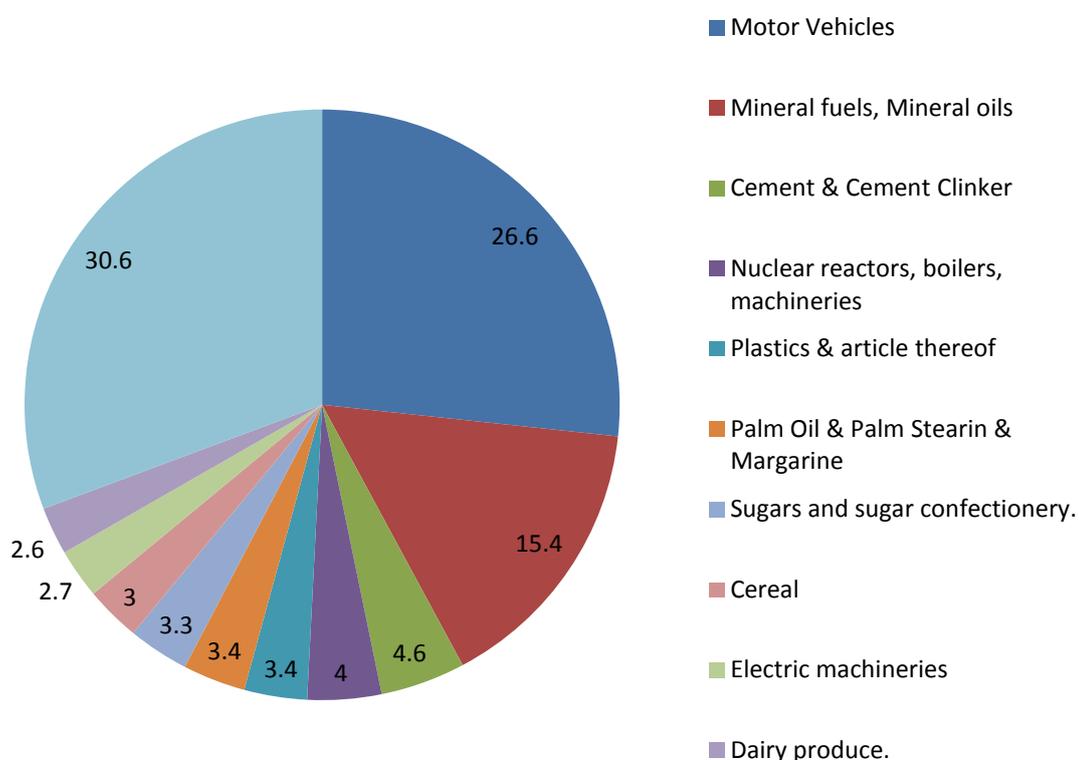
## TOP FIFTY REVENUE EARNING COMMODITIES (HS CHAPTER-WISE)

Rank	HS Chapter	Description	Total Tax
1	87	Motor Vehicles	120,515,025,852
2	27	Mineral fuels, Mineral oils	69,859,389,953
3	25	Cement & Cement Clinker	20,968,302,855
4	84	Nuclear reactors, boilers, machineries	18,543,429,984
5	39	Plastics & article thereof	15,793,353,353
6	15	Palm Oil & Palm Stearin & Margarine	15,474,217,487
7	17	Sugars and sugar confectionery.	15,194,043,120
8	10	Cereal	13,808,337,424
9	85	Electric machineries	12,220,469,525
10	4	Dairy produce.	11,697,761,708
11	72	Iron or steel	9,764,009,126
12	48	Paper & paperboard	9,396,057,519
13	69	Ceramic products	8,397,588,807
14	7	Edible vegetables & roots	7,964,071,983
15	40	Rubber & article thereof	7,310,689,418
16	22	Beverages	7,089,926,036
17	73	Articles of iron or steel	7,034,176,250
18	38	Miscellaneous chemical products	5,596,549,586
19	62	Articles of apparel & clothing not knitted	3,511,971,079
20	9	Coffee, Teas ,Mate & Spices	3,391,102,468
21	19	Preparations of Cereal, flour, starch	3,181,589,662
22	33	Essential oil & Resinoids	3,162,937,569
23	8	Edible fruits & nuts	3,006,046,284
24	32	Tanning or dyeing extracts	2,787,630,317
25	76	Aluminum & articles thereof	2,738,769,801
26	3	Fish & crustaceans	2,608,643,893
27	29	Organic chemicals	2,497,040,935
28	55	Man made staple fibers	2,475,419,768
29	70	Glass & glassware	2,430,655,298
30	23	Residues and waste from the food industries	2,382,771,895
31	83	Miscellaneous articles of base metal	2,192,439,868
32	16	Preparations of meat, of fish or of crustaceans	2,172,066,502
33	52	Cotton	2,158,257,150
34	21	Man made staple fibers	2,126,340,564
35	94	Furniture, Prefabricated buildings	2,023,567,609
36	34	Soap, organic surface active Agents	2,012,200,183
37	31	Fertilizer	1,853,332,735
38	20	Preparation of vegetables ,fruits, nuts	1,835,064,775
39	74	Copper & articles thereof	1,751,400,098
40	28	Inorganic chemical	1,738,665,987
41	44	Wood & articles of wood	1,598,937,669
42	96	Miscellaneous manufactured articles.	1,563,782,633
43	68	Articles of stone ,plaster, cement,	1,533,216,879
44	90	Optical, photographic, cinematographic	1,519,956,249
45	64	Footwear ,	1,300,803,618
46	82	Tools, implements, cutlery, spoons	1,119,374,664
47	11	Product of milling industries	997,293,926
48	61	Articles of apparel & clothing	919,167,488
49	14	Bamboos, Cotton linters,	878,812,857
50	60	Knitted or Croched Fabric	872,301,291

## SIGNIFICANT REVENUE EARNING COMMODITIES IN DESCENDING ORDER 2014

Description	Total Tax	As a Percentage Against Total Revenue (%)
Motor Vehicles	120,515,025,852	26.6
Mineral fuels, Mineral oils	69,859,389,953	15.4
Cement & Cement Clinker	20,968,302,855	4.6
Nuclear reactors, boilers, machineries	18,543,429,984	4.0
Plastics & article thereof	15,793,353,353	3.4
Palm Oil & Palm Stearin & Margarine	15,474,217,487	3.4
Sugars and sugar confectionery.	15,194,043,120	3.3
Cereal	13,808,337,424	3.0
Electric machineries	12,220,469,525	2.7
Dairy produce.	11,697,761,708	2.6
Other	138,760,521,556	30.6

### Significant Revenue Earning Commodities in Descending Order - 2014

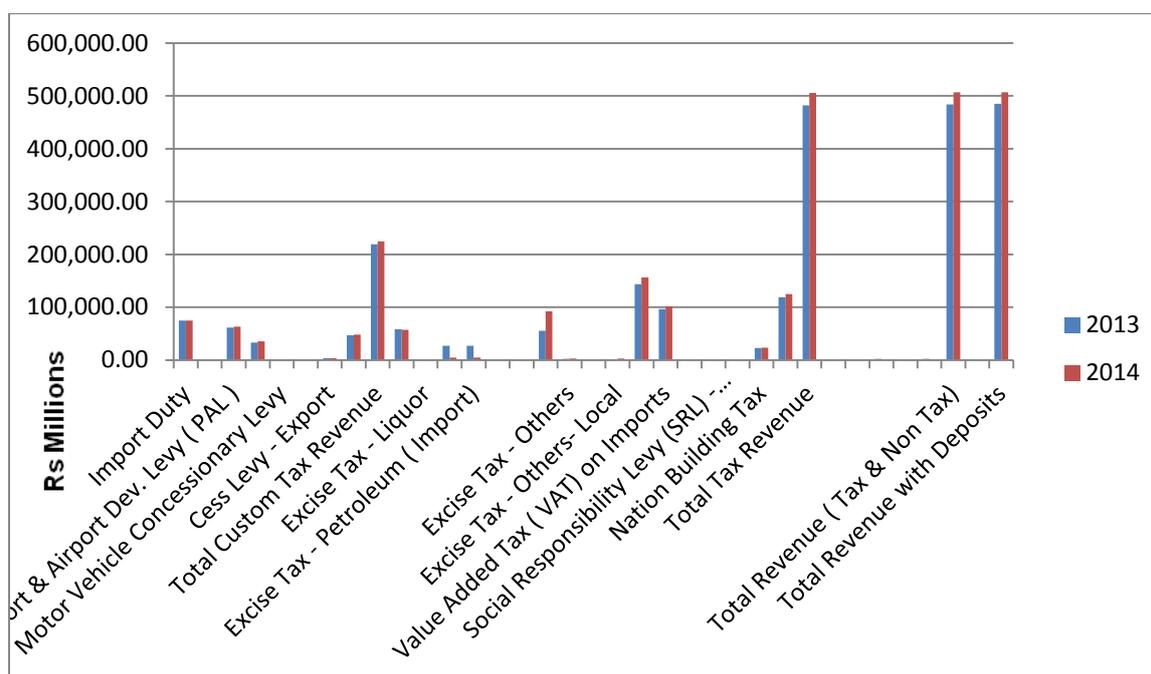


## COMPARISON OF REVENUE COLLECTION - 2013 AND 2014

(Rs. Millions)

CATEGORY	2013	2014	DEVIATION
Import Duty	74,765.96	74,520.00	-245.96
Export Duty	21,658.164	24	2,341.836
Port & Airport Dev. Levy ( PAL )	61,516.09	63,327.00	1,810.91
Cess Levy - Import	33,010.93	35,518.00	2,507.07
Motor Vehicle Concessionary Levy	0	0	0
Rural Infrastructure Dev. Levy (RIDL)	1.35	0	-1.35
Cess Levy - Export	3,087.14	3,085.00	-2.14
Special Commodity Levy	46,704.89	47,834.00	1,129.11
<b>Total Custom Tax Revenue</b>	<b>219,108.0189</b>	<b>224,308.00</b>	<b>5,199.9811</b>
Excise Tax - Cigarettes	58,534.24	57,205.00	-1,329.24
Excise Tax - Liquor	0.0752		-0.0752
Excise Tax - Petroleum	27,130.55	4,296.00	-22,834.55
Excise Tax - Petroleum ( Import)	27,130.55	4,296.00	-22,834.55
Excise Tax - Petroleum ( Local)	0.00	0	0
Excise Tax - Motor Vehicle	55,517.12	92,320.00	36,802.88
Excise Tax - Others	2,423.83	2,626.00	202.17
Excise Tax - Others - Import	1,144.39	150.00	-994.39
Excise Tax - Others- Local	1,279.44	2,476.00	1,196.56
<b>Total Excise Tax Revenue</b>	<b>143,605.82</b>	<b>156,447.00</b>	<b>12,841.18</b>
Value Added Tax ( VAT) on Imports	96,590.88	101,197.00	4,606.12
Social Responsibility Levy (SRL)	0.23	0	-0.23
Social Responsibility Levy (SRL) -Import	0.23	0	-0.23
Social Responsibility Levy (SRL)-Local	0.00	0	0
Nation Building Tax	22,443.44	23,422.00	978.56
<b>Total Other Tax Revenue</b>	<b>119,034.54</b>	<b>124,619.00</b>	<b>5,584.46</b>
<b>Total Tax Revenue</b>	<b>481,748.38</b>	<b>505,374.00</b>	<b>23,625.62</b>
Sale of Garments	91.51	89	-2.51
	0.00	0	0
<b>Sundries</b>	<b>2,142.35</b>	<b>1,186.00</b>	<b>-956.35</b>
<b>Total Non Tax Revenue</b>	<b>2,233.87</b>	<b>1,275.00</b>	<b>-958.87</b>
<b>Total Revenue ( Tax &amp; Non Tax)</b>	<b>483,982.247</b>	<b>506,649.00</b>	<b>22,666.753</b>
Net Deposits	1,230.52	0.00	-1,230.52
<b>Total Revenue with Deposits</b>	<b>485,212.762</b>	<b>506,649.00</b>	<b>21,436.24</b>

## COMPARISON OF REVENUE COLLECTION - 2013 AND 2014

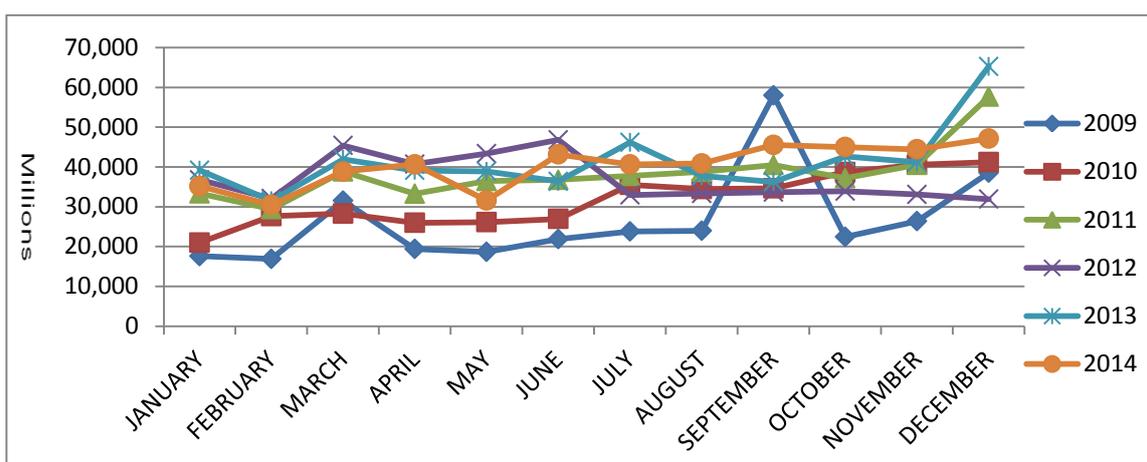


## COMPARISON OF TOTAL CUSTOMS REVENUE - YEARLY & MONTHLY

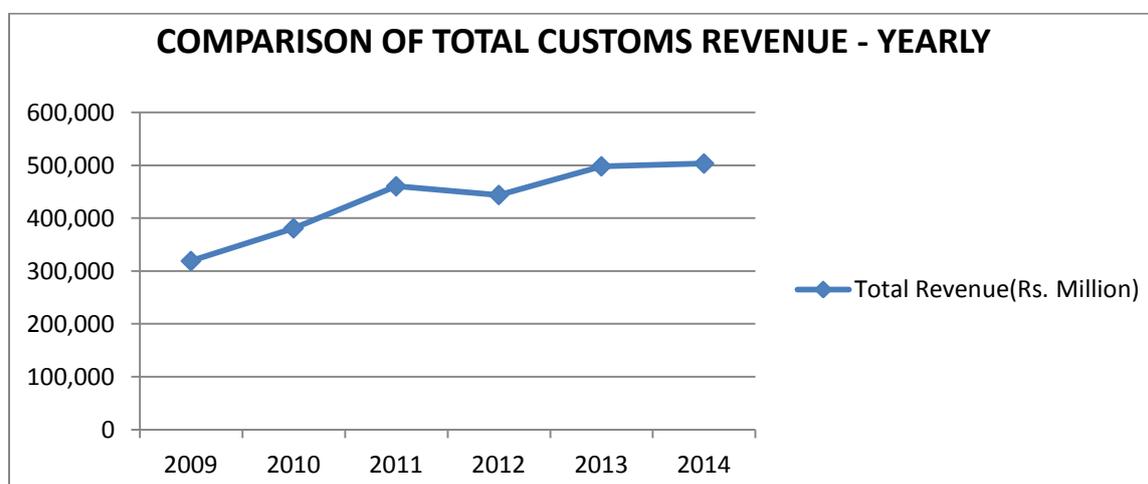
(Rs. Millions)

MONTH	2009	2010	2011	2012	2013	2014
JANUARY	17,582	20,973	33,334	36,759	39,161	35,158
FEBRUARY	16,886	27,635	29,384	32,071	31,490	30,473
MARCH	31,520	28,276	38,853	45,402	41,938	38,832
APRIL	19,401	25,968	33,264	40,701	39,133	40,625
MAY	18,666	26,127	36,451	43,343	38,875	31,561
JUNE	21,856	26,949	36,743	46,809	36,363	43,156
JULY	23,788	35,494	37,725	32,940	46,159	40,630
AUGUST	23,964	34,429	38,763	33,310	37,737	40,857
SEPTEMBER	57,971	34,620	40,482	33,643	36,258	45,519
OCTOBER	22,424	38,703	37,156	33,890	42,603	44,997
NOVEMBER	26,380	40,527	40,537	33,073	41,169	44,434
DECEMBER	38,545	41,201	57,650	31,916	65,227	47,109
<b>TOTAL</b>	<b>318,982</b>	<b>380,903</b>	<b>460,343</b>	<b>443,858</b>	<b>498,126</b>	<b>503,351</b>

### COMPARISON OF TOTAL CUSTOMS REVENUE YEARLY & MONTHLY



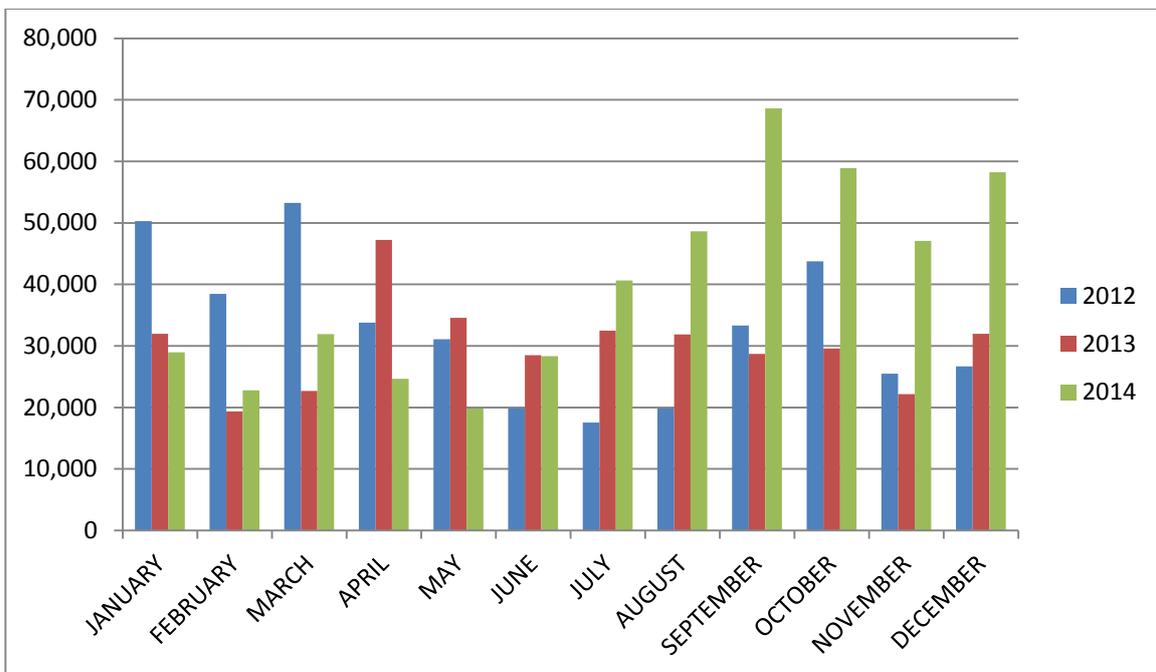
### COMPARISON OF TOTAL CUSTOMS REVENUE - YEARLY



## MOTOR VEHICLES IMPORTS

Number of Units Imported

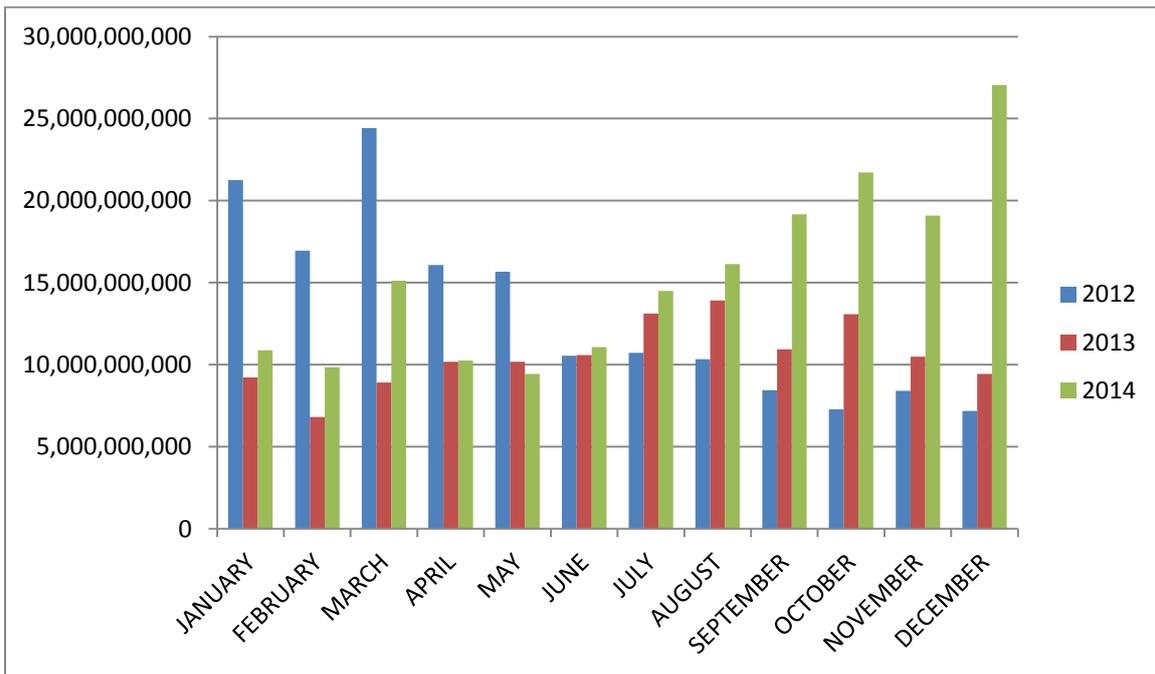
	UNITS		
	2012	2013	2014
<b>JANUARY</b>	50,311	31,973	28961
<b>FEBRUARY</b>	38,477	19,372	22781
<b>MARCH</b>	53,228	22,667	31942
<b>APRIL</b>	33,767	47,239	24676
<b>MAY</b>	31,080	34,541	19851
<b>JUNE</b>	19,862	28,484	28344
<b>JULY</b>	17,519	32,489	40658
<b>AUGUST</b>	19,800	31,879	48651
<b>SEPTEMBER</b>	33,313	28,674	68599
<b>OCTOBER</b>	43,758	29,577	58907
<b>NOVEMBER</b>	25,505	22,174	47054
<b>DECEMBER</b>	26,668	31,974	58240
<b>TOTAL</b>	<b>393,288</b>	<b>363,056</b>	<b>478664</b>



## MOTOR VEHICLES IMPORTS

### CIF Value

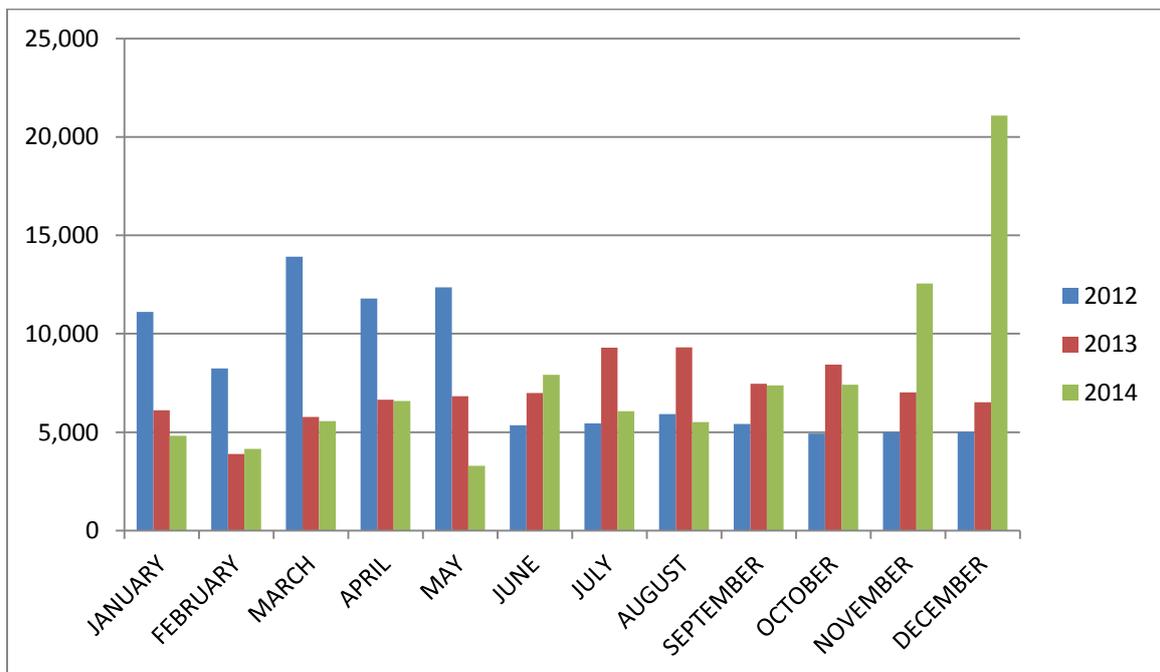
	CIF (Rs.)		
	2012	2013	2014
<b>JANUARY</b>	21,256,336,140	9,218,870,452	10,871,256,577
<b>FEBRUARY</b>	16,954,170,840	6,820,909,872	9,849,389,666
<b>MARCH</b>	24,426,409,258	8,909,287,488	15,121,975,481
<b>APRIL</b>	16,083,149,987	10,181,244,706	10,250,247,330
<b>MAY</b>	15,659,343,418	10,177,872,461	9,430,318,276
<b>JUNE</b>	10,556,027,168	10,578,778,215	11,072,682,201
<b>JULY</b>	10,720,764,216	13,111,273,250	14,500,538,888
<b>AUGUST</b>	10,329,151,341	13,919,258,974	16,128,300,040
<b>SEPTEMBER</b>	8,438,231,519	10,940,010,209	19,172,584,501
<b>OCTOBER</b>	7,275,261,435	13,074,143,192	21,727,938,606
<b>NOVEMBER</b>	8,406,879,450	10,489,455,387	19,086,904,228
<b>DECEMBER</b>	7,179,033,205	9,443,419,725	27,051,414,531
<b>TOTAL</b>	<b>157,284,757,977</b>	<b>126,864,523,931</b>	<b>184,263,550,325</b>



## MOTOR VEHICLES IMPORTS

Tax Revenue

	REVENUE (Rs. Millions)		
	2012	2013	2014
<b>JANUARY</b>	11,110	6,110	4,809
<b>FEBRUARY</b>	8,233	3,900	4,159
<b>MARCH</b>	13,912	5,778	5,558
<b>APRIL</b>	11,784	6,648	6,577
<b>MAY</b>	12,364	6,821	3,291
<b>JUNE</b>	5,354	6,985	7,916
<b>JULY</b>	5,456	9,300	6,070
<b>AUGUST</b>	5,919	9,302	5,521
<b>SEPTEMBER</b>	5,414	7,464	7,384
<b>OCTOBER</b>	4,923	8,433	7,410
<b>NOVEMBER</b>	4,996	7,029	12,545
<b>DECEMBER</b>	5,008	6,515	21,080
<b>TOTAL</b>	<b>94,473</b>	<b>84,285</b>	<b>92,320</b>



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# **ENFORCEMENT CLUSTER**

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# PREVENTIVE DIRECTORATE

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## Introduction

Preventive Directorate is the main law enforcement arm of Sri Lanka Customs, having surveillance over all operational areas of Customs, particularly the seaports, waterfronts, waterways and territorial-waters, international airports, Free Trade Zones, Export Processing Zones, Goods Examination Yards and inland clearance depots.

It consists of several branches, namely, Administration, "P" Branch, Operations, Investigations, Marine, Mega-port Surveillance, Sales, Central Disposal Unit and several sub preventive offices established around the Island at strategically located coastal cities.

### Major Functions

1. Preventing smuggling, commercial frauds, and drug trafficking.
2. Receiving information on Customs Offences, and acting on such information.
3. Detecting Customs Offences on its own initiative, seizure of impugned goods, conducting investigations and inquires and prosecution of offenders.
4. Ensuring collection of due revenue.
5. Safeguarding socio economic, cultural and ecological/environmental interests of the country and enforcement of related laws and regulations.
6. Surveillance of Colombo seaport and other seaports, Bandaranaike International Airport and Mattala Mahinda Rajapaksha International Airport.
7. Control of vessel movements and border operations.
8. Disposal of goods forfeited by Sri Lanka Customs.

## 1. Preventing smuggling, commercial frauds, and drug offences.

The Location of the Fort Preventive office has been changed and the Branches situated in the main office were shifted to 03 places inside and outside of the Colombo port. Currently the Preventive Administration Branch and the Director of Preventive office are located in the Customs Head Quarters. In addition to that, there are several "Sub-preventive Offices" located in major coastal cities, namely, Trincomalee, Galle, Koggala, Negombo and Sinnapadu.

Preventive Officers stationed in those offices have actively and effectively taken steps to prevent smuggling of goods, commercial frauds and drug offences, inwards and outwards. Further to that, preventive officers stationed in Free Trade Zones also have carried out operations to prevent leakage of dutiable goods from those zones.

After restoration of peace, the Department has taken steps to re-open the sub preventive offices at Jaffna and Mannar. Nevertheless, the Department was unable to re-commence marine enforcement activities due to the lack of seaworthy Customs Patrol crafts and trained officers. However a committee has been appointed to look into this matter and a comprehensive report has already submitted.

Preventive operations are being carried out at Hambantota seaport and the Mahinda Rajapaksha International Airport as well.

## 2. Detections, seizures, investigations and prosecutions.

Preventive Directorate receives information about various Customs-offences (smuggling, commercial frauds, and drug offences) mainly from the following two sources:

- a) Private informants of the officers attached to the Preventive Directorate.
- b) Public informants

In addition to those, the Preventive Officers were able to detect on their own initiative several frauds by perusing the cargo manifests and imports clearance documents. The use of online facility to detect the fraudulent consignees has reached a higher level compared to the perusal of hard copies of manifests as well as the CusDecs.

Acting on intelligence gathered the Preventive Directorate has conducted raids and seizures and was able to detect uncustomed goods which had been smuggled or imported without declaring to Customs. Investigations and prosecution of cases were conducted by the preventive officers.

The request to obtain technical assistance for developing a proper Risk Management Program enabling Customs Enforcement Units to enhance the effectiveness of the scarce human resources still needs to be implemented. Further, it is necessary to conduct capacity building programs for the Preventive Officers with a special emphasis on the tasks and duties related to the Enforcement.

## 3. Ensuring the collection of due State revenue

One of the main objectives of Customs is collecting State revenue from imports and exports. Far reaching trade facilitation measures introduced by the Customs Department to facilitate genuine traders have given unscrupulous elements a slight opening to creep through Customs, defrauding State revenue. While the majority of traders are law abiding and prefer voluntary compliance, an unscrupulous minority resort to incorrectly describe (misdescribe), undervalue or non-declare their imported goods.

The details of the cases conducted by the preventive division during the year 2014 are as follows.

Number of cases registered	4458
Number of cases completed	3918
Number of cases where offences established and forfeitures/penalties imposed	586
Total amount of penalties, forfeitures collected	Rs. mil 245
Total amount collected as A/E	Rs. mil 48
Total value of goods forfeited	Rs. mil 91
Total sales Proceeds	Rs. mil 466
Total collection in millions	Rs.mil 850

## 4. Safeguarding socio economic, cultural, ecological and environmental interests of the country, and enforcement of related laws and regulations.

Preventive Directorate has been able to safeguard socio economic, cultural, ecological and environmental interests of the country through its operations.

In addition to the regulations under the Customs Ordinance, officers of the Preventive Directorate ensure the compliance with other laws and regulations such as–

1. Arms & Ammunitions Act
2. Flora & Fauna Act
3. Import & Export Control Act
4. Cosmetic, Devices & Drugs Act

5. Telecommunication Regulatory Commission Act
6. Food and Drug Act
7. Exchange Control Act
8. Intellectual Property Act

## **5. Surveillance of Colombo seaport, other seaports, Free Trade Zones and Bandaranaike International Airport**

Surveillance of Colombo seaport is done by two of the divisions of the Directorate, namely, the Fort Preventive Office and the Kochchikade Preventive Office, which are in charge of the surveillance of Fort area and Kochchikade area respectively. In the port of Colombo, the Land Duty Officer stationed in the Fort Preventive Office, and the Kochchikade Duty Officer stationed in the Kochchikade Preventive Office man those offices round the clock daily, so much so that, those offices are never closed. These Officers visit the gates of the respective areas to ensure that those are properly manned and functioning well.

Bandaranaike International Airport and the Katunayaka Free Trade Zone are supervised by the Sub-preventive Office at Naikanda, while the Biyagama Sub-preventive Office supervises the Biyagama Free Trade Zone.

However, export processing zones located at Pallekale, Horana, Meerigama etc, are not under the surveillance of the Preventive Directorate. Hence it is necessary to establish Sub-preventive Offices at those zones, or deploy officers from other Sub-preventive Offices to look after the Customs related interests.

Although requests have been made to make avail the office and accommodation facilities at Dikovita Fisheries harbour which had commenced its operations recently, such facilities have not been provided so far. Hence the Preventive operations have not been commenced in the Dikovita Fisheries Harbour.

## **6. Control of vessel movement and border operations**

Supervising the movement of vessels at the four main harbors (including Hambantota port) is one of the responsibilities of the Preventive Directorate. While those activities in Colombo Harbor are supervised by the Fort Preventive Office, such activities in Galle, Trincomalee and Hambantota are supervised by the sub preventive offices established at those respective ports.

Harbor Duty Officer is deployed at the Fort Preventive Office round the clock to carry out the functions of controlling the vessel movements. He boards the vessels that calls over at the Colombo port and makes sure that those vessels have obtained the clearance from the "last port of call" to enter the Colombo port. Further, he checks the IMO crew declaration etc. It is one of the responsibilities of the vessel's local agent (acting as the representative of the captain of the respective vessel) to declare and submit the inward cargo manifest, transshipment cargo manifest and the details of transit cargo contained in each vessel calling over at port of Colombo.

Each departing vessel is granted "Outward Clearance" by the Harbor Duty Officer, having satisfied that all the related requirements are fulfilled by the vessel's local agent who is acting as the representative of the captain of the respective vessel.

As at present, ships' agents do not submit the export cargo manifest to the preventive office. Therefore, the officer giving the Outward Clearance is not aware of the details of export cargo loaded on the outgoing vessel.

## 7. Disposal of goods forfeited by Sri Lanka Customs

Central Disposal Unit is entrusted with the disposal of seized and forfeited goods of various Directorates and Units of the whole Department. The provisions of the Customs Ordinance authorize the disposal of forfeited goods by public auction, and the Tender Sales Procedure established under the Financial Regulations is followed at such auctions.

Key activity 01. Installation of CCTV camera's at all Gates in Colombo Harbour.						
	Actions		Target	Actual	If not achieved the reasons	
(i)	Approval From the Department	1.	Discuss to obtain DGC's Approval	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter	
(ii)	Discussion with SLPA	1. 2.	To arrange a meeting with SLPA for the arrangement of infrastructure Identification of key points where the CCTV cameras need to be installed.	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter	The SLPA informed that they have already installed a camera system. ( Monitoring Facility for this system to be requested from SLPA in future)
(iii)	Financing	1.	To inform the DC (Logistic) for required purchasing etc.			Progress constrained due to above reason.
(iv)	Installation	1.	Installation to be completed.			Not proceeded with the plan
(v)	Monitoring and surveillance	1.	DC/ DDC (Surv)/Mobile unit to act as monitoring body.			Not proceeded with the plan

# Social Protection Directorate

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## Introduction

A separate Directorate was established for Social Protection activities amalgamating allied units hitherto operated under different Directorates in the Customs for the same purpose. The areas, namely Narcotic Control Division, Port Control Division, Consumer and Environment Protection Division and Biodiversity, Cultural & National Heritage Protection Division have been identified for the purposes of stringent enforcement of the Customs Law and other related laws.

### Major Functions

The functions of the directorate is prevention / interdiction of smuggling of narcotic drugs and psychotropic substances, protection of Environment, Biodiversity, Cultural, National Heritage and Consumer rights while ensuring due revenue by enforcement of relevant laws to facilitate the trade at Customs Points.

## Narcotic Control Division

Narcotic Control Division is established to enforce the Customs law and the related laws to prevent smuggling of Narcotic Drugs and psychotropic substances on imports, exports, gifts at parcel post, Courier Services, passengers and passenger baggage while safeguarding socio economic, health and cultural interests.

### Major Functions

- 1 24 hours surveillances at Air Port.
- 2 Random Surveillances at Air Cargo, Sea Cargo, Mail and Courier etc.
- 3 Identification and prevention of smuggling narcotic drugs and psychotropic substance through the commercial imports and exports by air and sea.
- 4 Investigating on reliable information.
- 5 Conducting awareness and training programs.
- 6 Monitoring precursor chemical imports, transshipments and exports.
- 7 Carrying out joint operation with PNB.

Key Action	Target	Actual	If not achieved, the reason
<b>(01) : Detection of Narcotics and Psychotropic Substances concealed in passenger baggage</b>			
1. Targeting of Suspected air routes & passengers	100%	100%	
2. Purchase a suitable scanning machine to detect concealed Narcotics in passenger baggage	100%	0%	Scanner still in discussion stage
3. In addition to roster ASCC(Narcotics) at BIA frequent visits by other officers attached to NCU and furnish reports on group visits	100%	100%	
<b>(02) : Detection of Narcotics &amp; Psychotropic. substances smuggling through Courier services &amp; parcel post</b>			
1.Frequent visits to examine inward parcels and furnish reports on the outcome of such examinations	100%	100%	
<b>(03) : Set up Container Control Programme with the guidance of UNODC and WCO</b>			<b>***Now this function is handled by the Port Control Unit</b>
1.Implement Container Tracking System	100%	0%	
2. Purchase equipments for detection of concealed Narcotics in commercial cargo	100%	0%	
3. Targeting of suspected sea routes and importers	100%	0%	
4.Detain suspected containers for examination	100%	0%	
<b>04) : Surveillance and take steps to prevent Narcotics smuggling along the coastal belt</b>			
1. Understanding new trends in smuggling narcotics by transborder criminals	100%	100%	
2. Studying the impact of inflow narcotics through open sea routs	100%	100%	
<b>(05) : Awareness &amp; training programme</b>			
1.Conduct awareness programs in demand reduction	100%	100%	
2. Training customs staff with assistance of NDDCB & HRD	100%	100%	
<b>06) : Build up Co-operation with other agencies</b>			
1. Hold meetings and discussions with NDDCB, PNB, Costal Guard and any other agencies on developing situations about the drugs smuggling	100%	100%	

# Biodiversity, Cultural and National Heritage Protection Division

This division is established to protect environment, Bio diversity and Cultural heritage while combat against illegal wild life trade and ensure due revenue while facilitating the trade.

## Major Functions

1. Enforce national and international laws that are applicable in the trans-boundary movement of biodiversity allied products.
2. Check on description, classification and valuation of all biodiversity related imports and exports.
3. Check on licensing requirements governing the import and export of fauna and flora and related products and any other irregularities affecting the functioning of Customs operations.
4. Promote the development programs of the country through sustainable imports and exports of fauna and flora in a manner which not harm biological heritage of the country.

Main Tasks	Target (if relevant)	Achieved% on 30.11.2014	Special Remarks
1. Advance training on identification of Fauna & Flora for BCNP/BPTF staff	To enhance the knowledge of BCNP/ BPTF staff	100%	Trained Customs Officials on Invasive Alien Species in Sri Lanka
2. General Awareness Programme on identification of Fauna & Flora, Antiques for Customs Officials	To enhance the knowledge of Customs Officials on marine biodiversity	100%	Training held at Pigeon Island, Trincomalee
3. Training the BCNP/BPTF staff (Local & Foreign)	To capacity development of Customs Officials	100%	Trained Customs Officials on Invasive Alien Species (IAS) detection, management, control and prevention of spread in the country with international experiences in Thailand. UNEP course on Multilateral Environmental in Finland

Main Tasks	Target (if relevant)	Achieved% on 30.11.2014	Special Remarks
4. Monitoring the movement of Fauna & Flora articles at BIA (Imports)		30%	More staff is required
5. Verification and monitoring the movement of Fauna & Flora of imports at Air Cargo		50%	More staff is required
6. Preparation of identification catalogue		-	Funds and resource personnel is required
7. Preparation of field guides (handbooks)		-	Funds and resource personnel is required
8. Identifying ways & means to monitor carrier shipment to be exported		50%	Higher authorities has been made aware by a report. However, no response has received.
9. Development and creation of Customs Museum		100%	
10. Preparation of museum coffee table book		100%	
II. Creation of Museum panels		95%	Final finishing work of the panels to be completed
12. Preparation of Customs desk calendars for year 2015		100%	

# Consumer and Environmental Protection Division

The Consumer and Environmental Protection Unit (CPU) was established in 2011 with a view of controlling and monitoring of the quality of imported cargo to be in compliance with the existing regulations and standards of the country. Consumer and Environmental Protection Unit is the focal point of Sri Lanka Customs for enforcing Intellectual Property Rights (IPR) related issues on imported and exported cargo. It also contributes to protect the environment through the enforcement of obligations arising out of international Conventions through collaboration with other related agencies.

## Major Functions

1. Enforcing the requirements such as Intellectual Property Right Act (IPR), Sri Lanka Standard Institute Act (SLSI), Cosmetics Devices and Drugs Act (CDDA), Consumer Affairs Authority Act (CAA), Health Department and Defense Ministry stipulated requirements with regard to Customs related laws in order to combat any violations or frauds. It becomes necessary that all the imports having relevant to the above authorities should be referred to CPU prior to the release of the consignments out of the Customs premises.
2. For this purpose maintain registers of guarantees furnished in respect of above authorities by individual consignee.
3. Update Customs procedures in harmony with regulations of respective authorities.
4. Deploy staff from CPU at examination points whenever necessary.
5. Review regulations made under the Ordinances and Acts of Customs related laws which have been identified so far.
6. Enforce the Customs Ordinance read with other related Acts and Ordinances related to above activities.

Main Tasks	Target (If Relevant)	Achieved % on 30.11.2014	Special Remarks
(1) Increase the effectiveness in enforcing regulations relating to imports of ozone layer depleting substances covered by Montreal Protocol.	Importation of ODS were totally controlled in coordination with the National Ozone Unit	100%	
(2) Increase the effectiveness in enforcing regulations relating to trans-boundary movement of hazardous wastes covered by the Basel Convention		20%	Regularly Discussed about required regulations with ministry of Environment
(3) Increase the effectiveness in enforcing regulations relating to importation of persistent organic pollutants covered by the Stockholm Convention.		60%	Regularly Discussed about required regulations with ministry of Environment
(4) Increase the effectiveness in enforcing PIC (Prior-Informed Consent) Procedure covered by Rotterdam Convention.		20%	More Staff Required
(5) Increase the effectiveness in enforcing regulations relating to the commodities falling under the Chemical Weapons Convention (CWC) (Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction).		20%	More Staff Required
(6) Increase the effectiveness in enforcing regulations relating to the commodities falling under the Intellectual Property Rights (IPR)		60%	Recordation and attend to court cases regarding IPR Issues
(7) Increase the effectiveness in enforcing regulations relating to the commodities falling under the <b>Sri Lanka Standards (SLS)</b>		100%	

## Port Control Unit

### Major Functions

- 1) Enable Customs to have full cognizance of all vessels and cargo crossing national borders.
- 2) Analyze and assess risk factors in timely manner while evaluation and ascertaining effectiveness of identified risk factors.
- 3) Conduct surveillance visits within port and other Customs premises to identify the suspicious activities.
- 4) Employ universally accepted profiling techniques.
- 5) Foster international cooperation through information sharing and networking with the counterparts in other countries as well as with other local law enforcement agencies

Key Action	Target	Actual	If not achieved, the reasons
Set up Container Control Program with the guidance of UNODC and WCO	To set up Electronic Manifesting System for sea route cargo	25%	Regulations were established on 31 <sup>st</sup> October 2014 and still shipping lines are initiating to submit e-manifests to the CTS.
Surveillance and take steps to prevent Narcotics smuggling along the costal belt	To understand new trends in smuggling narcotics and study inflow narcotic routes	50%	Most of the shipping lines are yet to submitted e-manifests to CTS. Until such time we receive all data, analysis would not yield any meaningful result.
Awareness and training program	To train our staffs within Department and external counterparts	50%	WCO trainers scheduled the training session to the 1 <sup>st</sup> quarter-2015, since they were compelled to postpone the trainings due to various administrative problems.
Build up co-operation with other agencies	To build up intelligence network among agencies	30%	Some agencies are yet to iron out internal politics issues in their administration.



# Central Investigations Directorate

## Introduction

The Central Investigation Directorate is responsible in conducting investigations into the violations of customs law and other related laws, detected by other operational directorates, in line with the objectives of departmental Strategic Plan 2010 – 2015. It is also responsible in maintaining Central Case Register.

Therefore, the main objectives of the Directorate are to;

- centralize all Customs investigation and conduct them in professional manner,
- maintain Central Case Register more efficiently and effectively and
- centralize reward distribution and attend to them in transparent manner

## To support in achieving the Department’s mission, productively

### Major Functions

- 1). Issuing of new DOPL
- 2). Acquiring required staff
- 3). Taking over cases at other Directorates for conducting investigation
- 4). Taking over distribution of reward
- 5). Conducting investigation into CIB cases

Key Action 1	Target	Actual	If not Achieved, the reason
Issuing new DOPL for CIB	Complete the action within 1st and 2nd quarters	Not Achieved	DOPL was not approved by DGC
Acquiring required staff	Complete the action within 2nd quarters	Not Achieved	DOPL was not approved and Required staff was not recruited to the Department
Taking over cases at other units	Complete the action within 2nd, 3rd & 4th quarters of the year	Not Achieved	Without new DOPL and required staff target can't be completed
Taking over reward distribution	Complete the action within 2nd, 3rd & 4th quarters of the year	Not Achieved	Without new DOPL and required staff target can't be completed
Conducting investigation into CIB cases	Achieved	Achieved	Achieved

<b>Key Action 2.2</b> Automation of Central Case Register	<b>Target</b>	<b>Actual</b>	<b>If not Achieved, the reason</b>
2.2.1 Develop Software	1st Quarter	Done	
2.2.2 Procure hardware	2nd Quarter	Not Achieved on time	Procure at 4th quarter by ICT Directorate
2.2.3 Testing and implementation	2nd Quarter	Not Achieved	Testing started at 4th Quarter, Unable to implement on time without hardware
Full implementation	3rd Quarter	Not Achieved	Unable to implement without hardware

### **Progress Report- January to June 2014**

#### **A. Investigation of CIB 2014/01/01 to 2014/06/30**

1. No. of cases detected by the directorate - 90
2. No/of cases finalized - 64
  - a. Amount of Penalty/mitigated forfeiture - 105,554,782 .00
  - b. A/E recovered - 3,845,938.00
  - c. Sales Proceeds - 11,668,233.00
3. Progress of the Central Case Register
  - a. No. of files registered in the CCR - 4269
  - b. No. of files updated in CCR - 2795

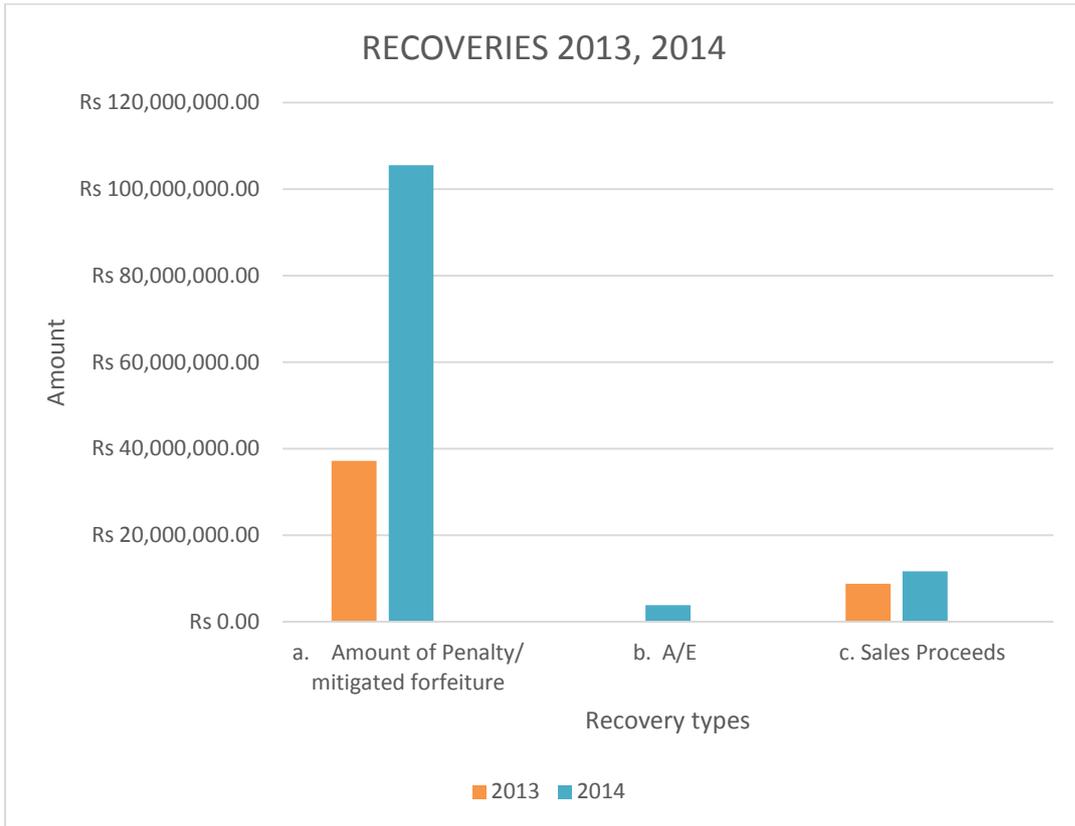
#### **B. Investigations of other divisions**

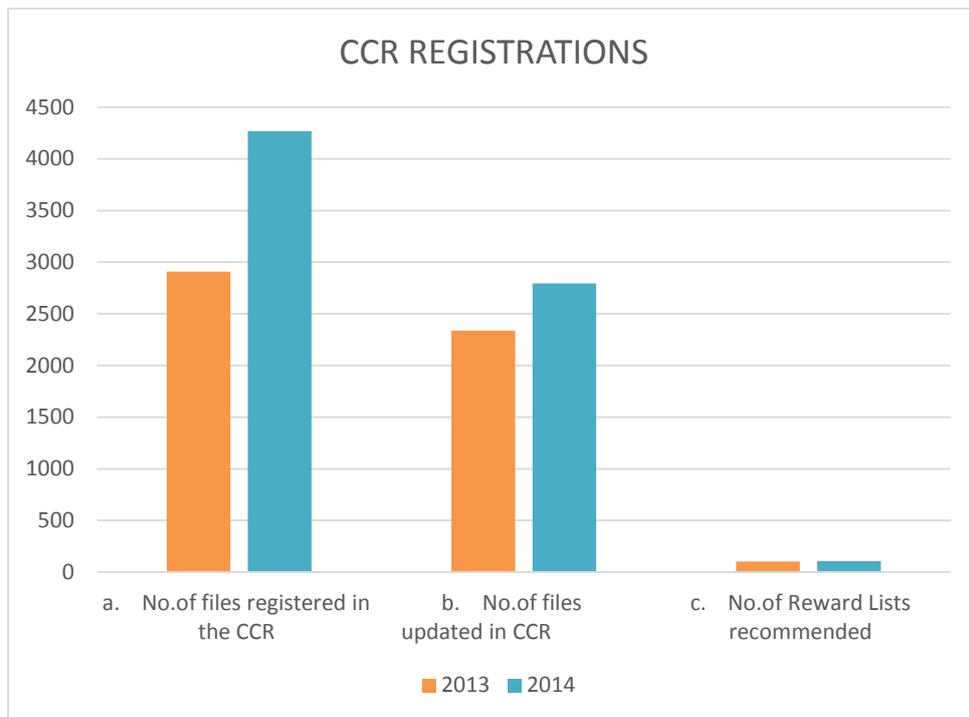
1. No. of files sent to CIB for investigation from other branches During the period -02
2. No. of files sent to CIB for investigation from other branches before 01.06.2014 and pending -15

#### **C. Maintenance of Central Case Register (CCR)**

1. No. of files produced to be registered in CCR - 4269
2. No. of cases updated in CCR -2795
3. No. of reward lists recommended - 104

**D. Comparison the period with 2013.01. 01 to 2013 .06.30**

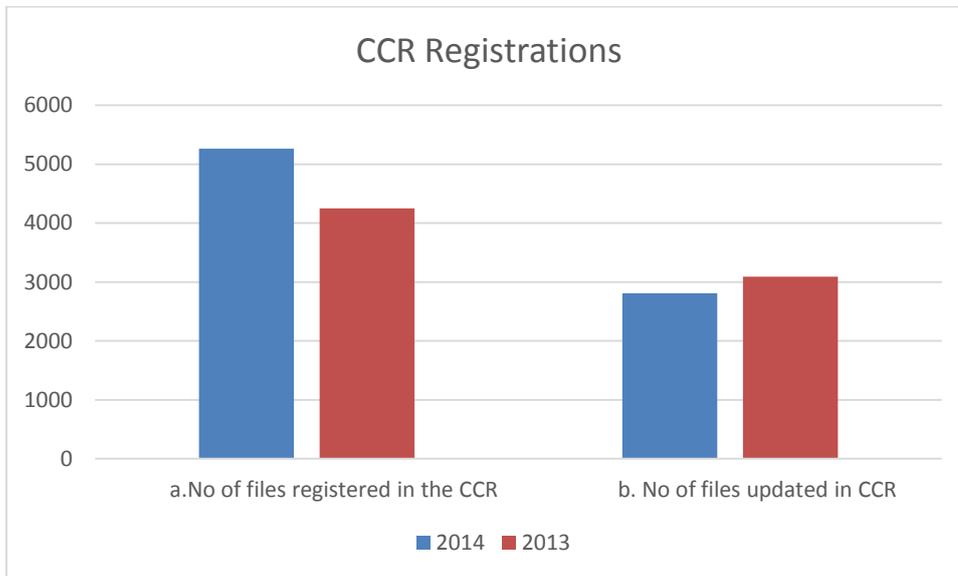
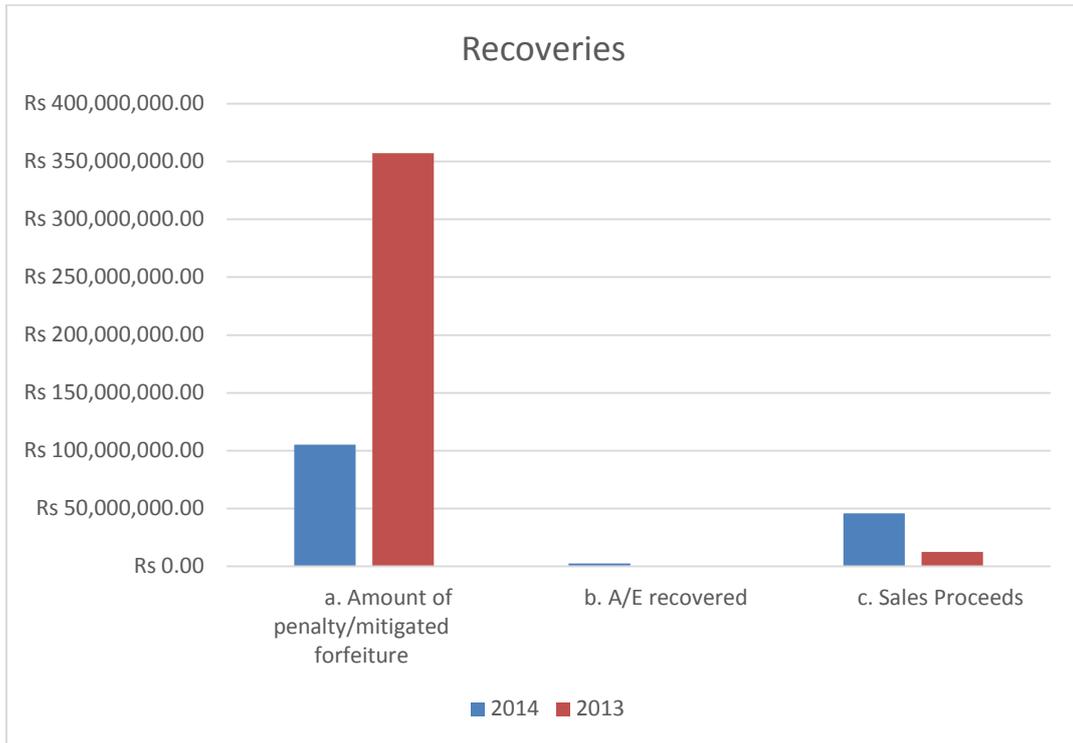


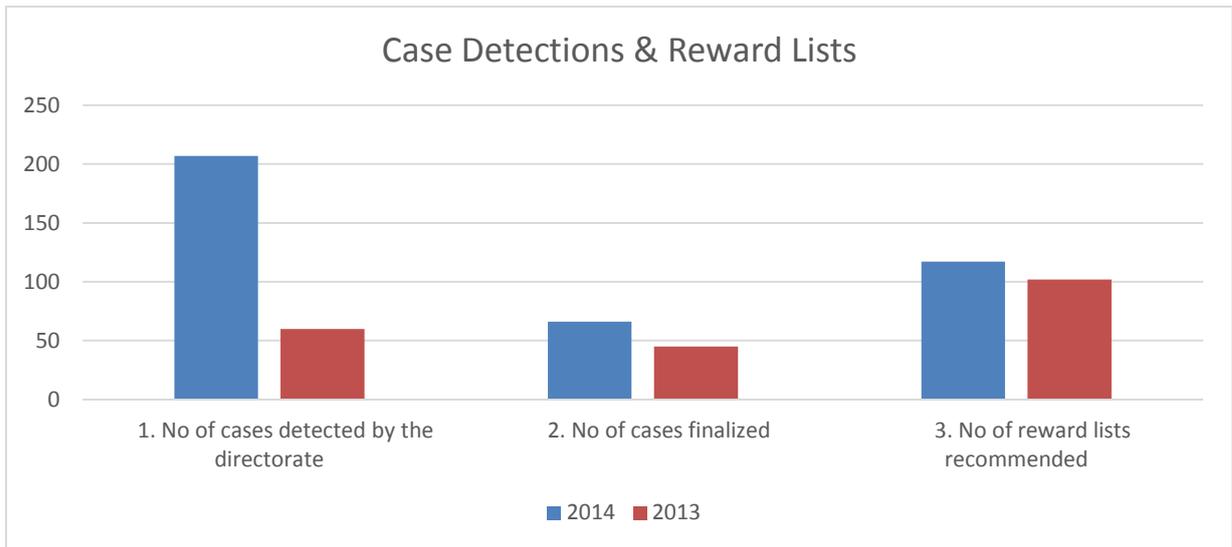


**Progress report – July to December 2014**

a. Investigation of CIB 2014/07/01 – 2014/12/31		
1. No. of cases detected by the directorate		207
2. No. of cases finalized		66
a. Amount of penalty/ mitigated forfeiture		Rs.105,139,249.00
b. A/E recovered		Rs.2,585,108.00
c. Sales Proceeds		Rs.45,896,457.00
3. Progress of the Central Case Register		
a. No. of files registered in CCR		5263
b. No. of files updated in CCR		2810
b. Investigations of other division		
a. No. of files sent to CIB for investigation from other branches	2	
b. No. of files sent to other branches from CIB for investigation	4	
c. Maintenance of Central Case Register (CCR)		
a. Number of files produced to be register in CCR		5310
b. No. of cases updated in CCR		2810
c. No of reward lists recommended		117

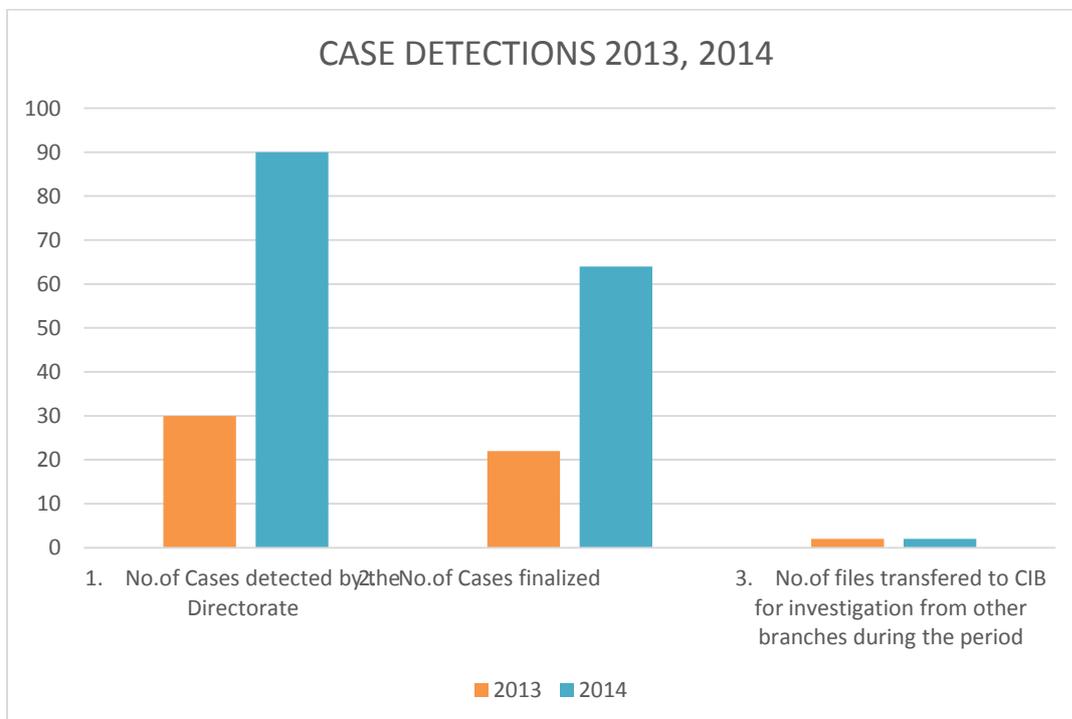
**Comparison of 2014/07/01 TO 2014/12/31 with 2013/07/01 To 2013/12/31**





### Significant Cases

1. CIB/INV/048/2014 - CIB officers detected none payment of fiscal levies on the demurrage paid for the bulk imports. Mitigated forfeiture 45Million
2. CIB/INV/083/2014 - CIB officers detected none payment of duties on the demurrage paid for the bulk imports. Mitigated forfeiture 15Million
3. CIB/INV/279/2014 - CIB officers detected illegal importation of 1x20' container, containing 4.4 million of cigarettes under BOI facility value at Rs 4.4 millions



## E Significant Cases/s

- a. CIB/INV/031/2011 - CIB officers detected illegal misuse of motor vehicles imported under CPD Carnet. Six vehicles were released on mitigated forfeiture and sales proceeds of Rs.12,228,600.00
- b. CIB/INV/033/2013 – CIB officers detected illegal misuse of 01 No. of Hummer motor vehicle under CPD Carnet. It was forfeited and recovered Rs. 11,000,000.00 as Sales proceeds.

## F. HR Development

Training and workshops

Field	Place	No. of days	No. of officers
Army Training	Kilinochchi Army Camp	07	05
Body Language	HRD	01	04
Exceptional Leadership Workshop	Waters'edge	01	06
Appraisal Training	HRD	05	24
Workshop on positive thinking and enhance efficiency for DCC & DDCC	Soba Island	02	03
Leadership and Image Development	Foundation Institute	01	04
Productivity Improvement	Central Bank	01	04



# Legal Affairs Directorate

## Introduction

Directorate is headed by a Director who is assisted by one Deputy Director, two Superintendents, one Deputy Superintendent and two Assistant Superintendents. The administration and supervision of the prosecution of Court Cases and correspondence with Attorney General's Department have been carried out by Legal Affairs Directorate.

### Major Functions

- 1) Ensure required Legal opinions provided to other divisions
- 2) Ensure all legal matters and Litigation matters of the department are attended.

Key Action	Target	Actual	If not achieved , the reasons
Completion of the Law manual and periodically updating the same	1 <sup>st</sup> quarter	Achieved	-
Liaise with Attorney General's Department and respective directorates to facilitate consultation of legal matters	On Time	Achieved	-
Arrange officers to attend all cases relating to Customs matters in the Supreme Court and Court of Appeal	On Court dates	Achieved	-
Arrange officers to attend the first instant Court (MC/DC/HC)	On Court dates	50% Achieved	only 3 officers in legal division
Advise PP&R and other divisions in providing legal opinion on agreement and contract between Sri Lanka and other countries	Within a week	Achieved	-
Advise Supplies Division and all other Directorates on all Legal matters relating to agreement and contract within Sri Lanka	Within a week	Achieved	-
Prepare and maintain a digest on decided cases in relation to the Customs	1 years	Achieved	-
Assist the Committee to review Customs Ordinance and other related Laws and Regulation periodically	2 years	Not Achieved	only 01 lawyer officer in legal division



# Central Intelligence Directorate

## Introduction

The Central Intelligence Directorate is responsible for providing effective, timely, accurate and relevant intelligence to operational units and to senior management to achieve the Departmental goal of facilitating genuine trade without sacrificing revenue or the "Social Protection" obligations.

In general, its objectives are as follows:

- Assisting in the highest-level decision making by furnishing necessary intelligence.
- Emphasizing the operation of intelligence led control systems in cargo and passenger clearance.
- Ensuring national security in cross boarder cargo movement.
- Be the National Contact Point (NCP) and the Focal Point for sharing of intelligence locally and internationally, and for providing enforcement assistance.

### Major Functions

1. Gathering of information.
2. Maintaining and managing a 24 hour Public *Information Receiving Desk (PIRD)*.
3. Maintaining and exploiting of databases.
4. Analyzing and developing intelligence.
5. Dissemination of Intelligence, locally among the Directorates, and internationally with the approved designated agencies.
6. Coordination with international Customs Information Systems.
7. Acting as the NCP for Regional Intelligence Liaison Office of the Asia & Pacific (RILO A/P) and as the "focal point" for international enforcement coordination.
8. Functioning as the coordinating point on national security issues.
9. Operating Container Security Initiative (CSI) project at the Colombo Port.
10. Participating as a member of the Department's Risk Management Committee (RMC).
11. Intercepting high risk cargo consignments based on intelligence, by reviewing cargo manifests, and cause investigations.
12. Conducting Customs inquiries and prosecuting offenders.
13. Maintaining Previous Offenders Database (*POD*).
14. Maintaining CEN Database.
15. Vetting the applications of consignees before registration (Since 2012).
16. Collection of information of clearing agents for maintaining the CHA database and vetting the applications for CHA.

## PERFORMANCE IN YEAR 2014

**Table 1: Information received and distributed**

	2012	2013	2014
No. of information received through the PIRD	60	45	30
From other sources (fax, letters, News)	04	05	-
<b>Total</b>	<b>64</b>	<b>50</b>	<b>30</b>
No. of intelligence disseminated to other branches for action.	26	23	14

**Table 2: No. of Intelligence Alerts Distributed:**

	2012	2013	2014
CIU Alerts	11	17	19
RILO WCO CEN Alerts	01	NIL	30

**Table 3: No. of Previous Offence Details disseminated to other branches:**

	2012	2013	2014
Number of POD records	2091	397	143

**Table 4: No. of CHA & VAT Registrations:**

	2012	2013	2014
Custom House Agent Permit Renewal		3500	3750
SLPA wharf license (A Pass)		2000	2200
Importers VAT registration screening documents		1442	1481

**Table 5: Liaisons with Local & Foreign Investigation and Intelligence Agencies:**

Agency	No. of requests			No. of Replies Received		
	2012	2013	2014	2012	2013	2014
DRI-India	16	4	8	07		2
Sri Lanka Embassy in Japan	10	08	62	07	06	58
Sri Lanka Embassy in UK	02	04		01		
HM Customs UK			2			1
Australia		03				
Sri Lanka Embassy In Singapore	01	01				
Japan Customs	01			01		
Maldives Customs	01			01		
Thailand Customs	02		6	02		3
Malaysia Customs		01				
Vietnam Customs		01				
Thailand Embassy		04				
RILO Korea			03			01

**Table 6: Performance in Law Enforcement**

	2014
No. of cases initiated/detected by the staff during the year	39
No. of cases finalized during the year	20
Total amount recovered	73,709,749

## SIGNIFICANT EVENTS HOSTED BY THE DIRECTORATE IN YEAR 2014

### 26<sup>th</sup> Administrative meeting of NCP of RILO (A/P)

11 - 13, November 2014

Colombo, Sri Lanka



The 26<sup>th</sup> RILO NCP meeting was held in Colombo Sri Lanka with a participation of 44 personnel from 18 member administrations, RILO (A/P) office, other RILOS and WCO. Sri Lanka as the hosting country chaired the meeting. At the opening remarks Director General of Sri Lanka Customs and the deputy head of RILO (A/P) office pointed out the benefits and the expected outcome of the meeting. They appreciated the regional corporation in information sharing and emphasis the importance of collaboration and the understanding between Customs Administrations of the region.

Activity reports of both RILO AP and WCO were presented and the work of RILO AP was highly appreciated by Mr. Daniel Moell of WCO. To support the presentations done on joint operations, delegates shared information on the relevant seizures done in sensitive areas of international trade with regards to the Asia Pacific region and discussed the illegal cross boarder activities in detail. Thanks to the active participation of the delegates, emerging threats in the scope of Customs Administrations and the loop holes in the current practices were identified. The staff of RILO office presented the progress report, Action plan 2015 and the Intelligence analysis reports at the meeting.

The meeting was a success and the delegates bid farewell until to meet in Indonesia at the 27<sup>th</sup> Administrative meeting.

### SIGNIFICANT CASES

Upon the information received to Central Intelligence unit, two passengers from Singapore were interrogated by customs officers at the arrival terminal and traced 11.8 kg of gold in bars worth of Rs.60 million.

## **CAPACITY BUILDING & TRAINING**

As regards to the capacity building activities, RILO AP has offered two attachment training opportunities during year 2014, to train and familiarize officers with intelligence analysis tools and CEN database. Trainings were held for two weeks of duration at Seoul Customs Head Office, South Korea. Apart for that, Director of Central Intelligence participated in the Second Regional Enforcement Meeting & DRI day held in India.

**REVENUE  
AND  
SERVICES  
CLUSTER**



# Declarations Directorate

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## Introduction

The Declarations Directorate is the place where the Customs Declarations (CusDec) are submitted by the representatives of importers known as declarant in respect of all sea cargo. Processing CusDecs in respect of motor vehicles is now exclusively entrusted to the motor vehicle unit which comes under this directorate. The Declarations Directorate consisting the following units.

- "D" Branch,
- Long room,
- Motor Vehicle Unit
- Industries and Services documents processing Unit
- Document centre (DOC center)

All these units operates within the cluster of Revenue and services (Colombo) in the new reform structure.

### Major Functions

1. Process Customs Declarations under the regulations of Customs and other related Ordinances.
2. Assess and collect due revenue on import and export cargo.
3. Grant duty waivers/ exemptions and suspend duty and taxes under the State policy for the interest of trade, industry and the general public.
4. Ensuring voluntary compliance with all legal requirements relating to imports and exports.
5. Facilitate legitimate importers/exporters under speedy clearance procedures.

## Scope of the Directorate

The scope of the directorate is, providing facilities to process declarations for Import Cargo and Cargo to be bonded. To fulfill these scopes, the Directorate has specially made the arrangements to:

- I. Receive the CusDec through DTI
- II. Confirmation of updated manifest and payment of duties and other levies of CusDecs
- III. Provide Fast Track facilities for Selected Importers
- IV. Process the CusDec by SC/Appraiser
- V. Issuing internal passes for removal of FCL containers from the SLPA, SAGT, CICT yards
- VI. Clearance of Cargo FCL at container yards and LCL at ware houses
- VII. The Automation of processing has been now fully implemented through: "**Asycuda World**" to facilitate the importers to process the cusdec without delay. All details of the CusDec are now being captured in the "**Asycuda**" System at Long Room (2<sup>nd</sup> Floor) which permits users to lodge their CusDecs directly from their offices using **DTI** facilities.
- VIII. Only the commodity classifications aspects are handled manually by knowledgeable Staff consisting SCC/Appraisers.

## **Objectives of the Directorate**

- I. Facilitation of clearance of imported cargo.
- II. Facilitation of Cargo to be bonded.
- III. Minimize the revenue leakages / foreign exchange losses through classification aspects of the goods.
- IV. Conduct enforcement activities in terms of customs ordinance and related laws through "D" Branch.
- V. Assess and collect the due revenue to the state on imported Cargo
- VI. Facilitate for project cargo clearance by waiving off the Levies approved by the M/Finance.
- VII. Facilitate to permit holders/ legitimate importers to speedy clearance of their vehicles/cargo.
- VIII. Facilitate for various Government Department/other organizations / General Public to clear the goods against provisional CusDecs. Duty waivers/exemption and suspend of duty and taxes as per the state policy are granted.
- IX. Effect enforcement of prohibition and restriction.

## **Responsibilities of the Staff of the Declaration Directorate**

The long room staff ensure the speedy CusDec processing and clearance of imported cargo without undue delay while collecting the due revenue to the state. These officials are vigilant on the commodities which requires permits and/or/special authorization for inward clearance from local Authorities such as Import and Export Controller, Food and Drugs Authority, Sugar cane research Institute, Cosmetics Devices and Drugs Authority, Sri Lanka Standards, Atomic Energy Authority, Telecommunications and also the certificates issued by the exporting country such as phytosanitary certificate, Fumigation certificate, spice board certificate and Load Port survey report, Special attention to be carried out by the importer for the following aspects.

- \* The authorization from the carrier (the ship) to claim clearance of the consignment;
- \* Full description of the consignment using the appropriate codes used in the system;
- \* Classification of the goods correctly in the Harmonized System Nomenclature based on which the Customs Imports Tariff based;
- \* Declaration of the true transaction value of the consignment;
- \* Declaration of the values using the applicable kind of currency; at the applicable party rate (exchange rate);
- \* Transmit the payment (foreign exchange) for the consignment through the accepted/permitted banking channels;
- \* Attach the necessary authorization documents, licenses, permits, certificate etc as applicable.

If all above Aspects are in order the Officers concerned may process the CusDec for clearance of goods.

As mentioned above this Directorate consists of 05 major Branches/Units. Those are branches/ unite divided according the functions they perform.

### **"D" Branch**

"D" Branch can be considered as the Secretariat of the Directorate. Historically, when the Controller General of Customs was appointed 200 years ago, reportedly there had been four (4) clerks working under him, handling four subjects known as the 'A' subject, 'B' subject, 'C' subject, 'D' subject and so on. In time to come, 'A' subject grew up to become the current Human Resource Management Directorate, formerly known as the "Admin Branch". "C" subject clerk was handling "Port Dues" and later it grew up to be the entire Sri Lanka Ports Authority, now a separate organization in itself. The old "D" Branch, which

was historically coordinating between the Treasury and the Customs, granting duty waivers and exemptions, receiving cargo manifests etc, still continue to do more or less the same job, and continues to be known by its original name.

“D” branch has various units to facilitate the importers/general public. Those are

- DRA Unit
- Bank Guarantee Unit
- Duty Waiver Unit
- Bulk Cargo Monitoring Unit
- Carnet Unit
- Manifest Unit
- Investigation Unit
- Motor Vehicle permit screening writing off unit/headed by DDC (D)

#### **Some of the important and prominent functions handled by the “D” Branch**

1. Register Duty waivers granted by the Ministry of Finance and facilitate the clearance of those goods on Duty Free basis.
2. Grant Duty exemptions and Concessions as per Revenue protection order approved by the parliament.
3. Permit the clearance of Diplomatic cargo and Personal Baggage of Diplomatic staff based on the Clearance Certificate issued by the Ministry of External Affairs.
4. Grant Duty free or preferential rates of Duty for the Goods imported under various Trade Agreements.
5. Facilitate the clearance of Goods consigned to Government Institutions under Deferred Payment Terms in accordance with the instructions of Ministry of Finance and Planning.
6. Facilitate the clearance of Goods on Provisional Basis where CusDecs cannot be finalized immediately due to various reasons or require Re-export of goods after the completion of event for which they are imported.
7. Register and Monitor Project cargo requiring re-export, as decided by the Ministry of Finance and Planning.
8. Receive Cargo Manifests and also amendments to them as submitted by shipping Agents.
9. Secure Bank Guarantees/Corporate Guarantees where necessary in respect of Provisional CusDecs and other matters as decided by the Director of Customs (Declarations).
10. Register vehicles and Equipments temporary imported under CPD Carnet or ATA Carnet for monitoring purposes.
11. Monitoring Bulk Cargo Imports and make additional recoveries where necessary.
12. Prepare Reports on Duty waivers granted, for the submission of same to Ministry of Finance and Planning.
13. Detection of possible violations of Import Control/Regulations/Customs Regulations and take action accordingly in terms of the provisions of Customs Ordinance such as detection of ethanol and motor vehicle cut portions.
14. Attend to correspondence with other government and non-government Agencies.

## Long Room

Historically "Long Room" was virtually a long room in Customs administration and even in this modern day it is seen as a long room. This is a feature common in most Asian colonies of the Great Britain, and some of very old Customs Organizations in Europe – for example – Denmark and Netherlands. Customs being primarily a revenue collector government organization, the importance of the long room cannot be under scored. Even though the overall macro level of objectives have gradually evolved to encompass social protection obligations, the priority to collect due revenue has not diminished.

Section 10 of the Customs ordinance empowers Customs to charge Customs duties, and other levies section 47 requires consignees of imported goods to make a true and correct declaration of goods received or imported by them and pay all levies (duties etc) payable on such goods.

Customs has facilitated to collect not **only Customs duties but also several other taxes and levies, namely.**

- Value Added Tax (VAT)
- Port and Airport Development Levy (PAL)
- Nation Building Tax (NBT)
- Special Commodity Levy (SCL)
- Excise (Special Provisions) Duty (XID)
- Cess on behalf of other government institutions

Cusdec process officers are divided into 05 units in Long room for the processing of cusdecs according to the HS codes for the easiness of monitoring and handling. Those are mentioned below.

- Unit A - HS Code 01-44
- Unit B - HS Code 45-73
- Unit C - HS Code 74-84
- Unit D - HS Code 85-97 (except for Motor Vehicles)
- Unit E - Perishable items, Food Items, Medicine, Bulk Cargo etc'

## Submission of CusDecs

CusDecs is an acronym of Customs Declaration. The importer is supposed to submit four copies of the CusDec (ie' Warrant copy, Delivery copy, Exchange copy and Parties copy) as stipulated in the Gazette Notification published under Section 47 of the Customs Ordinance and Cusdec should be submitted along with the following supportive documents

- ✓ Bill of Lading
- ✓ Delivery Order
- ✓ Invoice (manually signed and endorsed by the Bank other than in instances where goods has been imported on NFE basis)
- ✓ Packing list
- ✓ Any technical information required to clarify the HS
- ✓ Documents to prove the Country of Origin
- ✓ If the goods imported are restricted, necessary licenses/permits such as ICL, SLSI, CDDA etc
- ✓ Duly filled value declaration form in two copies
- ✓ Proof for the mode of remittance such as Letter of Credit, Telegraphic transfer etc;
- ✓ Any special certificate (DPL, Duty Waiver, Phytosanitary certificate, Fumigation certificate, spice board certificate ,Load Port Survey Report, Sugar cane research institute.

When there are number of items entered in a single CusDec and classified under various HS codes, the relevant unit should be decided on the basis of the item on which highest amount of duty and the other levies are payable.

Section 12, 43 and the Schedule "B" of the Customs Ordinance require the Customs to enforce the power on all the restrictions and prohibitions in force in terms of other law empowered to the Customs, at the time of importation of the goods. As a result of these very wide provisions, Customs has to enforce over 33 Acts, Enactments and Ordinances currently in force. The first and foremost out of these is, "the Import and Export Control Act No. 01 of 1969"

### **Motor Vehicle Unit**

The "ASYCUDA World" software now employed in the ACCESS network enables Customs to link with individual banks to check the foreign exchange remitted on importing goods. The imported vehicle details are sent through the links with the Department of Motor Traffic to facilitate the registration of vehicles so imported, thereby preventing registration of uncustoms motor vehicles. The officials make special attention to the following aspects; When CusDecs are processed.

- ✓ ICL (Import Control License) for gift vehicles and over aged vehicles
- ✓ Concessionary and conditional import permits for the Government Servant, Members of Parliament and BOI
- ✓ Duty Free certificates issued by the Ministry of External Affairs to the DPL and NGO
- ✓ Provisional Cusdec's for the vehicles imported for projects.

While processing the CusDecs for vehicles the officers at the unit should ensure the correctness of the under mentioned facts whether the,

- Goods have been properly described as per the
  - Certificate of Registration
  - Inspection certificate
  - Invoice
  - Examination report of the Appraiser who examines the vehicle at the yard
- Age of the vehicle has been correctly calculated
- Customs valuation is correctly given for the subject vehicle
- Currency has been correctly entered as per the invoice
- Country of Origin is correctly declared.
- Freight charges are correctly declared.
- Options declared tally with the inspection certificate
- Due Permit is granted for the concessionary imports; the clearance of the vehicle shall be allowed by the DDC (M/V)

### **Industries and Services Document Processing Unit**

The processing of To-Bond and Ex-Bond Cusdec's is the main function of this unit which was a part of the Bonds Division prior to the reforms being implemented. Though there is a separate Directorate for the Industries and Services, the processing of related Cusdec's is done by the Declaration Directorate.

## DOC Center

This center is located in the Charms quay and it is proposed to amalgamate with long room at 2<sup>nd</sup> floor of new headquarters in near future. The Main Functions of this center is as follow:

- ✓ Issuing Customs Gate Passes (Internal) for all FCL consignments. (Imports. BOI. INFAC, Bonds, UPB, Containers detained by various investigation branches including RTF).
- ✓ Issuing of instructions to issue SLPA/SAGT/CICT gate passes for removing containers from their terminals.
- ✓ Documents receiving to the Doc Centre.
  - Screened CusDecs from the Screening Units in Long Room and Bonds Division are forwarded to DOC centre to enable it to issue Customs Internal Gate Passes
  - Pink Copy of the Delivery Order along with copies of Invoice and B/L are submitted to SC – DOC Centre to enable him to authorize SLPA/SAGT/CICT to issue gate passes for removal of containers from the respect container terminals. Above mentioned Pink Copy of the Delivery Order is submitted to the Customs for the first time at the Doc Centre (The same is not attached to the set of documents processed at the Declaration Directorate/Long Room and it does not carry any of endorsements made by the Customs)
- ✓ Procedure followed at the Doc Centre.
  - Delivery Copy of the screened Cusdec and Pink Copy of Delivery Order registered at the doc centre (attended by ICC I)
  - Registered Documents are submitted to SC (Doc Centre)
  - Once the documents are authenticated by SC (Doc Centre)
    - Pink copy of the DO is submitted to SLPA/SAGT/CICT to be entered into the system and to get a Gate Pass to remove the container from the container terminal.
    - Delivery Copy of the CusDec is forwarded to the ASC (Doc Centre) along with the SLPA/SAGAT/CICT gate pass to be entered to the system and Customs Internal Gate Pass are issued by ASC (Doc Centre)
  - After issuing the Customs Gate Pass Photo copies of the Delivery Copy of the related CusDec and the CHA pass of Wharf Assistant along with the Green Copy of the Customs Internal Gate Pass are filed and registered by CICC (Doc Centre)
  - After obtaining those two gate passes [(SLPA/SAGT/CICT) and Customs Internal Gate Pass] containers are allowed to remove from the container terminals and moved up to the New Container Gate where Customs Out Pass is issued and allowed to remove the container form the port premises.
  - At the New Container Gate container is sealed with customs container seal and the seal number is printed in the Customs Gate Pass.

## **Carnet**

1. There are two types of Carnet, namely ATA and CPD
2. ATA Carnet – “ATA” is an acronym of the French and the English words “Admission Temporaire / Temporary Admission”.
3. The ATA Carnet covers, temporary imports of commercial samples, exhibition goods and professional equipment into a country.
4. CPD Carnet – “Carnet De Passages En Douane” for motor vehicles & trailers.
5. Triptique - for motor cycles
6. This Carnet, which has been drawn up in accordance with the provisions of the Customs Conventions on the Temporary Importation of Private Road Vehicles (1954) and Commercial Road Vehicles (1956), both amended in 1992, may be used in the listed countries/ Customs territories.
7. The A.T.A. procedure can be applied to any temporary operations involving goods to be re-exported in the same state as that in which they were imported.
8. It is issued on condition that the holder re- exports the vehicle with in the specified period of validity and complies with the Customs laws and regulations relating to the temporary admission of motor vehicles.
9. Where an A.T.A. Carnet is accepted it does not replace any other export documents (Exchange Control Permit or an Export Licence) that may be required. Such requirements must be accomplished independently.
10. The Carnet to be correctly discharged, the exportation voucher corresponding to the importation voucher which was stamped by the Customs on entry must be stamped by the Customs when the vehicle leaves the country.
11. When making an application for the Carnet, the Carnet holder should sign a declaration & agreement with the respective issuing authority as per the directions given for the use of Carnet.
12. Any breach of provisions of the convention, any substitutions, false declaration or act may render the offender liable in the country, where the offence was committed subject to the penalties prescribed by the laws of that country.
13. The A.T.A. Carnet can be used for the following operations provided the Customs authorities are Contracting Parties to these Conventions in addition to the A.T.A. Carnet Convention.
  - 13.1 Professional Equipment Convention
  - 13.2 Exhibitions and Fairs Convention
  - 13.3 Commercial Samples Convention
  - 13.4 Packings Convention
  - 13.5 Seafarers Convention
  - 13.6 Scientific Equipment Convention
  - 13.7 Pedagogic Material Convention
  - 13.8 Private Road and Commercial Road Vehicles Convention
  - 13.9 Aircraft and Pleasure Boat Convention.

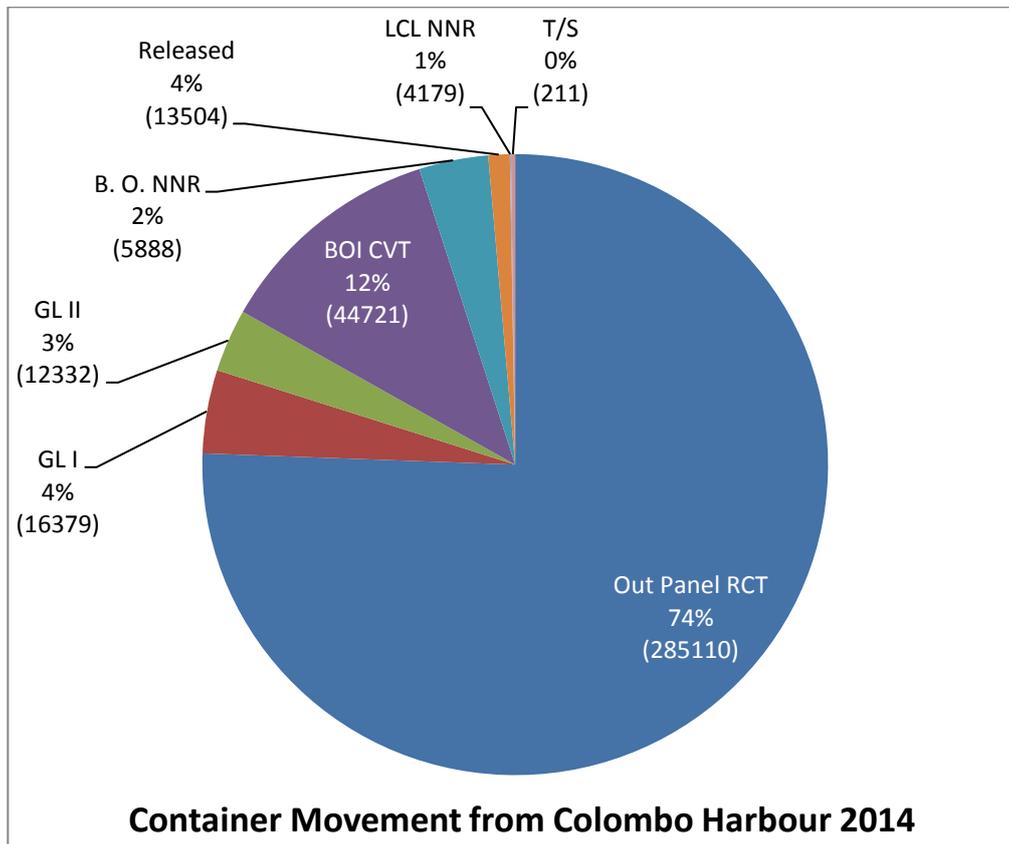
## **Procedure of Carnet De Passage**

1. The Carnet consists of a cover and sheets for each movement of the goods covered by the Carnet. The front of the cover provides for the following particulars:
  - 1.1 Issuing Association
  - 1.2 Internal Guarantee Chain
  - 1.3 Name of Holder
  - 1.4 Period of Validity
  - 1.5 Countries in which it will be valid and corresponding Guaranteeing Associations in those countries; and
  - 1.6 Where the Carnet is to be used by a representative of the holder, the Name of that representative
2. The intended use of the goods is also stated on the front cover (e.g. samples for exhibition, etc.) The full details of all the goods to be covered by the Carnet are inserted in the general list on the reverse of the cover. Continuation sheets may be inserted if the space provided on the cover and the sheets are insufficient to accommodate particulars of all the goods to be covered by the Carnet. The required details are – Description, Marks and Numbers (if any), Quantity, Value of the item in Country of issue of the Carnet and Country of Origin. Where the items do not bear distinct identifying numbers, the Customs will affix identification marks.
3. DC approves the processing of Carnet and decides the validity period.
4. DDC Instructs SC 'D' to register the Carnet.
5. SC instructs ASC to register the carnet and to retain copy documents.
6. ASC registers the Carnet and allow the consignee to process the CusDec at motor vehicle Division.
7. SC places his signature and stamp on the filed up import slip and instruct the importers to sign an agreement in the presence of DC (Declaration) assuring that the said vehicle imported under carnet should be re-exported within 03 months.
8. Maintains the master register and keeps a tab on the date of validity.
9. Carnet is then sent to Motor Vehicle Unit along with the cusdec to enable the DDC to grant delivery of the said vehicle.
10. The Carnet will not cover exhibitions organized for private purposes in shops or business premises with a view to the sale of foreign goods.
  - 10.1 Goods granted temporary admission should be re-exported within three (3) months from date of importation unless the period of validity is for a lesser period.
  - 10.2 When Carnets are presented to the Customs at points of Entry, the Customs officer should examine the goods against the General list of Items given in the Carnet, place identification marks on the goods if possible, note identification marks on the counterfoil of the carnet and retain that portion of the Importation Voucher meant for Customs. The Customs will endorse the necessary particulars on the counterfoil. The voucher should be sent to the 'D' Branch to be filed and kept safely for re-checking when goods are being re-exported.
11. When goods imported on a Carnet are re-exported, the Customs will examine the goods with the importation particulars and detach the Customs portion of the re-exportation voucher and make necessary endorsements on the counterfoil. The detached portion of the re-exportation voucher will be sent to 'D' Branch.

13. The use of the Carnet for the import and / or export of goods is subject to the National Laws of the country.
14. The Customs has the right to take action against any carnet-holder for any fraud, contravention or abuse of the provisions of the Carnet or the National Laws of the country and to impose penalties for such contraventions.

**Performance of the Declaration Directorate during the year 2014**

- 1) **Facilitation** to the trade through Automation System called "Asycuda World" so far has been successfully received by the imports for the purpose of speedy clearance of their cargo specially DTI direct Trader input increased the speed of key in by traders and eventually it added value for trade facilitation .
- 2) **DTI** has now reduced the workload of the Customs officials as well, while their effectiveness and efficiency have been raised.
- 3) **Manual record keeping function has been eliminated** in this directorate through new arrangements while quality and timeliness gathering of information has now been an easier task for the officials as well for the public.
- 4) **Total revenue** collected by this directorate in 2014 is Rs. 415,434,606,765.00 while a sum of Rs. 67,131,110,388.00 has been collected as total Customs duty to the state. Other than the said recoveries the sum of Rs. 34,315,750/- have been collected by the "D" Branch as penalty/forfeiture/and additional recoveries in 2014.
- 5) Green Channel facility for the selected Golden card holding Traders were introduced in the past years. In 2014 Customs introduced "**Fast track clearance system**" for the Golden card holding traders and some more traders. Now the number of traders fall in this category is 218. Two DDCc specially posted to handle this special Traders.
- 6) "**Electronic Manifesting**" system has now been introduced. The shipping agents submit their manifest online to Customs without providing hard copy ship-wise. This system is now being successfully supporting the department users.
- 7) **The vehicle permits** are now being written off electronically by the DDC attached to "D" Branch.
- 8) Introduction **Queue Display system** has been initiated during year 2014.This system displays the Cusdec status to the public and it facilitate to extract the daily progress of all officers in this directorate.



<b>Key Activity 8.1:</b>					
<b>Review of present CusDec processing scheme with a view for system re-engineering.</b>					
<b>Main Steps</b>	<b>1<sup>st</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>4<sup>th</sup> Quarter</b>	<b>If not achieved the reasons</b>
(1) Identify barriers and obstacles in ASyCuDa World system and rectify to eliminate them	X				Team of officers visited to Jordan Customs for Technical & functional study of Asycuda In regard to the implementation of activity 1,2,3 of key activity 8.1
(2) Improvement of ASyCuDa World system for manifest controlling (B/L No.) in order to prevent of double or multiple uploading of Cusdec		X			- Do -
(3) Develop an Automation system for appointment of Cusdec processing officials at Long Room and cargo examination channels (Red ,blue, green)		X			- Do -
(4) Designing and implementing of CusDec tracking and monitoring system at Long Room and introducing display board calling system			X		- Do -
(5) Review progress				X	- Do -

<b>Key Activity 8.2:</b>					
<b>Develop Electronic communication system with other government agencies in respect of restrictions and with Ministry of Finance, in respect of Duty waivers and exceptions under single window concept.</b>					
<b>Main Steps</b>	<b>1<sup>st</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>4<sup>th</sup> Quarter</b>	<b>If not achieved the reasons</b>
(1) Collaborate with ADP division and obtain computer links with SLSI, TRC, Import Controller, CDDA, Plant Quarantine SLPA, SAGT, CICT etc. – single window environment.	X				Already the Government Agencies has started ONE STOP SHOP at the Head Office of the Customs building but the On line communication still pending.
(2) Inform other agencies to adjust themselves too, to look into the possibilities of implementation.		X			- Do -
(3) Establishment of an automation system to monitor Cash flow and Cusdec process			X		- Do -
(4) Review progress				X	- Do -

<b>Key Activity 8.3:</b>					
<b>Develop electronic communication system with service providers (SLPA, SAGT etc.) to control and authorize delivery through the system on completion of processing CusDecs under single window.</b>					
<b>Main Steps</b>	<b>1<sup>st</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>4<sup>th</sup> Quarter</b>	<b>If not achieved the reasons</b>
(1) Discuss with SAGT, CICT and SLPA to look into their requirements, in order to synchronize our system with theirs. Discus with ADP as to how this could be implemented through ASyCuDa World	X				On line arrangement for issue gate pass is still pending due to non compatibility of the system.
(2) Discuss with main agent of the shipping line to provide delivery order – on line - in order to have more transparency.		X			Do
(3) Implement			X		Do
(4) Review Progress				X	Do

<b>Key Activity 8.4: - Develop Fast Tract Clearance System and Introduce AEO Concept</b>					
<b>Main Steps</b>	<b>1<sup>st</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>4<sup>th</sup> Quarter</b>	<b>If not achieved the reasons</b>
(1) Development of CusDec processing and cargo examination procedure of fast track clearance system to overcome the gray areas		X			Discussion is going on with other countries such as China, India, Iran, UAE and waiting for signing of MOU.
(2) Develop the national economic operators to award AEO status		X			DO
(3) Award AEO status for more institutes and extend facilities			X		DO
(4) Review progress				X	DO

# Industries and Services Directorate

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## Introduction

Historically, the principal function of the Customs Department was taxation of imports and exports, under certain special circumstances, this process of taxation is temporarily stopped (suspended) for a limited time by way of “bonding”. In Customs parlance, “bonding” means securing of imported dutiable goods in a warehouse specifically assigned for that purpose and known as a “Bonded Warehouse.”

The bonding scheme was started initially aiming to facilitate the traders who wished to keep the imported goods in the “Queen’s Warehouse” without paying duties, until he needed those goods. Sometimes traders opted to bond the goods for financial reasons. Later, their requirement changed and hence this scheme was expanded to allow manufacturers to store imported raw material without payment of taxes, manufacture goods for export using those imported raw material, and export the manufactured goods, thereby absolving from the liability for taxes but earning valuable foreign exchange for the country. Over the year there had been many improvements in this basic concept, paving the way for many industries, to flourish. Presently it is geared to encourage the industrial and economic development of the country. Most important of all, it brings the country to the forefront of the International Trade Forum.

The Industries and Services Directorate performs the Customs functions related with importation of cargo for temporary storage on security/bonds to facilitate clearance for the needs of trade and industry under specified procedures, and promote Manufacturing/Export Industry aiming to explore the avenue for diversification of the traditional trend of exports in Sri Lanka with proper coordination between the relevant line authorities, especially with the Board of Investment of Sri Lanka.

### Major Functions.

This Directorate is entrusted with the implementation/administration of trade facilitation policies of the Government. The main functions of the Directorate are given below.

1. Manage Customs Bonded Warehouses.
2. Manage Export Facilitation Schemes, namely, Temporary Imports for Export Processing (TIEP) and Duty Rebate Scheme.
3. Manage activities related to Duty Free Shops.
4. Coordinate with the BOI in clearance of goods imported/exported by BOI Enterprises.
5. Liaise with the ICT Directorate in maintaining IT systems for warehousing, stock control, cargo control and BOI imports/exports.
6. Liaise with the Declarations Directorate in processing “Suspense Regime” CusDecs.

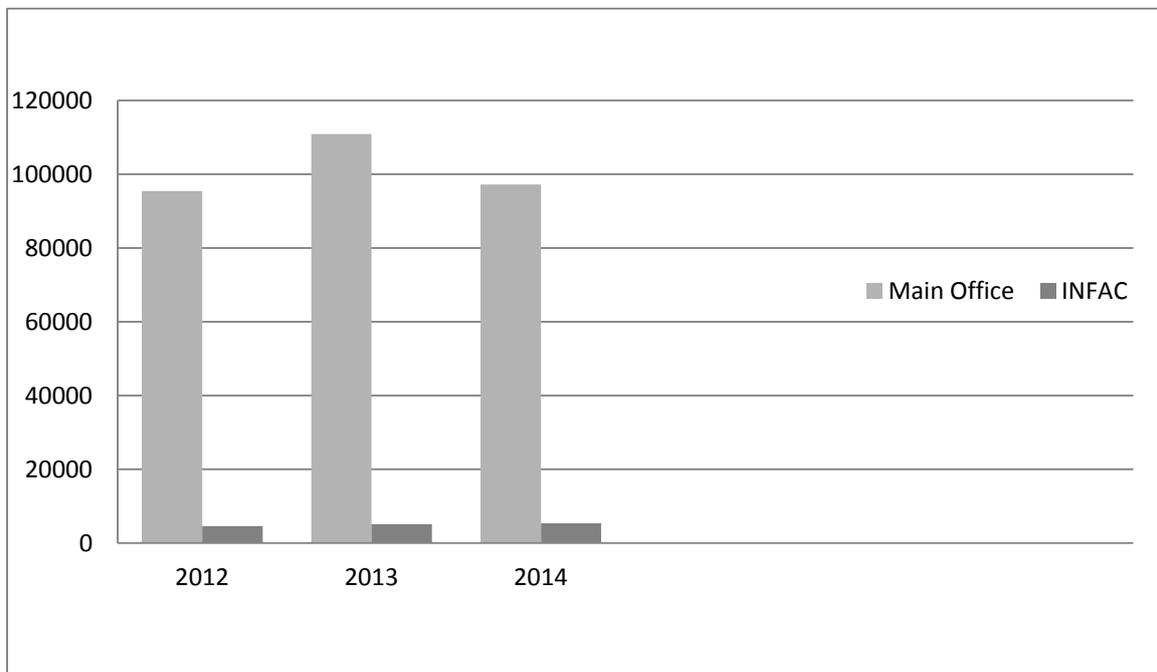
## Main Branches in the Industries & Services Directorate

- i. Documentation Branch
- ii. Project Unit
- iii. Monitoring & Refunds Branch
- iv. BOI Industry Co-ordination Unit
- v. Postal Appraising (Colombo) Branch

## Documentation Division

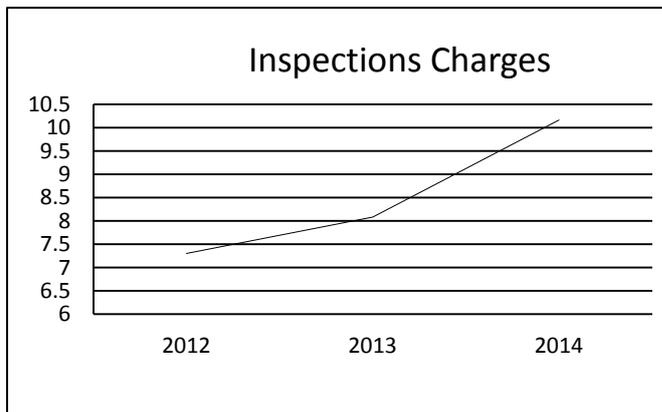
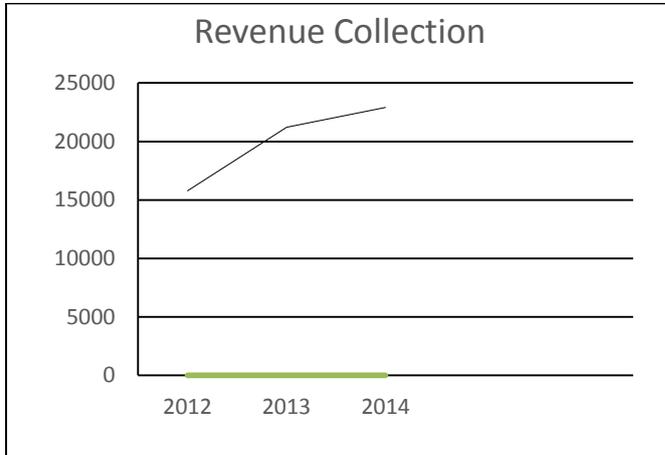
Number of CusDecs Processed

	2012	2013	2014
(a) Total Number of CusDecs at Main Office	95,397	110,865	97,222
(b) Total Number of CusDecs at INFAC	4,618	5,154	5,391



## Recoveries

	2012	2013	2014
Revenue Collection (Rs. Millions)	15,783	21,211.9	22,917
Inspections Charges (Rs. Millions)	7.3	8.08	10.16



## Projects Division

Present Status of Customs Bonded Warehouses (2014)

		Public Bonds	Private Bonds	Manufacture – In Bonds	Sugar Bonds	UPB Bonds
i	Number of Bonds at the beginning of the year	6	49	6	4	8
ii	Number of new Approvals during the year		2			
iii	Number of Revocations (De Bonded)		-		1	
iv	Number of Bonds at the end of the year	6	51	6	3	8

		<b>Service Bonds</b>	<b>Feeder Bonds</b>	<b>Duty Free</b>	<b>MCC Bonds</b>	<b>Total</b>
i	Number of Bonds at the beginning of the year	12	78	54	7	224
ii	Number of new Approvals during the year					2
iii	Number of Revocations (De Bonded)					1
iv	Number of Bonds at the end of the year	12	78	54	7	225

Sales details of Duty Free Shops located out of BIA

	<b>2012</b>	<b>2013</b>	<b>2014</b>
Sea Trans Duty Free Shop (USD)	1,144,855/-	1,246,289/-	
Ceylon Port Services Ltd. (USD)	Nil	Nil	Nil
STC General Trading Co. Ltd. (USD)	1,161,806/-	1,588,401/-	1,643,397
Edison Electrical Duty Free (Pvt.) Ltd.	Nil	Nil	Nil
Total (USD)	2,306,661/-	2,834,690/-	2,944,738/-

### **Current status of TIEP 1, TIEP 4 & IBG Schemes (2014)**

#### 1. Operators

		<b>TIEP 1</b>	<b>TIEP 4</b>	<b>IBG</b>
i	Number of operators at the beginning of the year.	1001	517	225
ii	Number of operators joined during the year	54	17	14
iii	Number of operators at the end of the year	1055	534	240

### **Monitoring & refunds Division**

Secured Revenue

	<b>2014</b>
	<b>Number of Guarantees</b>
Bank Guarantees Accepted	2187
Bank Guarantees Demanded	2203
Bank Guarantees Settled	2137
Personal Guarantees and Corporate Guarantees Accepted	151

### **Bonds Investigations Unit**

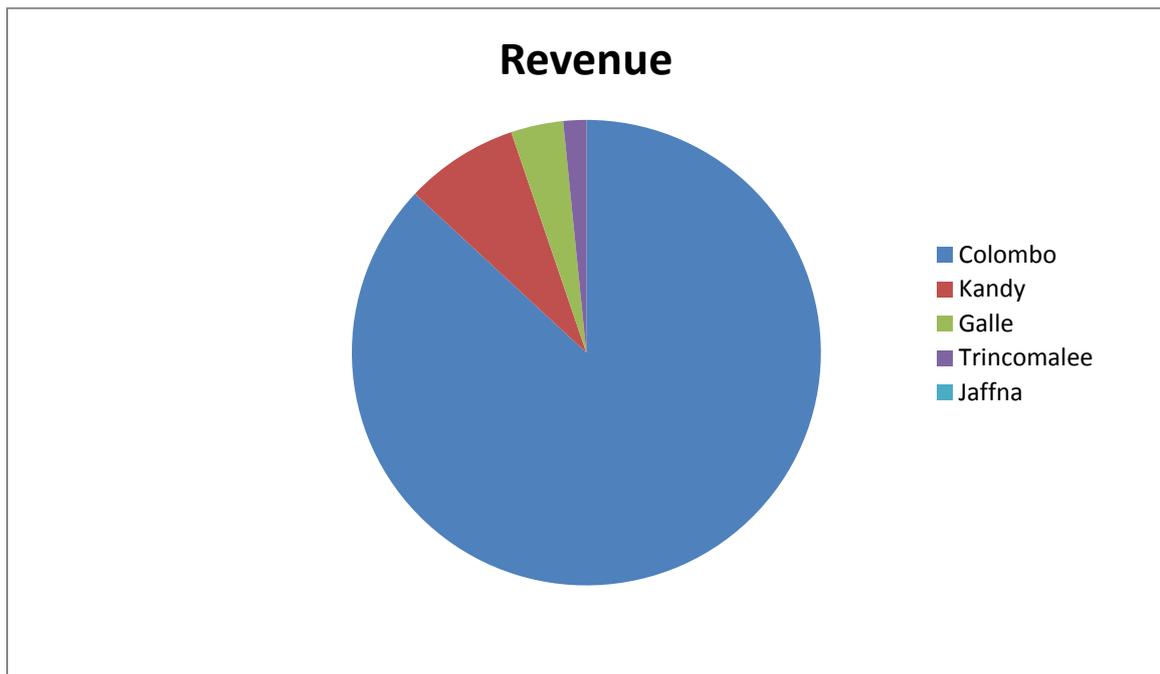
Number of violations detected, recoveries made, cases filed in courts.

	<b>2012</b>	<b>2013</b>	<b>2014</b>
Number of cases at the beginning of the year	569	574	44
Number of cases initiated during the year	29	59	-
Number of inquiries conducted during the year	7	10	13
Number of cases pending investigation	574	611	31
Number of cases pending inquiry at the end of the year	1	4	-
Number of cases filed in courts (at the end of the year)	Nil	Nil	Nil
Forfeitures/Penalties	14,229,764	266,043,829	7,367,295
Value of the goods forfeited	37,637,847	-	-

## Postal Appraising Division

Revenue collected during 2014

Colombo (Rs.)	Kandy (Rs.)	Galle (Rs.)	Trincomalee (Rs.)	Jaffna (Rs.)	Total (Rs.)
57,692,903	5,207,169	2,395,743	1,050,174	2,851,483	69,197,472





# Cargo Examinations Directorate

## Objectives

Ensure recovery of correct revenue on the commodity imported.  
 Strict compliance on restrictions and prohibitions placed by the Customs Ordinance and other related laws.

Facilitate the legitimate trade by expeditious clearance.

### Major Functions

- I. Screening of Import CusDecs to further verify the accuracy of declarations made by the importers.
- II. Selection of consignments for examination at different examination yards under different examination levels based on risk management.
- III. Physical examination of cargo for home use, TIEP and BOI to ensure the collection of due revenue, detect and prevent deliberate noncompliance of cargo declaration and other rules and regulations.
- IV. Usage of X-ray scanners to detect concealments and undeclared goods as well as a facilitation tool for expeditious clearance.
- V. Grant out panel examination for the importers selected on risk analysis basis.

### Comparison of Performance with the Action Plan for 2014:

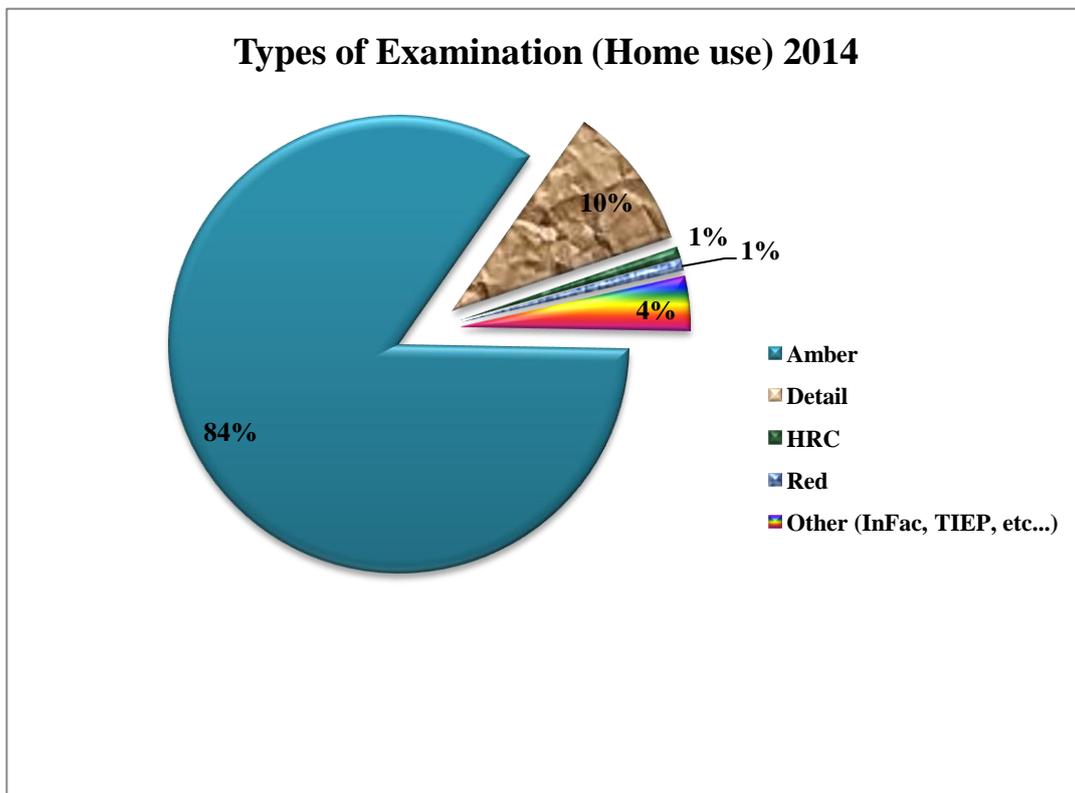
Key Action	Target	Actual	If not achieved, the reasons
(1) Strengthen the container movement monitoring system at RCT			The plan was not implemented since the other directorates namely ICT, Logistics and Preventive are not ready to provide necessary infrastructure.
(2) Implementing the "Exit Note " in ASYCUDA WORLD" at the examination points			

### Comparison of Performance in 2014

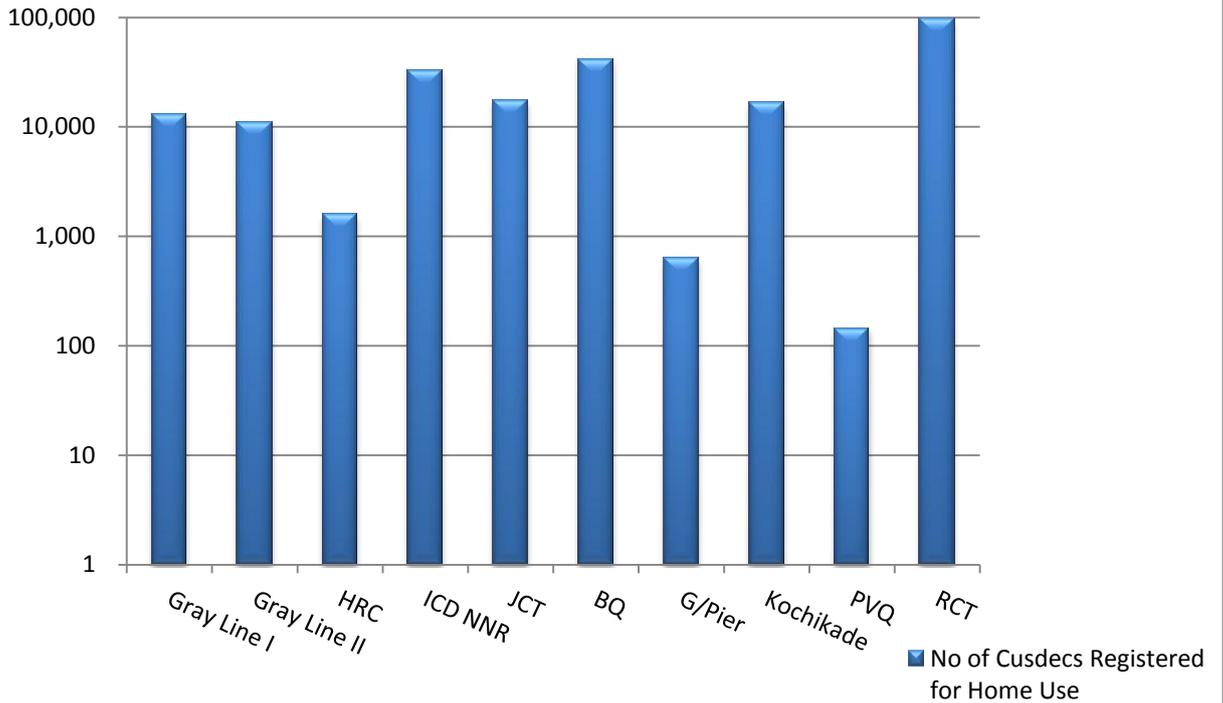
Description	2010	2011	2012	2013	2014	
No. of Imports CusDecs ( Home use-LCL & FCL ) registered at examination points	226,584	222,131	189,617	175,062	192559	
Type of Examinations	Amber	114,257	153,647	138,360	140,624	162742
	Detail	12,834	12,791	15,036	18,748	19556
	HRC	4,416	5,956	3,329	2,257	1600
	Red	9,145	1,576	1,868	6,217	1572
	Other (InFac, TIEP, etc...)	13,725	7,749	6,240	7,216	7378
No. of Containers cleared ( Home use)	200,314	236,103	245,714	261,165	177633	
No. of Containers released under Green Channel			24,784	29,446	13189	
No. of Containers Scanned	9,758	12,627	14,238	24,985	17797	
Consignments for BOI Enterprises (Outer zones - LCL & FCL) cleared	27,968	58,362	59,010	58,065	64645*	
No of Containers (Imports) cleared (BOI - Outer Zones)			27,446	24,765	31153	
No of Containers (Exports) cleared (BOI - Outer Zones)			17,316	19,260	20702	
Cases Detected	325	436	572	222	49	
Recoveries on Additional CusDecs (Rs. in millions)	113.0	506.3	487.0	715.6	115.15	
Recoveries of Penalty (Rs. in millions)	55.8	62.4	67.0	49.1	24.24	
Value of Goods Forfeited (Rs. in millions)	7.8	30.5	2.1	7.2	4.21	

\* LCL – 38447 - Additional CusDecs due to upliftment of values not included

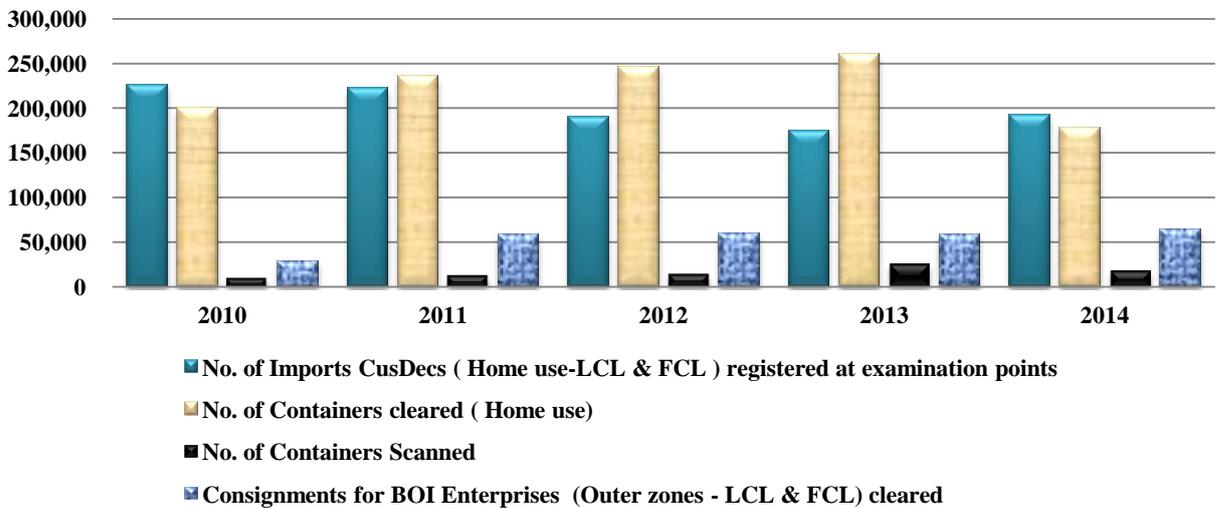
\* FCL - 19618



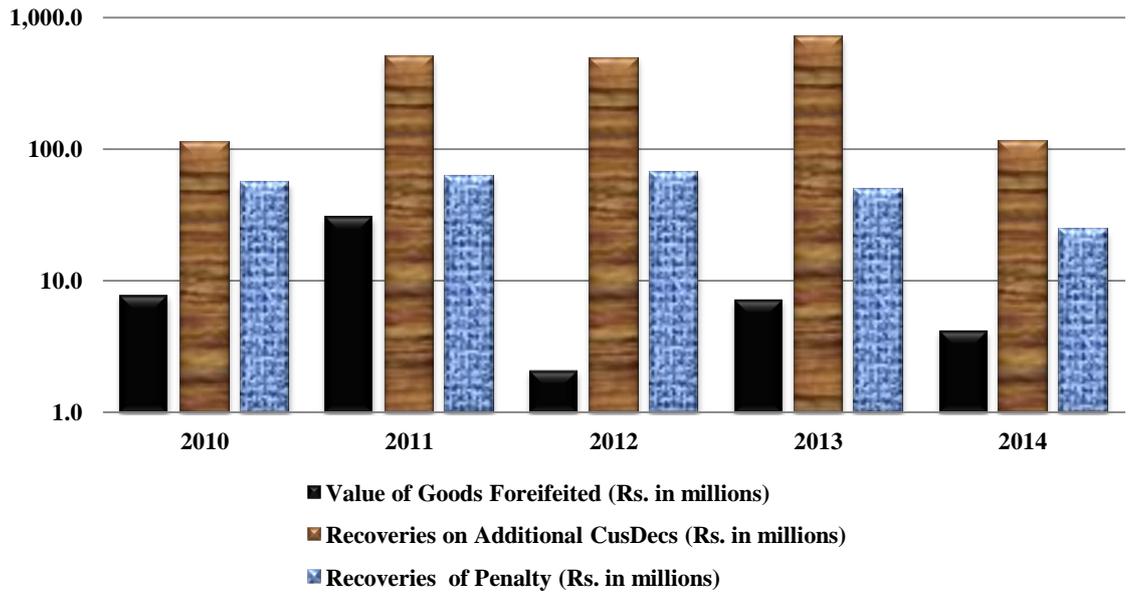
## Import (Home use) Consignments cleared in 2014



## Comparison of CusDecs & Containers 2010-2014



### Comparison of Revenue Recovered (2010-2014)



# Passenger Services (Colombo) Directorate

## Objectives:

To provide courteous and satisfactory service efficiently and effectively to passengers and other stakeholders in their baggage clearance at the port of Colombo and Unaccompanied Personal Baggage Warehouses in Colombo while giving special consideration to expatriates and professionals, who work abroad.

### Major Functions

1. Facilitation of passenger and baggage clearance, both inward and outward
2. Safeguarding revenue, prevention of importation and exportation of restricted and prohibited items.
3. Safeguarding socio-economic, cultural and ecological interests of the society.
4. Controlling and monitoring UPB warehouses.

## Financial Performance in the Year 2014 (Rs)

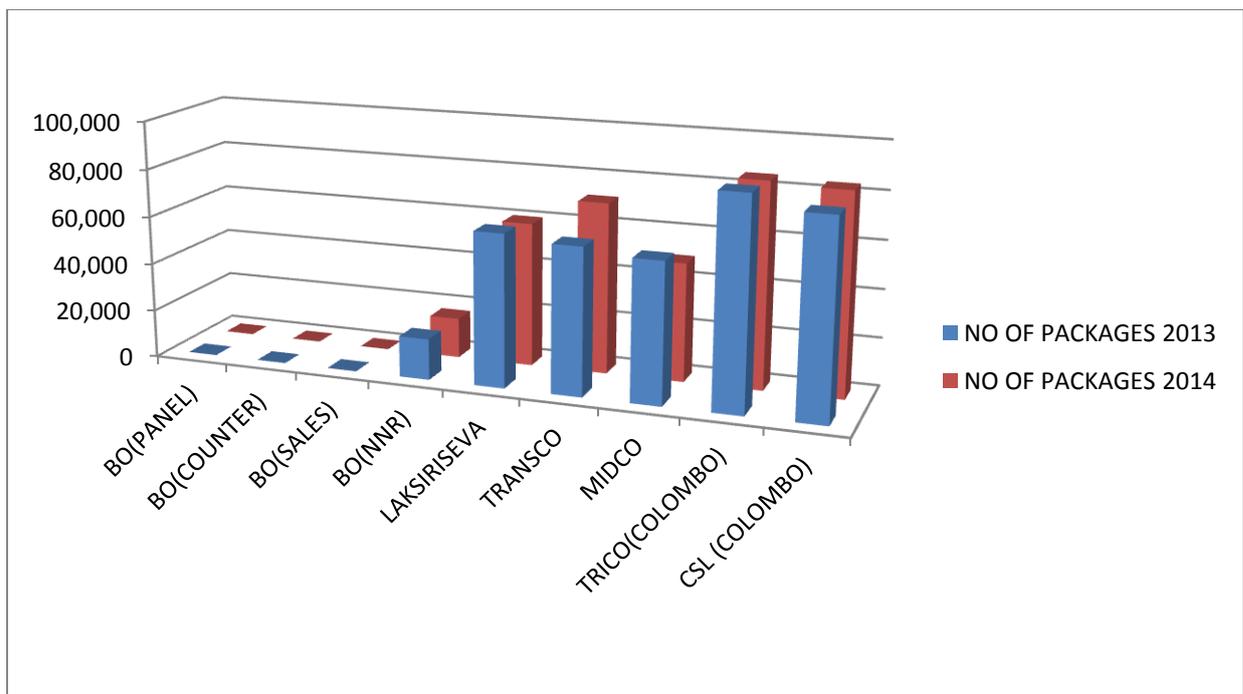
	NO OF PACKAGES	PENALTY	OVERTIME	TAXES	TOTAL
BO(PANEL)	0	0.00	0.00	3,077,309.00	3,077,309.00
BO(COUNTER)	0	12,165,014.00	0.00	25,388,899.00	37,553,913.00
BO(SALES)	0	2,842,008.00	0.00	8,088,600.00	10,930,608.00
BO(NNR)	16,685	1,256,520.00	0.00	29,548,856.00	30,805,376.00
LAKSIRISEVA	60,076	463,078.00	3,866,085.00	25,444,072.00	29,773,235.00
TRANSCO	71,171	998,600.00	2,588,493.00	22,457,618.00	26,044,711.00
MIDCO	49,289	945,013.00	2,701,784.00	14,914,833.00	18,561,630.00
TRICO(COLOMBO)	85,119	883,771.00	3,318,279.00	32,107,656.00	36,309,706.00
CSL (COLOMBO)	83,776	1,703,337.00	2,887,314.50	47,186,782.00	51,777,433.50
<b>Total</b>	<b>366,116</b>	<b>21,257,341.00</b>	<b>15,361,955.50</b>	<b>208,214,625.00</b>	<b>244,833,921.50</b>

## Comparable Financial Performance for the Year 2013/2014 (Rs)

	NO OF PACKAGES 2013	NO OF PACKAGES 2014	PENALTY 2013	PENALTY 2014	OVERTIME 2013	OVERTIME 2014	TAXES 2013	TAXES 2014
BO(PANEL)	0	0	0.00	0.00	0.00	0.00	0.00	3,077,309.00
BO(COUNTER)	0	0	11,065,325.00	12,165,014.00	0.00	0.00	42,573,011.00	25,388,899.00
BO(SALES)	0	0	19,250.00	2,842,008.00	0.00	0.00	665,136,372.00	8,088,600.00
BO(NNR)	17,025	16,685	2,282,203.00	1,256,520.00	0.00	0.00	36,470,100.00	29,548,856.00
LAKSIRISEVA	63,469	60,076	465,799.00	463,078.00	2,650,231.00	3,866,085.00	21,734,979.00	25,444,072.00
TRANSCO	61,038	71,171	578,665.00	998,600.00	2,278,260.00	2,588,493.00	25,117,111.00	22,457,618.00
MIDCO	58,297	49,289	816,212.00	945,013.00	2,713,097.00	2,701,784.00	15,135,441.00	14,914,833.00
TRICO(COLOMBO)	87,037	85,119	1,330,202.00	883,771.00	3,275,349.00	3,318,279.00	61,641,685.00	32,107,656.00
CSL (COLOMBO)	81,296	83,776	1,100,663.00	1,703,337.00	2,951,439.00	2,887,314.50	39,802,554.00	47,186,782.00
	<b>368,162</b>	<b>366,116</b>	<b>17,658,319.00</b>	<b>21,257,341.00</b>	<b>13,868,376.00</b>	<b>15,361,955.50</b>	<b>907,611,253.00</b>	<b>208,214,625.00</b>

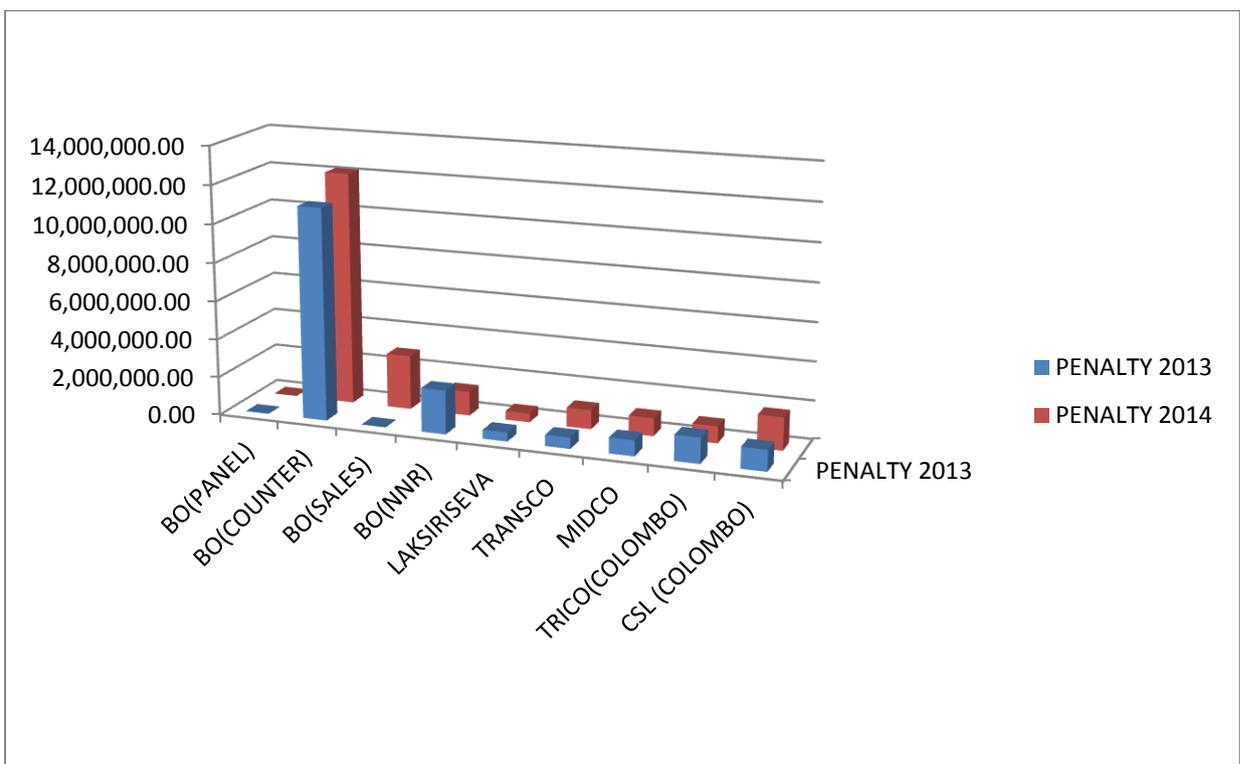
## Comparable Baggage movements for the year 2013/2014

	NO OF PACKAGES 2013	NO OF PACKAGES 2014
BO(PANEL)	0	0
BO(COUNTER)	0	0
BO(SALES)	0	0
BO(NNR)	17,025	16,685
LAKSIRISEVA	63,469	60,076
TRANSCO	61,038	71,171
MIDCO	58,297	49,289
TRICO(COLOMBO)	87,037	85,119
CSL (COLOMBO)	81,296	83,776
<b>Total (Rs)</b>	<b>368,162</b>	<b>366,116</b>



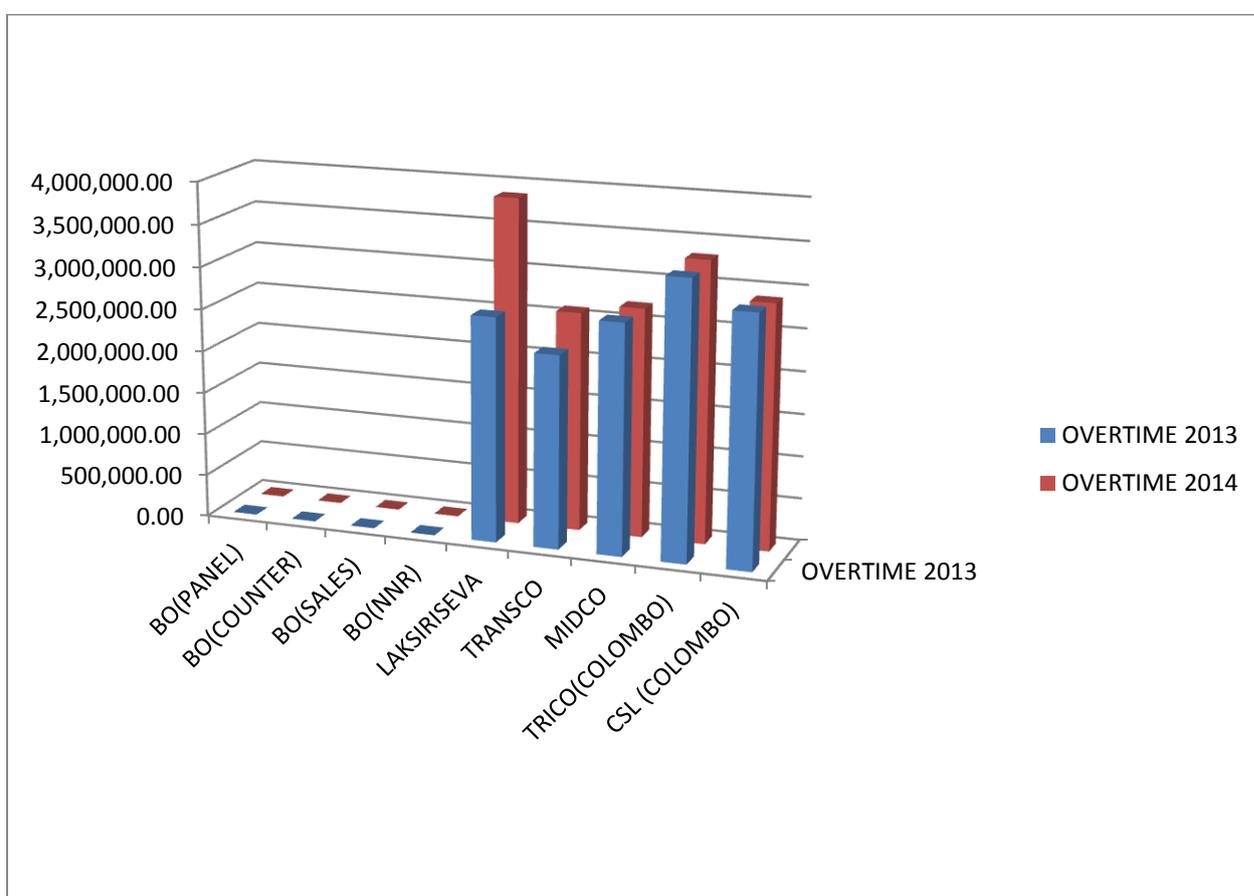
## Comparable penalty recoveries for the year 2013/2014

	2013	2014
BO(PANEL)	0.00	0.00
BO(COUNTER)	11,065,325.00	12,165,014.00
BO(SALES)	19,250.00	2,842,008.00
BO(NNR)	2,282,203.00	1,256,520.00
LAKSIRISEVA	465,799.00	463,078.00
TRANSCO	578,665.00	998,600.00
MIDCO	816,212.00	945,013.00
TRICO(COLOMBO)	1,330,202.00	883,771.00
CSL (COLOMBO)	1,100,663.00	1,703,337.00
<b>Total (Rs)</b>	<b>17,658,319.00</b>	<b>21,257,341.00</b>



## Comparable Overtime recoveries for the year 2013/2014

	2013	2014
BO(PANEL)	0.00	0.00
BO(COUNTER)	0.00	0.00
BO(SALES)	0.00	0.00
BO(NNR)	0.00	0.00
LAKSIRISEVA	2,650,231.00	3,866,085.00
TRANSCO	2,278,260.00	2,588,493.00
MIDCO	2,713,097.00	2,701,784.00
TRICO(COLOMBO)	3,275,349.00	3,318,279.00
CSL (COLOMBO)	2,951,439.00	2,887,314.50
<b>Total(Rs)</b>	<b>13,868,376.00</b>	<b>15,361,955.50</b>



## Comparable Taxes recoveries for the year 2013/2014

	TAXES 2013	TAXES 2014
BO(PANEL)	0.00	3,077,309.00
BO(COUNTER)	42,573,011.00	25,388,899.00
BO(SALES)	665,136,372.00	8,088,600.00
BO(NNR)	36,470,100.00	29,548,856.00
LAKSIRISEVA	21,734,979.00	25,444,072.00
TRANSCO	25,117,111.00	22,457,618.00
MIDCO	15,135,441.00	14,914,833.00
TRICO(COLOMBO)	61,641,685.00	32,107,656.00
CSL (COLOMBO)	39,802,554.00	47,186,782.00
<b>Total(Rs)</b>	<b>907,611,253.00</b>	<b>208,214,625.00</b>



# Exports Directorate

## Introduction

Exports directorate facilitates the clearance of the outward exports and re-exports by simplifying its procedures and introducing Direct Trader Input (DTI), promoting the international legitimate cargo movement through transshipment. The Directorate is also responsible to safeguard cultural, ecological and social interests of the country.

### Major Functions

- (1) Examination of Exports Cargo and Collection of Exports Duty Cess & Royalty on commodities for national revenue and Security purposes.
- (2) Continuous enhancement of efficiency of the service facilitating the Export trade through maximum use of information and communication technology
- (3) Providing national trade statistics
- (4) Safeguard the socio economic cultural and ecological interest of the nation.

### Comparison of Performance with the Action Plan for 2014:

(Establishment of a Centralized Export Cargo Examination Yard)

Key Action	Target	Actual	If not achieved, the reasons
Conduct Meeting with ICT Division and Operators	1 <sup>st</sup> Quarter 2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter	
Signing of a MOU with the operators	2 <sup>nd</sup> Quarter	2 <sup>nd</sup> Quarter	
Development of necessary infrastructure with the assistance of ICT	2 <sup>nd</sup> 3 <sup>rd</sup> 4 <sup>th</sup> Quarter	2 <sup>nd</sup> Quarter	

Link SLPA, SAGT and CICT for automatic data transfer for "shipment allowed" and to effect "Export release".

Main Steps	Target	Actual	If not achieved, the reasons
Conduct Meeting with ICT Division and Terminal Handlers	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter	
Enter into MOU with Terminal Handlers	2 <sup>nd</sup> Quarter	2 <sup>nd</sup> Quarter	
Activation of the Link	3 <sup>rd</sup> 4 <sup>th</sup> Quarters	3 <sup>rd</sup>	

Link container Freight Station (CFS) for LCL Cargo to the System

Main Steps	Target	Actual	If not achieved, the reasons
Conduct Meeting with ACE/DHL (CFS) and ICT to have Link to View CusDec	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter	-
Link Container Freight Stations	3 <sup>rd</sup> 4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	-

Replace manual License with e-Licensing for ease warranting

Main Steps	Target	Actual	If not achieved, the reasons
To have discussions with ICT with Licensing Agencies	1 <sup>st</sup> 2 <sup>nd</sup> 3 <sup>rd</sup> Quarter	3 <sup>rd</sup> and 4 <sup>th</sup> Quarters	-
Activation of electronic link with selected Licensing Agencies	2 <sup>nd</sup> , 4 <sup>th</sup> Quarter	2 <sup>nd</sup> 3 <sup>rd</sup> 4 <sup>th</sup> Quarters	Not implemented due to delay in finalized the discussion



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# Policy, Planning and Research Directorate

## Introduction

Policy, Planning and Research Directorate is mainly responsible for policy issues, tariff issues and international affairs. Its broad objectives can be summarized as follows:

- 1 Assisting the Director General of Customs in developing the Departmental Policies and converting same to procedures to be implemented by respective Directorates; conveying such decisions to the officers for information and compliance.
- 2 When requested, assisting the line Ministries and Departments in;
  - (i) Developing economic / trade policies
  - (ii) Converting such policies to tariff measures;
- 3 Conveying Tariff Measures to the officers and the public as relevant for information and Implementation.
- 4 Ensuring that the National Customs Tariff is maintained in the most updated status; attending to all Tariffs related inquiries.
- 5 Ensuring that the information required by public for promoting self compliance is available through the Customs information centre.
- 6 Representing the Sri Lanka Customs Department at WCO, its Regional Bodies, and other International Organizations (WTO and Secretariats for MEAs) and at Bi-lateral and Multi-lateral Trade Negotiations.
- 7 Adopting the WCO's recommendations and best practices by converting to policies and procedures in order for the Department to achieve its vision.

### Major Functions

- 1) Provide information on Customs matters quickly and accurately
- 2) Conduct regular consultations with border agencies
- 3) Conduct Business Process Re-engineering
- 4) Assist DGC/ADGC (Corp) to prepare Strategic Plan
- 5) Assist DGC/ADGC (Corp) to prepare Annual Action Plan
- 6) Represent DGC/ADGC (Corp) at forums on Customs Policies, Procedures, Taxes, and Trade Facilitation etc.
- 7) Organize International Customs Day Celebrations.
- 8) Ensure proper circulation of DOPLs
- 9) Ensure publishing the National Tariff Guides
- 10) Conduct Research pertaining to Customs matters

Key Action	Target	Actual	If not achieved, the reasons
Publishing the National Tariff Guide 2014	Publish in the 1 <sup>st</sup> quarter of the year	Published in the 1 <sup>st</sup> quarter of the year	-
Organizing the International Customs Day Celebrations	Organize in the 1 <sup>st</sup> quarter of the year	Organized in the 1 <sup>st</sup> quarter of the year	-
Implementation of Time Release (TRS) Study	Establishing the working Group in the 1 <sup>st</sup> quarter of the year	Established the working Group in the 1 <sup>st</sup> quarter of the year	-
	Determination of scope and design of the study in the 1 <sup>st</sup> quarter of the year	Determined the scope and design of the study in the 1 <sup>st</sup> quarter of the year	-
	Planning the methodology in the 2 <sup>nd</sup> quarter of the year	Planned the methodology in the 2 <sup>nd</sup> quarter of the year	-
	Drawing detailed plan in the 2 <sup>nd</sup> quarter of the year	Detailed plan drawn in the 2 <sup>nd</sup> quarter of the year	-
	Sampling in the 3 <sup>rd</sup> quarter of the year	Conducted Sampling in the 3 <sup>rd</sup> quarter of the year	-
	Development of Survey Questions in the 3 <sup>rd</sup> quarter of the year	Developed Survey Questions in the 3 <sup>rd</sup> quarter of the year	-
	Conducting a Test Run in the 3 <sup>rd</sup> quarter of the year	Conducted Test Run in the 4 <sup>th</sup> quarter of the year	-

## Customs Tariff Guide

Sri Lanka Customs is entrusted with the collection of all the taxes imposed on the international trade. During the year 2014, the Customs Department collected the following on the imported commodities: Import Duty, Excise (Special Provisions) Duty, Import Cess, Port and Airport Development Levy (PAL), Special Commodity Levy (SCL) Value Added Tax (VAT), and Nation Building Tax (NBT). Export Duty and Export Cess are payable on some of exported goods. In addition, certain selected commodities are assigned with Preferential Duty Rates, applicable for commodities originating from countries which Sri Lanka has entered into bi-lateral or multi-lateral trade agreements. Sri Lanka Customs had been publishing an annual Tariff Guide, incorporating in one book, all the taxes and tax rates payable on commodities.

## Departmental Circulars

Departmental circulars are frequently issued, as and when it becomes necessary to convey a policy decision, and the resulting changes occurring in the existing procedures, or to convey new procedures, or changes in the manuals of procedure. As a result, Departmental Circulars represent an important official news channel. Policy concepts originate in respective Directorates and are channeled to the policy, Planning and Research Directorate where at the content is vetted for inconsistencies with existing procedures and circulars, and the final text is prepared and the circular takes the official shape and format. Once it is approved by the Director General, it is printed and circulated among the staff. Revenue Protection Orders (RPOs) are another kind of a circular, published to convey changes in the taxes and levies, enabling the officers to collect revenue

applicable under the new rates from the effective date and time. Those changes originate from the General Treasury, and the circulars play an essential part in taxation.

## **Rates of Exchange Circulars**

Unlike the ever-changing (floating) parity rates used by the banks and money changers, Sri Lanka Customs apply a parity rate applicable for one working week as instructed by the Central Bank. The "Exchange Rates" as determined by the Director General of Customs is applicable for the payment of all duties of Customs as well as other charges, penalties and forfeitures incurred under the Customs Ordinance (chapter 235) are published on Friday each week, and circulated by the Policy, Planning and Research Directorate to all CusDec processing units & the ICT Directorate to publish in the Customs Website. That circular is an essential guide for all the officers as well as the traders.

## **International Affairs**

Policy, Planning and Research Directorate is also entrusted with Customs related international affairs. With a view to strengthen and better manage the international affairs of Customs, Customs International Affairs Division (CIAD) has been established. Its functions include coordinating and communicating matters related to Customs international affairs with the World Customs Organization and its Regional Office for Asia and Pacific, foreign Customs Administrations and other relevant international bodies and act as the Customs contact point. WCO sends frequent communiqués and the Directorate responds to those suitably. When Sri Lanka Customs finds it impossible to resolve classification disputes, such disputes are referred to the WCO. The changes in the Harmonized System Nomenclature are conveyed by the WCO and adopted by the Directorate. In addition, the Policy, Planning and Research Directorate is responsible for attending the matters related to the Bi-lateral and Multi-lateral Trade Agreements and Memorandum of Understandings on Customs Co-operation Agreements. Sri Lanka has made two bilateral agreements with India and Pakistan. In addition, Sri Lanka is in the process of making Agreements on mutual administrative assistance with Qatar, UAE and China.

## **International Agreements**

Sri Lanka Customs is in the process of making following international agreements:

1. Agreement on mutual administrative assistance for the proper application of Customs Law and repressions, investigations and enforcement of Customs offences between Sri Lanka & Qatar
2. Agreement on Co-operation and mutual assistance in Customs matters between Sri Lanka and UAE

## **Memorandum of Understanding**

Sri Lanka Customs is in the process of making following Memorandum of Understanding:

1. MOU on Customs cooperation between Sri Lanka and Korea.
2. MOU on strategic corporation between the China Customs and Sri Lanka Customs
3. MOU on surveillance of imports & exports of industrial products between China & Sri Lanka

## Planning activities

Reviewing the progress of the Key Initiatives of all the Directorates of Sri Lanka Customs for the year 2013 was concluded and the Performance Report for the year 2013 was published. Annual Action Plan for the year 2014 was prepared and conveyed to all the Directorates.

## Research activities

Revenue analysis is one of the major (important) exercise perform by the Directorate which provides significant insight of the revenue performance. An analysis on revenue collected from imports is carried out and reported to the DGC every two weeks.

A Time Release Study (TRS) to measure the time taken for Customs processes was carried out by Policy, Planning and Research Directorate based on the WCO TRS Guide version 2. The objective was to measure the average time taken for release of goods from the time of arrival and up to the release of goods to the consignee. As an initiative the survey was limited to the Customs constraint and the time taken at the working points such as Declaration Processing, Examination points and Valuation Directorate were measured. It was decided to carry out a comprehensive study with the participation of all the Border Agencies in due course.

## Performance in 2014

During the year 2014, the Directorate had issued 52 circulars on Exchange Rates, and 86 Departmental Orders.

The composition of the Departmental Orders issued on Tax changes during the year 2014 was as follows:

• Value Added Tax amendments	02
• Excise Tax amendments	07
• Port and Airport Development Levy amendments	01
• Special Commodity Levy amendments	24
• Cess Levy amendments	05
• Revenue Protection Orders	02
• Nations Building Tax amendments	01

## Departmental Orders issued during the year 2014

DOPL NO	DATE	RELATED TO	SUBJECT
906	09.01.2014	CID	Settlement of brought forward VAT Input tax against the duty payable at Customs
886A	09.01.2014	Import	Restoration of Customs facilities of M/S Ranathunga Motors
907	16.01.2014	Import	Customs Commendation policy
908	20.01.2014	Import	RPO 01/2014
908A	24.01.2014	Import	Errata to DOPL 908
909	24.01.2014	Excise	Imposing Excise duty on Ethanol
908B	28.01.2014	Imports	Errata to DOPL 908
910	31.01.2014	Freight charges	Shipping agents, freight forwarders & Container operators regulations
910A	31.01.2014	Freight charges	Errata to DOPL 910
911	03.02.2014	Waivers	Duty waiver on Milk Powder
912	06.02.2014	SCL	SCL amendments on Dhal
913	07.02.2014	SCL	SCL amendments on Potatoes

DOPL NO	DATE	RELATED TO	SUBJECT
914	07.02.2014	SLSI	SLSI Regulations
915	13.02.2014	ICL	ICL Requirements
916	10.03.2014	SCL	SCL amendments on Dhal
118-O	27.03.2014	Reward	ICT Pool
917	14.03.2014	SCL	SCL amendments on Onions
918	19.03.2014	Imports	Fast Track Documentation
919	21.03.2014	Export	Non manipulation certificate
920	26.03.2014	Imports	Suspension of Customs facilities
921	26.03.2014	Admin	Dealing with Customs detections of BCNH related laws
922	10.04.2014	SCL	SCL Amendment on Rice
923	17.04.2014	SCL	SCL Amendment on Maize
924	22.04.2014	Valuations	Customs Valuation on Motor vehicles
861A	23.04.2014	Legal	Customs Investigations & Inquiries
925	23.04.2014	Imports	Granting Tolerance in ascertain weight on food products
923A	24.04.2014	SCL	Errata to DOPL 923A
926	25.04.2014	Imports	Suspension of Customs Facilities of Harcourts
927	05.05.2014	Imports	Temporary classification
926A	07.05.2014	Imports	Restoration of Customs Facilities
928	20.05.2014	Admin	Enforcement Committee
929	30.05.2014	SCL	SCL amendments
930	30.05.2014	SCL	SCL Amendments on Dhal
931	02.06.2014	Waiver	Duty waiver on Milk powder
932	10.06.2014	SCL	SCL Amendments on Maize
933	11.06.2014	Tobacco	Tobacco products labeling & Packaging regulations
934	04.07.2014	Imports/ Exports	Documentation and verification procedure for Hub operations
935	16.07.2014	SCL	SCL amendments on Potatoes & Sugar
936	17.07.2014	SCL	SCL Amendments on Mackerel
937	17.07.2014	SCL	SCL amendments on Rice
562E	21.07.2014	NC Committee	NC Committee
938	28.07.2014	SCL	SCL amendments
939	31.07.2014	Admin	Customs International Affairs Division
940	01.08.2014	Cess	Recovery of Cess on Import of Sugar
941	11.08.2014	SCL	SCL Amendments
942	14.08.2014	SCL	SCL Amendments
943	15.08.2014	Motor Vehicles	Seizing of Motor vehicles in RMMR Port
869A	15.08.2014	GEM	Export Gemstones
869B	19.08.2014	Errata	Errata to DOPL 869 A
749B	20.08.2014	Valuation	Valuation Committee
944	25.08.2014	Export	Value limit of Export trade samples
945	25.08.2014	SCL	SCL amendments on B'onions & Potatoes
946	05.09.2014	SCL	SCL on Rice & Sugar
947	05.09.2014	Cargo examination	Weight-GSM tolerance

DOPL NO	DATE	RELATED TO	SUBJECT
118-P	26.09.2014	Reward	Increase of PP&R Pool
948	10.10.2014	Waiver	Remove the Milk Powder waiver
949	13.10.2014	Excise	Importation of Ethyl Alcohol
950	14.10.2014	Excise	Excise duty amendments on Cigarettes
951	15.10.2014	ICL	MOD License requirements
952	24.10.2014	Imports	RPO 02/2014
953	24.10.2014	ICL	ICL requirements
954	24.10.2014	Waiver	Duty Waiver on Milk Powder
955	24.10.2014	SCL	SCL Amendments
956	24.10.2014	Imports	Motor Vehicles Depreciation table
957	24.10.2014	Cess	Import Cess changes
958	24.10.2014	Excise	Changes to Excise (Special Provisions) Duty
959	24.10.2014	Cess	Export Cess Changes
960	24.10.2014	Excise	Excise Duty exceptions
961	24.10.2014	Imports	NBT/VAT/PAL Exceptions
962	24.10.2014	Imports	Importation of Ethyl alcohol
958A	27.10.2014	Excise	Errata to DOPL 958
958B	28.10.2014	Excise	Errata to DOPL 958 A
963	28.10.2014	SCL	SCL amendments on Margarine
964	30.10.2014	Waiver	Duty waiver on Gold
956A	30.10.2014	Motor vehicle	Motor vehicle depreciation table
957A	31.10.2014	Cess	Errata to DOPL 957
958C	03.11.2014	Excise	Excise amendments on Vehicle Permit
956B	03.11.2014	Motor vehicle	Errata to Depreciation table of Motor Vehicles
965	10.11.2014	Waiver	Duty waiver on Milk Powder
966	10.11.2014	Waiver	Duty waiver on Petrol & Diesel
957B	10.11.2014	Cess	Errata to DOPL 957
967	11.11.2014	Imports	Banned of Importation of Potatoes
968	20.11.2014	Imports	Permission to Import of Potatoes
969	02.12.2014	SCL	SCL amendments on Potatoes
970	05.12.2014	Waiver	Duty waiver on Petrol & Diesel
971	12.12.2014	SCL	SCL amendments on Potatoes
972	19.12.2014	ICL	ICL on New Air-conditioning machines
973	23.12.2014	Exchange Control	Exchange Control Regulations
974	31.12.2014	VAT	VAT Amendments
975	31.12.2014	SCL	SCL Amendment on B'onions

## Departmental subject files opened

Date	PL No:	Description
03.01.2014	729	Donating a dialysis machine to General Hospital Anuradhapura
13.01.2014	730	WTO Agreement on Trade Facilitation
12.02.2014	731	Sri Lanka E-waste management policy
19.02.2014	732	Implementation of Productivity Improvement Programme
19.03.2014	733	Departmental Strategic plan steering Committee
27.03.2014	734	Opening ceremony of the new building
02.04.2014	735	Certificate of non manipulation
11.04.2014	736	Committee on fast track documentation process
24.04.2014	737	Working group of Stockholm convention on organic pollution
06.05.2014	738	Subgroup meeting on WCO SAFE framework of standards
06.06.2014	739	Agreement on Co-Operation & Mutual assistance in Customs matters between Sri Lanka & UAE
31.07.2014	740	Meeting on joint working group between Sri Lanka & Korea
15.08.2014	741	Thimpu concept paper
15.08.2014	742	National seminar on the Agreement on sanitary & Phytosanitary measures
21.08.2014	743	Agreement between Sri Lanka & Qatar
25.08.2014	744	Importing Agricultural equipment without ICL
02.09.2014	745	Perusal of job description
05.09.2014	746	MOU between china & Sri Lanka
10.09.2014	747	Establishment of MOU on surveillance with
18.09.2014	748	TRS Survey
27.11.2014	749	Proposed new Container examination bay at port access road

## **National Sub Divisions (NSD) in the Harmonized Commodity Description and Coding System (HS) proposed to Trade and Investment Policy Department to be included in the 2015 Budget Proposals**

It was proposed to create NSDs for the following commodities under the respective chapters in the HS as proposals in the National Budget 2015:

1. Articles of printed matter
2. Foreign currency notes
3. Herbs based beverages
4. Multi – walled paper bags
5. Flat- rolled products of iron
6. Beans certified for sowing
7. Taps, cocks, valves and similar appliances

### **Coordination meetings Attended by Director / Deputy Directors**

Several meetings at the following institutions were attended during the year 2014:

1. Department of Commerce
2. Department of Import / Export control
3. Ministry of foreign affairs
4. Environmental Authority
5. Ministry of finance , Trade & investment policy, Fiscal policy

### **Events organized by Policy, Planning & Research Directorate**

#### **1. International Customs day Celebration**

Date – 27th January 2014

Venue – Customs Head office

Theme – “Communication: Sharing information for better cooperation”.

Chief Guest – Dr. Sarath Amunugama, Deputy Minister of Finance and Planning

#### **2. W.C.O workshop on Risk Management/ Assessment**

Date – 08<sup>th</sup> to 12<sup>th</sup> December 2014

Venue – Hotel Taj Samudra, Colombo, Sri Lanka

Resource Persons:

- Mr.Oguz Onal - Program Manager, Compliance and Facilitation Directorate, WCO,
- Mr.T.A.L.Weerasinghe WCO Accredited Risk Management Expert in the field of Risk Management
- Mr. Takahiro Takahashi WCO Accredited Risk Management Expert in the field of Risk Management

# Post Clearance Audit Directorate

## 1. Introduction

Post-clearance audit means audit-based Customs control performed subsequent to the release of the cargo from Customs' custody. The purpose of such audits is to verify the accuracy and authenticity of declarations and covers the control of traders' commercial data, business systems, records and books. Such an audit can take place at the premises of the trader, and may take into account individual transactions, so-called "transaction-based" audit, or cover imports and/or exports undertaken over a certain period of time, so-called "company based" audit.

Post-clearance audits can be conducted on a case-by-case basis, focusing on targeted operators, selected on the grounds of risk analysis of the commodity and the trader, or in a planned, regular way, set out in an annual audit programme. Furthermore, the audit could also be used as criteria to offer special treatment to certain economic operators.

(Source: Technical Notes produced jointly by the World Customs Organization (WCO) and UNCTAD- United Nations Conference on Trade and Development)

Post Clearance Audit Branch (PCAB) was first established in year 2000, under the Directorate of Valuation in order to facilitate the successful implementation of WTO Valuation Agreement. This branch was established by absorbing Post Audit and Manifest Unit (PAMU) and Audit & Inspection Branch (A & ID).

With the implementation of the new organizational structure under the customs reforms and modernization program in the latter part of 2010, PCAB functioned under the Directorate of Valuation was upgraded to a Directorate under a Director of Customs within the Enforcement Cluster and known as Directorate of Post Clearance Audit (PCA). Considering the need to facilitate the compliant traders and to control lapses and fraud in customs clearance process, it has been decided to improve the existing systems by establishing a Risk Management Unit (RMU) in Customs. Recognizing that the implementation of the principles of risk-management and compliance measurement, and introduction of procedures for facilitation programmes in Customs clearance process are important factors that would contribute to enhance the level of compliance among the trading community, it has been decided to bring the functions of the Post Clearance Audit and Risk Management under one Directorate within the Corporate Cluster. Henceforth Post Clearance Audit and Risk-management are functioning as two branches under the directorate which is names as "Compliance and Facilitation Directorate" with effect from 26<sup>th</sup> September 2013 in terms of DOPL883.

### Major functions

1. Systematical collection, storage and securing of the "Warrant Copies" of all CusDecs.
2. Scrutinizing Warrant Copies and connected documents, and analyzing information/data available in those documents.
3. Selection of potential auditees.
4. Conducting of audits.
5. Taking appropriate follow up actions when frauds or short levies are detected.
6. Reviewing of audit process for further improvement.
7. Monitoring e-manifests submitted through ASyCuDa World System.
8. Granting due refunds expeditiously; regulating and monitoring of departmental refunds process.

**The following can be considered as main objectives of PCA:**

- (a) To verify accuracy and authenticity of Customs declarations over the past certain period;
- (b) To recommend auditees to take necessary measures for amendment of their incorrect declarations;
- (c) To encourage auditees to enhance their compliance with Customs laws and regulations;
- (d) To provide input for the risk management process.

**ITEMS TO BE VERIFIED IN PCA**

Every particular required for an import declaration outlined in the following table can be verified in PCA:

Duty Base-Related items	Duty Rate – Related items	Duty Amount – Related items	Others
<ul style="list-style-type: none"><li>• Value</li><li>• Quantity</li><li>• Currency exchange rate</li></ul>	<ul style="list-style-type: none"><li>• Classification</li><li>• Application of general rates</li><li>• Preferential rates</li></ul>	<ul style="list-style-type: none"><li>• Exemptions Justifications Amount</li><li>• Accuracy of duty calculation</li></ul>	<ul style="list-style-type: none"><li>• Restrictions</li><li>• Prohibitions</li><li>• Import License</li><li>• IPR</li><li>• CITES</li></ul>

It should be noted that the above items can be examined in customs clearance and / or pre-clearance verification stages before PCA. The approach in PCA should be different from one in customs clearance (pre-clearance verification) to avoid unnecessary duplication between them and to maximize the merits and minimize the demerits of PCA. As one of the merits, PCA enables PCA officers to examine not only documents attached to customs declarations but also relevant books and records, such as account books, retained by auditees over the past certain period at the auditee’s premises.

**Post Clearance Audit Unit**

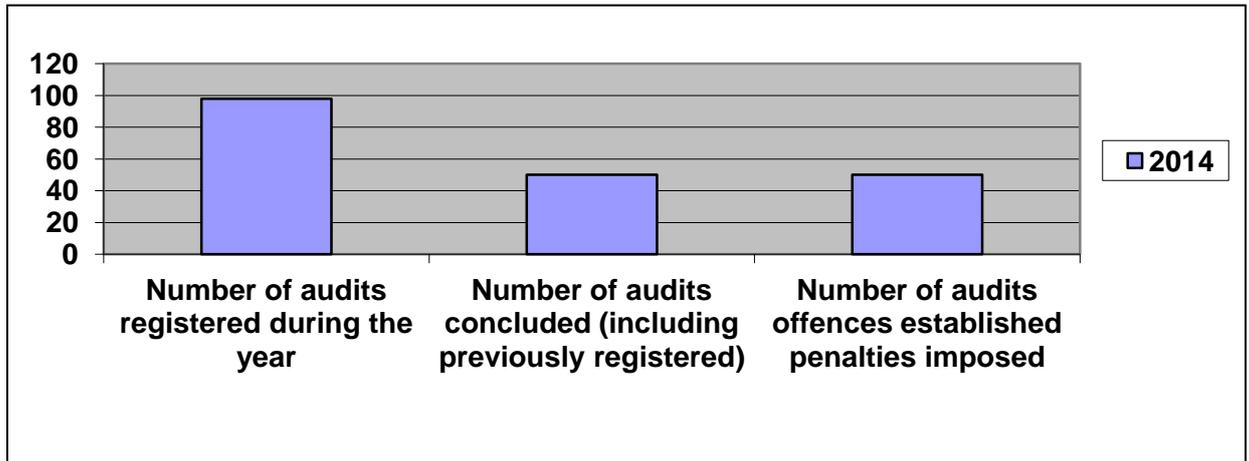
**Performance during the year 2014**

	<b>2014</b>
Number of audits registered during the year	98
Number of audits concluded (including previously registered)	50
Number of audits offences established penalties imposed	50
Total amount of penalties recovered	Rs.77,080,892.00
Total amount of sales proceeds collected	Rs.37,635,525.00
Total amount collected as A/E	Rs.4,660,935.00

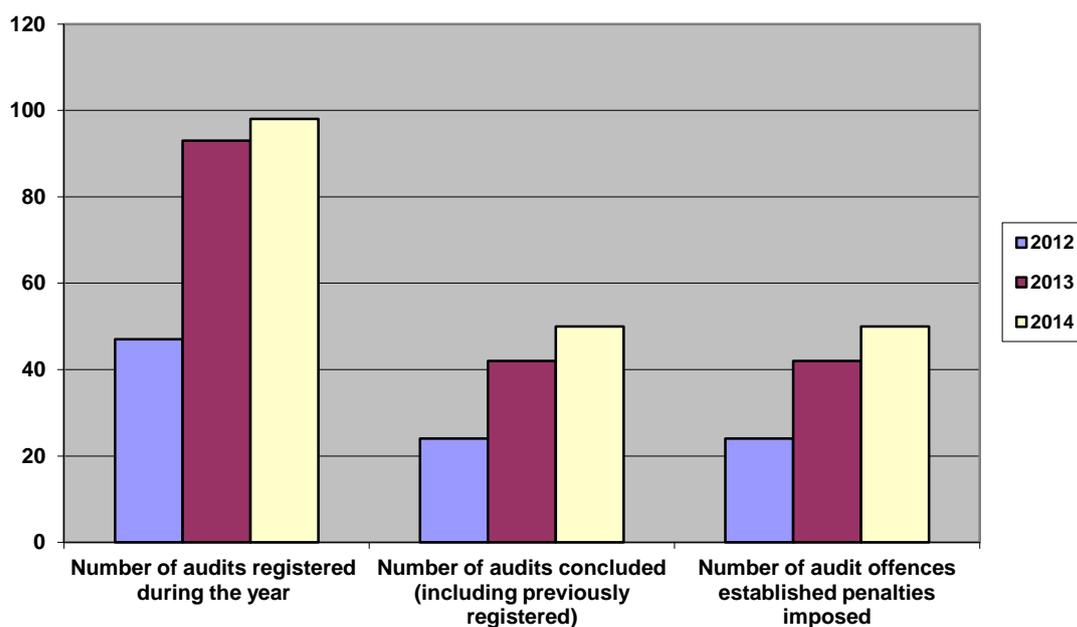
## Performance during the year 2012, 2013 & 2014

	2012	2013	2014
Number of audits registered during the year	47	93	98
Number of audits concluded (including previously registered)	24	42	50
	2012	2013	2014
Number of audits offences established penalties	24	42	50
Total amount of penalties recovered (Rs.)	165,713,513	251,181,532	114,716,417
Total value of the goods forfeited (Rs.)	278,159,754	NIL	NIL
Total amount collected as A/E (Rs.)	41,223,576	NIL	4,660,935

### Comparison - Chart format - Year 2014



## Comparison – year 2012, 2013, and 2014



## Special Performance of PCA during year 2014

### Proposed Tentative Schedule for year 2014

	Key Activity	Planned Time Period
1.	Two departmental workshops to be conducted for Customs Officers	Within May to November 2014.
2.	Conducting consultation sessions with stakeholders	During May to June 2014.
3.	Disseminating valuation information through the Customs Web Site	Mid of August 2014
4.	Discussions on transfer scheme with administration	Before effecting the next bi-annual transfer
5.	Issuing a booklet on valuation formalities	By October 2014

## Progress Report on the above schedule

Key Activities	Achievement
(1). Workshops on introduction of WTO Valuation Procedure conducted for SCC/DSCC/ASC	January2014- 03 hrs duration February2014- 12hrs duration March2014- 12hrs duration April2014-9hrs duration
(2). Workshops on introduction of WTO valuation procedure for stakeholders at Ceylon Chamber of Commerce	September2014-03hrs
(3). Disseminating valuation information	Publication of Customs Reference Values for Brand New and used vehicles
(4). Discussion on transfer scheme with administration	Completed
(5). Publication of valuation formalities	Yet to be completed

## Refunds Branch

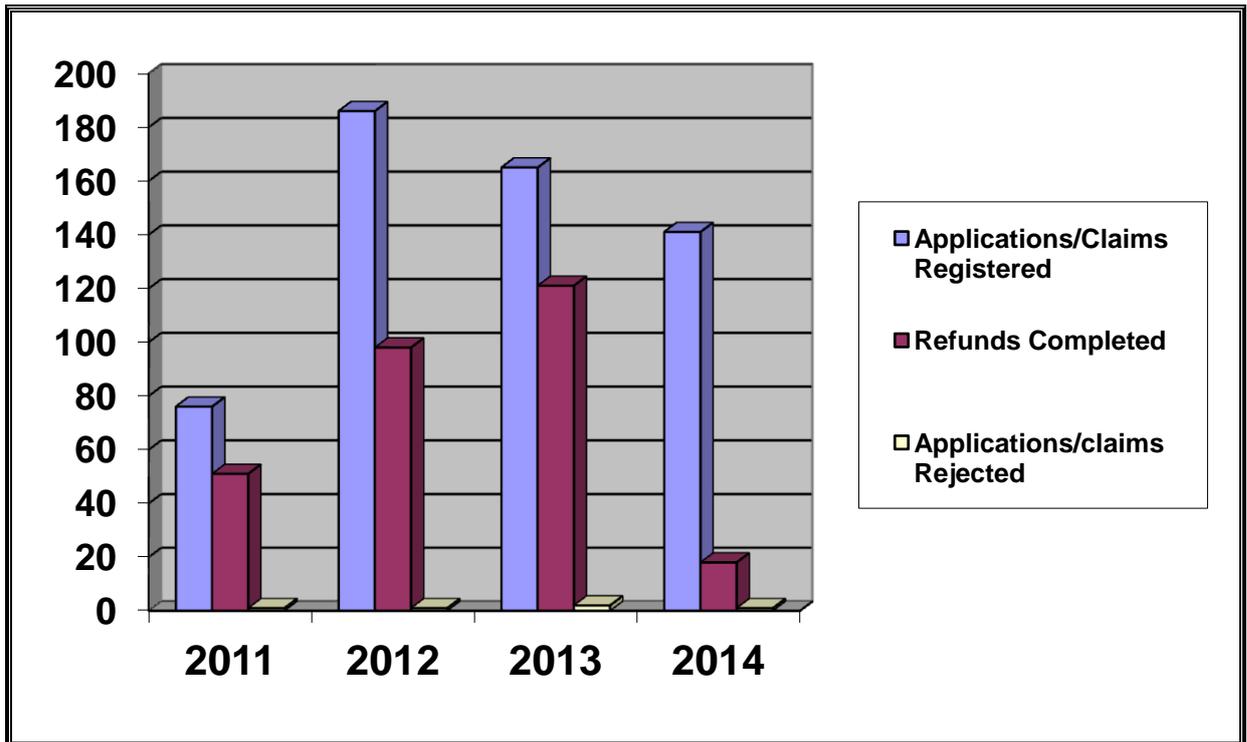
### Status of the Refund Claims - 2014

	Number
No of Application/Claims Registered	141
No of Refunds Completed	18
No of Applications / Claims Rejected	01

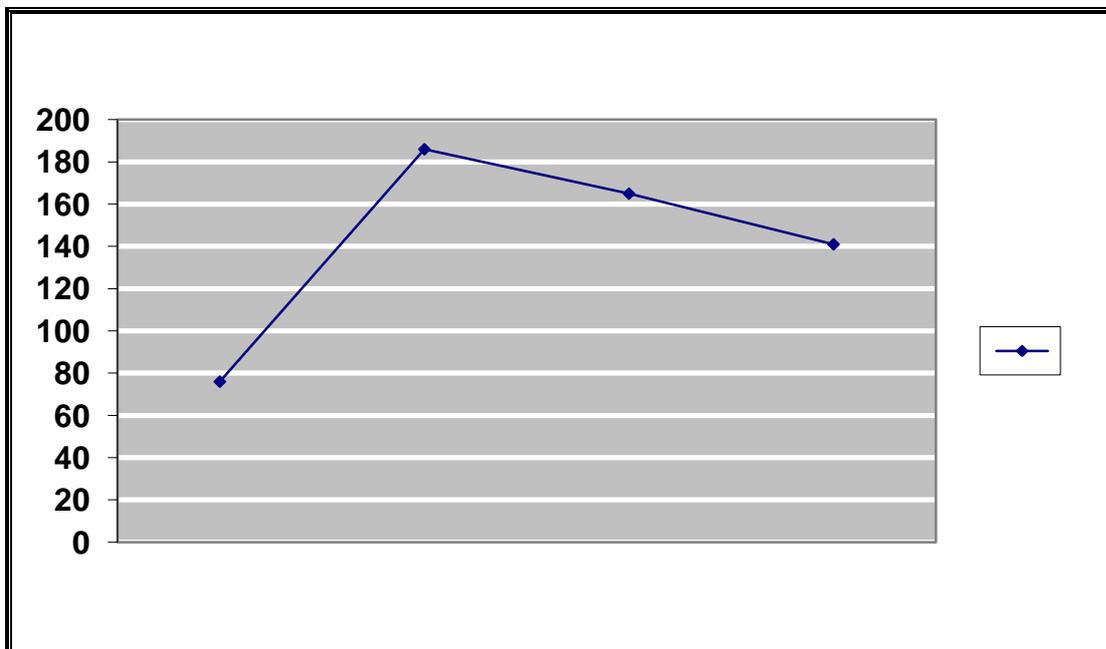
### Status of refunds Claims – previous years (2011 - 2014)

Year	2011	2012	2013	2014
No of Applications /Claims Registered	76	186	165	141
No of Refunds Completed	51	98	121	18
No of Applications / Claims Rejected	01	01	02	01

Comparison – Chart format (Year 2011, 2012, 2013 & 2014)



Comparison – Chart Format (Year 2011, 2012, 2013 & 2014)



## **Risk Management Unit**

Risk Management is the systematic application of management procedures and practices which will provide customs with necessary information to address the risk. The potential for non compliance with relevant statutory requirements and the potential failure to provide an appropriate level of facilitation are key risks which customs administration is faced.

The Sri Lanka Government policy is to promote legitimate international trade in Sri Lanka and there is an increasing emphasis on facilitation of the movement of cargo into and out of the country. Therefore customs has to minimize human intervention in its clearance process and procedures and introduced system based controls.

With the fulfillment of above objectives Sri Lanka Customs has established a Risk management unit to use risk managements tools to maintain balance between control and facilitation. Automated selectivity program use risk management tools which also includes risk indicator to analyze and assessment of potential risk. Risk assessment tools drive through automated selectivity programme in the ASYCUDA systems through which import data declared will be analyzed on the basis of identified risk parameters. Depending on the selected risk levels, consignment will be routed through different channels for customs examination.

Valuation database is another important risk assessment tool which is used by customs Administration along with other risk tools to assess potential risk regarding truth or accuracy of the declared value for imported goods. It enables customs to compare the declared value to the customs reference value in the database. This task can be achieved by establishment of reference valuation database using ASYCUDA system with use of Intelligence software to retrieve and analysis of the data in the system. Establishment of the Valuation database is in the initial stage and expected to be completed within months ahead.

with the objective of facilitating legitimate traders , a fast track documentation program has been introduced by the unit which provide green channel facility for documentary process at Long room. This facilitation process will be enhanced for green channel facility for cargo examination too in time to come.

Application of principles of Risk Management in order to achieve the balance between control and facilitation is the key task of the Risk Management unit.

## **Risk Management Unit**

### **Main Functions**

#### 1. Fast Track Documentation Program at Long Room

- Identification of compliant traders and granting to provide Fast Track Documentation facility at the Long Room through various criteria.
- Visiting the offices of such identified traders to assess their internal procedures and accounting systems etc.
- Maintain a fast track consignee list and monitor the compliance of them.

#### 2. Selection of High Risk Cargo

- Identification of High Risk Cargo through various analysis and query plans.
- Timely evaluation and monitoring of the HRC list
- Update the HRC list frequently

#### 3. Automated Selectivity Program

- Identification of Risk Parameters
- Setting up Risk Levels for each Risk Parameter

- Determining appropriate Risk Levels for meaningful routing of consignments for Customs examination.
- Conducting feasibility studies towards proposed functions of the Automated Selectivity Program
- Collating appropriate test data for test runs
- Perform test runs

#### 4. Valuation Database

- Storing Customs reference values for imported goods
- Cluster each HS/Item against its Description/Attributes for each of which reference values are stored on the database.
- Conducting feasibility studies towards proposed functions of the Valuation Database
- Collating appropriate test data for test runs
- Perform test runs

#### **Performance during the Year 2014**

	No of Consignees / Status
Fast Track Documentation Program	217
HRC List	763
Automated Selectivity program	Basic selectivity program is designed considering four risk parameters and assigning risk levels accordingly
Valuation Database	Covered initial stages of valuation database. introduced a new Value Declaration Form to capture data in a more complete format

# Compliance and Facilitation Directorate

## Post Clearance Audit, Refunds and Risk Management

### 2. Introduction

Post-clearance audit means audit-based Customs control performed subsequent to the release of the cargo from Customs' custody. The purpose of such audits is to verify the accuracy and authenticity of declarations and covers the control of traders' commercial data, business systems, records and books. Such an audit can take place at the premises of the trader, and may take into account individual transactions, so-called "transaction-based" audit, or cover imports and/or exports undertaken over a certain period of time, so-called "company based" audit.

Post-clearance audits can be conducted on a case-by-case basis, focusing on targeted operators, selected on the grounds of risk analysis of the commodity and the trader, or in a planned, regular way, set out in an annual audit programme. Furthermore, the audit could also be used as criteria to offer special treatment to certain economic operators.

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### 2. The following can be considered as main objectives of PCA:

- To verify accuracy and authenticity of Customs declarations over the past certain period;
- To recommend auditees to take necessary measures for amendment of their incorrect declarations;
- To encourage auditees to enhance their compliance with Customs laws and regulations;
- To provide input for the risk management process.

<b>Key Action</b>	<b>Target</b>	<b>Actual</b>	<b>If not achieved , the reasons</b>
Two departmental workshop to be conducted for Customs Officers	03 <sup>rd</sup> quarter	Achieved	-
Conducting consultation sessions with stakeholders	03 <sup>rd</sup> quarter	Achieved	-
Disseminating valuation information through the customs web site	Publication of Customs Reference Values for Brand New and	Achieved	-
Discussions on transfer scheme of CFD with the Administration	02 <sup>nd</sup> quarter	completed	
Issuing a booklet on valuation formalities	02 <sup>nd</sup> quarter	Not completed	Due to lack of resources and staff.

# Refunds Division

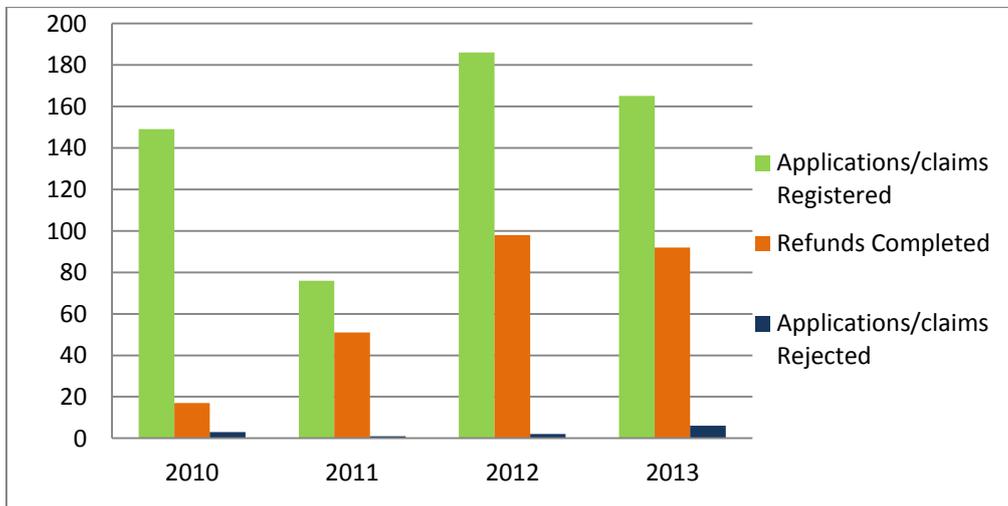
## Status of Refund Claims

Comparison with previous years (2010, 2011, 2012 & 2013)

Year	2010	2011	2012	2013
No. of Applications/claims Registered	149	76	186	165
No. of Refunds Completed	17	51	98	92
No. of Applications/claims Rejected	03	01	02	06

## Status of Refund Claims

Comparison with previous years (2010, 2011, 2012 & 2013)



# Risk Management Unit

## Main Functions

### 1. Selection of High Risk Cargo

- Collected the details of the 1<sup>st</sup> time registered Importers (from 01<sup>st</sup> of May to November 20<sup>th</sup> and 21<sup>st</sup> of November to 9<sup>th</sup> of January)
- Analyzed the previous details of existing High Risk Cargo (HRC) list Consignments.
- Removed the existed HRC list.
- Created a new HRC list.
- Monitoring the newly added HRC importers.

### 2. Fast Track Documentation Program at Long Room

- Green channel documentation facility at Long Room for identified compliant traders.
- Fine tune a Questioner for the aim of assessing compliant traders, their internal procedures, accounting systems and other compliant sensitive areas/variables.
- Made aware respective officials of above said companies about the proposed program.
- Inserted their TIN numbers to the ASYCUDA World system for the identification at CusDec Processing at Long Room.

### 3. Revenue Research

- Structured the contents and the scope of proposed revenue research report
- Prepared a form to collect amount of sums collected by respective directorates in the forms of additional recoveries, Penalties, Forfeitures etc.
- Prepared Database queries to retrieve Import data from the Database for the selected sectors which are to be extensively analyzed at the report

### 4. Establishment of Automated Valuation Reference Database

- Practiced Clustering in the respect of HS/Item against its Description/attributes.
- Prepared a feasibility report for the proposed valuation reference database against the existing ASYCUDA World modules in operation.
- Ongoing practicing of clustering using the data disseminated by Indian Delegation

<b>Key Activity 1 : Enhance Accuracy and Efficiency of Previous Offence Database</b>					
RESPONSIBILITY : Central Intelligence Unit					
<b>Main Steps</b>	<b>1<sup>st</sup> quarter</b>	<b>2<sup>nd</sup> quarter</b>	<b>3<sup>rd</sup> quarter</b>	<b>4<sup>th</sup> quarter</b>	
1. Establish a system to get details of offenders from other directorates as soon as an offence is established		X			Establishing a smooth flow of activities to collect information from other directorates as soon as an offence establishes was not successful. The routine flow continues due to the difficulties in having a proper coordination among directorates. Lack of a proper communication channel and the lack of understanding of the importance of timely submission of the seizure reports have caused the plan to fail.
2. Establish a system to key in those data in to central e-base			X		Centralizing the Previous offence database required advanced infrastructure and technical knowledge than expected. With other large scale automations going on in Customs department, the interest given for this sub area was not adequate. Further, the Central Investigation Bureau has not linked the Central Case Registry to CIU. This flaw also has caused the plan to fail.
3. Establish a system to disseminate those data to a. CHA Unit b. Any other unit requiring intelligence		X			Dissemination of information is done as per the request of the CHA or any other branch. Yearly renewal of the CHA pass requires a report from Previous Offence Database and the CIU unit disseminates information to facilitate the flow. However the dissemination has to be more sophisticated and efficient.



# Information & Communication Technology Directorate

## Introduction

Objectives of the ICT Directorate are to provide technology, services and facilitations to the Department in commissioning the CusDecs processing and furnishing web services around the clock constantly. Total automation of CusDecs processing ensures speedy quality and reliable information systems for effective and efficient Customs administration. ICT Directorate is instituting new more efficient and fail-safe computer based systems and processes to keep up the submission of all the Customs Declarations and supportive documents, electronically.

### Major Functions

1. Support to achieve organizational goals through Automation.
2. Maintain the systems network , computer peripherals and databases successfully
3. Provide timely and accurate information system and reports to Customs Management, other Customs Divisions, other government agencies and stakeholders
4. Conduct evaluations and effect upgrades to existing systems: 'ASyCuDa', 'Cargo Control system', Motor Control System', and Thineth System', with global advancements
5. Enhance professional quality with the ICT Skills of the staff of the ICT directorate to achieve the desired operational goals.
6. Expand trainings in ICT literacy and operations of the ICT modules to the Department staff in Year 2014

Main Tasks	Achieved % on 30/12/2014	Special Remarks
1. Connecting import control licences to the ASYCUDA System.	50%	Software developed. Yet to be implemented
2. Streamlining the e manifest processing and connecting CusDecs	90%	Awaiting arrival of the UN expert to finalize
3. Officers minutes are to be captured electronically on the inspection act	90%	Testing completed. Yet to be implemented
4. Implementing an electronic message broker to communicate with other agencies	10%	At the development stage
5. Further implementation of the automatic selectivity in ASYCUDA WORLD.	75%	Testing completed. Yet to be implemented

6. Connecting SLSI to the ASYCUDA System.	50%	Testing completed. Yet to be implemented
<b>Main Tasks</b>	<b>Achieved % on 30/12/2014</b>	<b>Special Remarks</b>
7. Generating and sending SMS to the consignee/declarant when the CusDec is received, channel selected, payment updated, released etc for the CusDecs at the motor vehicle unit.	100%	Finalized
8. Sending the details of the released CusDecs electronically to the SLPA/CICT.	100%	Finalized
9. Implementing the EXIT NOTE in ASYCUDA WORLD.	30%	Awaiting arrival of the UN expert to finalize
10. Introducing a new export procedure at the central examination yard.	100%	Finalized
11. Further development of Audit of ASYCUDA WORLD data	50%	Process on going
12. Introduction of Cargo Control System for ASYCUDA WORLD	80%	Testing completed. Yet to be implemented. Awaiting UN experts arrival to finalize
13. Providing ASYCUDA WORLD to examination yard for facilitation	90%	Testing completed. Yet to be implemented
14. Training the ICT staff/other operation staff about ASYCUDA Features.	90%	10% of officers to be trained

# Central Valuation Directorate

## Introduction

Central Valuation Directorate is entrusted with functions related to determination of value of imported goods under Schedule 'E' of the Customs Ordinance in order to safe guard Customs revenue.

## Objectives

- Enhance efficiency and effectiveness through valuation tools and capacity building thereby contributes to departmental goods.
- Foster public-private partnership
- Increase the level of compliance on valuation rules using best practice approaches

### Major Functions

- Assisting the valuation committee in Policy matters concerning Customs Valuation;
- Developing valuation tools (including databases and periodical alerts) and best practices for the effective and uniform application of valuation law;
- Value verification of commodities;
- Foster public-private partnership in solving valuation issues and invite public participation in value Research;
- Monitoring valuation trends of sensitive commodities and taking corrective actions;
- Carrying out valuation inspections and investigations to ensure that valuation guide lines and procedures are being effectively applied and followed;
- Coordinating Customs valuation matters with relevant international organizations and other sources abroad;
- Conducting study and providing necessary inputs for issues pertaining to transfer pricing;

Key Action	Target	Actual	If not achieved the reasons
1.1 Develop system to refer valuation issues face by Central Valuation staff (specially value disagreement issues) to VRU	Automate the current manual system	Not achieved yet	The task is undertaken by the separate unit under ADGC (Corp)
1.2 Make awareness of all valuation staff to get the assistance of VRU when they face disagreed value issues	DDC(V)/SC(VIU) to refer disputed issues to VRU	Expected target achieved	

Key Action	Target	Actual	If not achieved the reasons
1.3 Develop initial verification system, and identify the required documents for value verification	To design a new complete format	Not achieved	As per 1.1 above
1.4 Identify and develop networks with private sector and state institutions to evaluate the material usage of product under value verification	To maintain a uniform system with the support of various concerned associations	Uniformity achieved relevant to imports made by Used vehicle parts Association, Flexible Packaging Association, Timber Importers Association etc	
1.5 Develop a method to conclude the verification process by realizing the goods, recovering additional taxes or referring for investigations.	Design and maintain automated reference value base	Not achieved	Automation to be done with the assistance of ICT Directorate
<b>Key Activity 2: Develop and maintain a system to estimate minimum value of highly undervalued articles</b>			
2.1 Identify highly undervalued items	Identify and report HS codes of risk commodities for undervaluation to RMU	Periodical reporting is in progress	
2.2 Identify the production process and material composition	Differentiate value of products in different stages; e.g primary, semi finished, finished etc;	Production process of timber, Flexible Packaging ,Manufacture of Glassware ,Diapers etc., studied	
2.3 Obtaining budget approval from account division for necessary payments to research institute and laboratories, Industrial Technology Institute, Rubber Research Institute etc.,	To obtain test reports/analytical reports etc from relevant institutes as early as possible	Consignees meet the expenses incurred	
2.4 Calculate and identify the minimum values based on raw material prices	Establish a minimum reference value base on raw material prices	Manfully developed minimum reference value base available	Automated reference value base to be designed with the support of ICT Directorate
2.5 Report the calculated minimum values to ADGC/DC	Availability of most updated minimum reference value base	Limited number of reports finalized	Insufficient resources at the VRU
<b>Key Activity 3: Assist to develop and implement Database proposed by RMU</b>			
3.1 Identify the high ad Valorem tax rates applicable items	Monitor the values of commodities subject to high tax rates	List of HS codes are being referred to RMU periodically	

Key Action	Target	Actual	If not achieved the reasons
3.2 Select the volume of items which high tax rates are applicable	Make sure projected revenue is secured as per the volume of goods subject to high tax rates	Not achieved	Insufficient technical facilities
3.3 Identify the value sensitive items to local manufacturing industries	Prevent import of undervalued goods which affect the local manufacturing industry	Obtained market information provided by local manufacturers for monitoring the values	
3.4 Determine value sensitive items to be provided to proposed value database	Design and automate the value database and include HS codes	Partly achieved	Support of ICT directorate to design the data base to be obtained.

Month	Total No. of CusDecs Referred	Total No of CusDecs Values Revised	Total No of CusDecs Value has been Accepted	Percentage of Value Adjustments	Amount Recovered through A/E (Rs)
January	2550	695	1855	27%	57,224,493.00
February	2202	673	1529	31%	66,208,615.00
March	2267	679	1588	30%	65,694,110.00
April	2153	737	1416	34%	61,577,199.00
May	2087	607	1480	29%	43,792,269.00
June	2244	649	1595	29%	50,771,482.00
July	2300	807	1493	35%	65,188,511.00
August	2114	725	1389	34%	54,970,957.00
September	2020	752	1268	37%	60,165,713.00
October	2104	885	1219	42%	73,967,692.00
November	2093	824	1269	39%	71,542,811.00
December	2223	1036	1187	47%	93,500,943.00
<b>Total</b>	<b>26357</b>	<b>9069</b>	<b>17288</b>	<b>34.5%</b>	<b>764,604,795.00</b>

Performance comparison for the Years - 2013 & 2014										
Month	Total No. of CusDecs Referred		Total No of CusDecs Values Revised		Total No of CusDecs Value has been Accepted		Percentage of Value Adjustments		Amount Recovered through A/E	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
January	1813	2550	710	695	1103	1855	39.16%	27%	88,349,166.13	57,224,493.00
February	2040	2202	695	673	1345	1529	34.07%	31%	83,073,149.00	66,208,615.00
March	2095	2267	555	679	1540	1588	26.49%	30%	54,449,123.00	65,694,110.00
April	3428	2153	853	737	2575	1416	24.88%	34%	86,986,255.00	61,577,199.00
May	2945	2087	885	607	2060	1480	30.05%	29%	106,700,905.00	43,792,269.00
June	2670	2244	880	649	1790	1595	32.96%	29%	102,043,682.00	50,771,482.00
July	3246	2300	1152	807	2094	1493	35.49%	35%	132,629,674.00	65,188,511.00
August	2530	2114	849	725	1681	1389	33.56%	34%	85,934,802.00	54,970,957.00
September	1875	2020	611	752	1264	1268	32.59%	37%	60,193,196.00	60,165,713.00
October	2108	2104	799	885	1309	1219	37.90%	42%	79,584,685.00	73,967,692.00
November	4058	2093	1046	824	3012	1269	25.78%	39%	108,686,473.00	71,542,811.00
December	3290	2223	878	1036	2412	1187	26.69%	47%	76,124,888.00	93,500,943.00
	<b>32098</b>	<b>26357</b>	<b>9913</b>	<b>9069</b>	<b>22185</b>	<b>17288</b>	<b>31.64%</b>	<b>34.50%</b>	<b>1,064,755,998.13</b>	<b>764,604,795.00</b>

	2013	2014
Total CusDecs processed at L/R	174556	185933
Percentage of CusDecs referred to Central Valuation	18%	14%

#### Performance of VIU unit in 2014

1	Number of cases registered from 1st January 2014 to 31st December 2014	95
2	Number of cases completed	85
3	Number of cases where offences established and forfeitures/penalties imposed	48
4	Percentage of effective cases	56%
5	Total amount of penalties, forfeitures collected from 1st January to 31st December 2014 (LKR)	252,961,343.04
6	Total value of goods forfeited	Nil
7	Total number of incomplete case files (from 1st January 2014 to 31st of December 2014)	10

Comparison of performance of VIU with the performance of year 2013 & 2014

		<b>2014</b>	<b>2013</b>
1	Number of cases registered	95	72
2	Number of cases completed	85	47
3	Number of cases where offences established and forfeitures/penalties imposed	48	35
4	Total amount of penalties/ forfeitures collected (Rs)	252,961,343.04	206,451,478.00
5	Total number of incomplete case files	10	25

Abbreviations:

**RMU:** Risk Management Unit

**VIU:** Valuation Investigation Unit

**VRU:** Valuation Research Unit



# Specialized Services Directorate

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## Introduction

The objective of the Specialized Services Directorate is providing services to the department and its stakeholders. The services are in respect of determining the appropriate harmonized system code of the commodities Imported/Exported, analyzing of chemicals Imported/Exported, valuing of gem, precious metals and jewellery for Import or Export, issuing of licenses to the Customs House Agents and registering Importers and Exporters in the Asycuda system in order to facilitate processing of Import/Export Customs declaration

### Major Function

1. Commodity / Goods classification
2. Identification, Classification and Valuation of gem, precious metal and jewellery
3. Issue of licenses to the Customs House Agents and
4. Registration of importers and exporters.

The specialized services directorate under the corporate cluster of the Customs department has various units.

## Commodity Classification Division

This unit is responsible for determining the most appropriate Harmonized System Code for the products Imported/Exported. When there are disputes in respect of H.S Code of a product in the Cusdec processing units or cargo examination units, they are referred to this unit. In the year 2014, this unit received 920 issues in respect of classification disputes from various branches of the department and the unit was able to finalize 912 issues.

As a measure of facilitation to the trade, this unit issue advance tariff classification ruling for the commodities to be Imported or Exported. Importers/Exporters could obtain this ruling by submitting duly filled application form available in the Customs website. For the year 2014 this unit received 627 applications and issued 514 ruling.

## The Customs Laboratory Division

The Customs Laboratory is established in order to assist the department and the stakeholders in identifying chemicals and allied products Imported/Exported. When there are doubts on identifying chemicals and allied products Imported/Exported, the samples of them are referred to this laboratory for analyzing and when there are disputes with regard to the classification of chemicals and allied products the documents relevant to the products are referred to this unit for their opinion.

As a technical unit, it would coordinate with other relevant stakeholders in implementing various conventions and existing regulations.

For the current year 228 Customs Declarations , 129 Advance tariff classification ruling files and 242 samples were referred to this unit and all the of them were finalized and the classification opinions relevant to the identity of product were provided to the Commodity Classification unit. They have detected 55 numbers of discrepancies and incorrect classifications were detected during the year 2014.

## Gem, precious metal and jewellery Division

Processing of documents for Import and Export of gem, precious metal and jewellery is done in this unit by officers who are specialized in gem and jewellery field. The valuation of them is done by these officers with the coordination of the National Gem and Jewellery Authority officers.

In the year 2014 this unit has processed 4,932 Import Customs declarations and 7,154 Export Customs declarations and recovered Rs.28,617 as P.A.L, Rs. 770,419 as N.B.T, Rs 7,107,100 examination fee and U.S dollar 295,800 as service fee in addition to Rs168,474,189 recovered by Industry and Services Directorate as duty and other levies on precious cargo imports.

### Performance for the year 2014

The value of Imports for the year 2014

Diamonds	Rs. 28,663,052,458
Jewellery	Rs. 1,276,028,158
Gem	Rs. 4,075,814,078
Gold	Rs. 1,562,099,395
Silver	Rs. 148,715,063
Other (consumables)	Rs. 125,451,533
Re-Imports	Rs. 4,517,818,801
<b>Total</b>	<b>Rs.40,368,979,486</b>

The value of Exports for the year 2014

Gem	Rs. 21,552,286,696
Diamonds	Rs. 25,451,149,160
Diamond Jewelry	Rs. 255,254,070
Other Jewelry	Rs. 2,439,439,497
Geuda & Minerals	Rs. 169,760,116
Gold re-exports	Rs. 3,483,225,661
<b>Total</b>	<b>Rs. 53,351,115,200</b>

## Customs House Agent Division

Issuing of licenses to the Customs House Agents is done by this unit. In terms of section 115(1) of the Customs Ordinance. The Director General of Customs is authorized to issue licences to act as Customs House Agents to such persons who satisfy the requirements. Only the licenced Customs House Agents shall act as agent for transacting business relate to the entry or clearance of any ship, or any goods, or of any baggage, in any of the ports or places in Sri Lanka. The licence is valid for one year period and may be renewed at the end of the period.

The following is the detail of licences issued for the year 2014.

New Customs House Agents	103
New Wharf Assistants	166
Renewals of Customs House Agents	1449
Renewal of Wharf Assistants	4730
Cancellations of Customs House Agents	11
Cancellation of Wharf Assistants	279
Temporary wharf assistants	364

## TIN/VAT Registration Division

In terms of section 115A of the Customs Ordinance no goods shall be imported into or exported out of Sri Lanka except by a registered Importer or Exporter. Importer or Exporter should submit duly filled application form along with the required documents at this unit in order to register them. The application form and the instructions are available in the Customs website.

2975 Companies have registered as new Importers/Exporters and 5866 individuals have registered as Importers to clear their vehicles imported under the duty free permit in the year 2014. In addition to them another 5192 individuals have registered as Importers to clear vehicles and various other items imported in their names.

### **Comparison of Performance with the Action Plan for 2014.**

Key Action 18.01:

Regularizing issuing of classification ruling.

This issue was discussed with the Director (Legal) and he informed that amending the Customs Ordinance is not possible and to take step to include in the preamble of the Gazette Notification of the Revenue Protection Order. To include in the preamble of the Gazette Notification of the Revenue Protection Order the Nomenclature Committee of Department has to approve it. When the issue was taken up at the N.C meeting it was pointed out that Section 2 of the Customs Ordinance provide authority to the Director General of Customs in this respect and therefore no necessity to amend the Ordinance or publish a Gazette Notification. No further action was taken considering the N.C opinion.

Key Action 18.02:

Discussed with I.C.T division and provided the information to the division as agreed with them and awaiting for implementation by the I.C.T division.



**HUMAN  
RESOURCES  
CLUSTER**



# Human Resource Management Directorate

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## Introduction

HRM directorate strives to maximize return on investment in the department's human capital and minimize financial risk. This directorate seeks to achieve this by aligning the supply of skilled and qualified individuals and the capabilities of the current workforce, with the department's strategic plan and requirements to maximize return on investment and secure future survival and success.

In ensuring such objectives are achieved, HRM directorate implements department's human resource requirements effectively, taking into account government labor laws and regulations; ethical business practices; and net cost, in a manner that maximizes, as far as possible, employee motivation, commitment and productivity.

Public Service Commission (PSC) is the ultimate authority for all aspects of HRM for staff and non-staff officers below the level of Director General of Customs (DGC). The HRM directorate therefore conforms to the rules to be notified by PSC from time to time on recruitment, promotion, performance management etc., as well as the relevant provisions of the Establishments Code, the Customs Ordinance, and Financial Regulations.

PSC delegates DGC the power to transfer, and hold disciplinary proceedings, set out in the second schedule of Vol. II of the Establishments Code, of the staff officers, and for others the all stages (Subject to right of appeal to the PSC).

At the same time, while complying with the substantive provisions of public service regulations, the Customs has the flexibility in devising the HRM Plan appropriate to the HR needs of the Department, including the format for Performance Appraisal and Promotion criteria.

## Major functions

- 1) Recruitment, Selection, and Resourcing.
- 2) Employee record-keeping and confidentiality.
- 3) Organizational design and development.
- 4) Restructure and change management.
- 5) Performance, conduct and behavior management.
- 6) Customer and employee relations.
- 7) Human resources (workforce) analysis and workforce personnel data management.
- 8) Compensation and employee benefit management.
- 9) Employee motivation and morale-building

Key Action	Target	Actual	If not achieved, the reasons
<b>Complete performance appraisal of 2013</b> 1. Complete both midterm and final evaluations.	Complete by 1 <sup>st</sup> quarter	Completed by 1 <sup>st</sup> quarter	
<b>Preparing Human resource plan</b> 1. Conduct human resources need analysis.  2. Preparing human resources plan.  3. Establishing and maintaining human resources information database	Complete by 1 <sup>st</sup> quarter  Complete by 1 <sup>st</sup> and 2 <sup>nd</sup> quarter  Throughout the year	Completed by 1 <sup>st</sup> quarter  Completed as planned.  Completed as planned.	
<b>Complete performance appraisal of 2014</b> 1. complete midterm evaluation	Complete by 3 <sup>rd</sup> quarter	Completed by 3 <sup>rd</sup> quarter	
<b>Recruiting 269 Assistant Superintendents of Customs, 137 Inspectors of Customs and 100 Customs Guards.</b> 1. call application for open examination by gazette notification for ASC, IC, and CG 2. call application for limited examination for IC  3. Hold the examination  4. Recruit 269 ASC II & 137 ICII	Complete by 1 <sup>st</sup> quarter  Complete by 2 <sup>nd</sup> quarter  Complete by 2 <sup>nd</sup> quarter Complete by 3 <sup>rd</sup> and 4 <sup>th</sup> quarter	Completed by 2 <sup>nd</sup> quarter  Completed by 3 <sup>rd</sup> quarter  Completed by 4 <sup>th</sup> quarter  Not yet recruited	Due to amendments done for the gazette notification issued for calling application  Due to delay in calling application  Due to delay in holding the exam
<b>Streaming promotions</b> 1. prepare and maintain a promotions list 2. Hold interview for the promotional level concerned and recommended to PSC	Throughout the year  Throughout the year	Completed as planned.  Completed as planned.	

# Human Resource Development Directorate

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## Introduction

Human Resources Development (HRD) Directorate of Sri Lanka Customs executes training programmes for employees to enhance their knowledge, skills and attitudes to achieve the department's goals and objectives.

## Mission

To enhance the capabilities of human resources available, considering the top productivity in the Customs in order to gain the utmost productivity from the Department.

HRD Directorate executes training programmes mainly for the employees of the department. This can be categorized as Local training, and foreign training which is specially aligned with the scholarships from foreign countries in the realm of Customs matters in transnational nature. Local training is aligned with the competency development and enhancing the knowledge & awareness in the relevant field, together with identification of skills and inborn talents. As a new initiate, HRD Directorate introduced Physical endurance program with practical session and Martial Art Techniques. Practical sessions were to improve physical wellbeing and for the self-discipline of the officers. Furthermore, HRD Directorate was able to successfully organize two in country workshops on Risk Management and Trade Facilitation with the assistance of WCO with the collaboration of Temasek Foundation Centre for Trade and Negotiations. Apart from the HRD functions of the Department, this Directorate is entrusted with to assist capacity development and training related matter of stakeholders. The major functions of the Directorate are. Formulating and implementing training policies systems and procedures.

### Major Functions

- Assessing the training needs of the Department prioritizing the training requirement formulating and implementing the training plan.
- Development of curricula, development and conducting of training programmes, seminars & workshops.
- Monitoring and evaluation of training programmes.
- Enhance knowledge skills and attitude of the Customs staff and persuade their carrier development.
- Processing of correspondence relating to information on training
- Provision of necessary training for outside organizations such as Sri Lanka Army, Navy & Police officers as and when requested.
- Conducting a certificate programme for Customs House Agents.
- Provisioning of resource persons from our Department to facilitate training requirements of stakeholder on Customs matters.
- Providing library facilities for the Customs staff

In view of approaching this target the following carder has already been approved by the management authorities.

Grade	Approved Carder	Available at present
DC	01	01
DDC	02	01
SC	03	01
DSC	08	04
ASC	08	02
PMA	03	02
<b>Total</b>	<b>25</b>	<b>11</b>

### Achievement of the Directorate for 2014:

In accordance with the Training Plan 2014 and other special programs which were directed by D.G.C., HRD Directorate has conducted Local Training Programmes and Foreign Training Programmes. We have trained 1,470 participants under these programmes.

## Participation for Training 2014

### Grade wise

Grades	Local	Foreign
DGC	-	3
Addl.DGC	20	18
DC	33	25
DDC	76	30
SC	182	33
DSC	720	23
ASC		44
Others	260	-
<b>Total</b>	<b>1,294</b>	<b>176</b>

### Training Local/Foreign– 2014

Local Training Programme – Total : 38	
Foreign Training Programme – Total : 131	
<b>Participants -Local</b>	
• SCC and above programmes	- 314
• ASCC and above programmes	- 720
• Others	- 260
<b>Participants -Foreign</b>	
• Seminars	11
• Workshops	16
• Programs	6
• Training Course	25
• Meetings	35
• Post Degree Programmes	21
• Conferences	10
• Others	07

### HRD has conducted language classes

Language Training for all Officers	Total	
	Schedule	Actual
O/L second language/Tamil	20	20

### Customs House Agent Training & Examination

Examination	Participants	passes	percentage
Group I	120	61	50.8 %
Group II	120	88	73.3 %
Group III	95	60	63.2 %

## Customs Library

The Customs Library, an important tool for Human Resource Development, was established on 26.01.2005 and same was established under the purview of Director HRD as an affiliated unit.

The Library has received unexpected positive response from the staff and presently the membership has reached and the number of books has increased up to The funds allocated by the Customs Officers Management and Compensation Fund facilitate the purchase of books for the library.

The Library facilities is available for all the staff of the department and even non-members can use the library. Addition to the books, periodicals, news papers and various magazines are available. The library collects the department Orders, reports made by the officers attended for foreign training and other publications made by the department for future reference.

Though there is no permanent Librarian, the functions of the library is being smoothly managed.

It has been observed that the membership of the library is been increased so that it is required to provide more facilities for the library such as;

- (a) Qualified librarian along with skilled other staff to be attached
- (b) Tailor made library software to be introduced
- (c) Internet facilities to be provided with more sophisticated computers
- (d) Implementation of issuing and returning books under cards systems

### Library Service (No. of members 1,330)

Description	2013	2014
No. of new members	96	73
No. of books purchased	-	29
No. of books received as donation	22	129
No. of books	5,500	5,629

# Employee Services Directorate

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## Introduction

This newly established Division under the reform program is meant to provide an environment in which employee will be able to contribute creatively and participate in the process of achieving the goals of the Department.

### Major Functions

- I. Implementation of Productivity Improvement Program:  
Conduct awareness programs for the staff at each level in the Customs and implementation of required procedures and techniques in consultation with National Productivity Secretariat towards achieving productivity improvement standards.
- II. Answering Government Audit queries:  
Coordinate with all the directorates and reply for the queries raised by Auditor General
- III. Welfare management:  
Identify all welfare amenities currently being provided and their current standards to take steps to render a quality welfare service. Devise and implement welfare plans in consultation with employees at all levels.
- IV. Disciplinary Management:  
Conduct preliminary investigation and Disciplinary inquiries if charges available against the officers concerned and implementation of Code of Ethics incorporating the disciplinary procedure of the Customs. Monitor that employees follow the Code of Ethics and make the implementation of Code of Ethics effectively by using disciplinary procedure as far as possible against those who breach the Code of Ethics.  
Grievance management:  
Handling grievances to foster satisfaction and minimize dissatisfaction among employees over the management. Hold regular discussions with recognized Trade Unions to build up a rapport. Establish Negotiation Committees to take decisions on disputed matters and identify employee issues and hold negotiation for settlement.

**(a) Comparison of Performance with the Action Plan for 2014**

<b>Key Action</b>	<b>Target</b>	<b>Actual</b>	<b>If not achieved , the reasons</b>
1. Continuation of consultation with National Productivity Secretariat and discussion with selected model Directorates on scheduling implementation of 5S system in the Department	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter	
2. Conduct training programs on 5S system for all the Directorates	1 <sup>st</sup> Quarter	1 <sup>st</sup> and 2 <sup>nd</sup> Quarters	
3. Preparation of 5S manual of the Department	1 <sup>st</sup> and 2 <sup>nd</sup> Quarters		Not prepared due to non compliance from the employees
4. Implementation of 5S system in the Department	2 <sup>nd</sup> Quarter		Progress constrained due to purchasing difficulties and non availability of furniture numbering system
5. Conduct training programs on Kaizen and Quality Circles	3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	
6. Implementation of Kaizen and Quality Circles techniques	3 <sup>rd</sup> Quarter		Progress constrained due to non compliance from the employees and purchasing difficulties
7. Conduct training programs on Green Productivity and Total Quality Management (TQM)	4 <sup>th</sup> Quarter		Not conducted due to delay in implementation of above activities
8. Implementation of Green Productivity and Total Quality Management (TQM) techniques	4 <sup>th</sup> Quarter		Not implemented due to delay in implementation of above activities

# Logistics Directorate

## Introduction

The objectives of the Logistics Directorate are to supply all the requisites including the maintenance and services, productively and transparently to every directorate of the department.

### Major Functions

1. Provision of supply and services to the required Directorate on time while assuring the quality in order to ensure the uninterrupted functions of the Department.
2. Procurement of goods and services in a transparent manner, adhering to treasury circulars and the National Procurement guidelines.
3. Proper storage and inventorying of purchases procured in order to ensure their security and optimum utilizations while ensuring proper stock control and efficient stores management system.
4. Assets Management to all movable and immovable assets of the Department
5. Satisfactory completion of the construction work in the new Customs Headquarters Building as per the schedule and ensuring the implementation of the proper premises Management Plan.
6. Ensuring the appropriate steps in maintaining the motor vehicle fleets of the Department with optimum running condition.

Key Action	Target	Actual	If not achieved, the reasons
Completion of remaining work of Headquarters Building	100 percent completion of the propose building	100 percent completed	-
Purchase of required Goods, Works and Services	Purchasing goods and services	100 percent completed	-
Develop the proper stores control and Assets Management System	Monitoring & maintaining all inventory items through the system	75 percent completed	Ongoing

Key Action	Target	Actual	If not achieved, the reasons
Annual verification of goods for 2014	Complete the verification and submit reports to the auditor General and other relevant parties Appoint the Annual Verification Boards for Year 2015	100 percent completed	-
Maintaining the motor vehicle fleets of the Sri Lanka Customs	Monitoring all the motor vehicles in good running condition by servicing regularly, dispose uneconomical and outdated vehicles and purchase new vehicles by identifying new requirements.	95 percent completed	-

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**REGIONAL  
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# Passenger Services (Katunayake) Directorate

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## Introduction

In the new organizational structure of the Sri Lanka Customs the Passenger Services (Katunayake) Directorate operates within the Revenue and Services cluster. At present this division is headed by a Director of Customs in addition to the permanent staff deployed. Another set of officers below the rank DDC, performs duties as roistered staff at BIA enabling the administration to cover up the functions round the clock.

Passenger services division bears the control / surveillance over the BIA except Air Cargo Area. Customs Officers work at BIA as frontiers both at Arrival and Departure Terminal for the fulfillment of numerous aspects of the department.

## Primary Objectives

- Facilitation of movement of Air Travel passengers.
- Conduct enforcement activities entrusted under the Customs Ordinance and other related laws.
- Regulate and monitor the border operations in relation to the Air travelling.
- Perform a significant role in flight movement control.
- Minimize revenue leakages / foreign exchange losses and takes prompt action on such detection.
- Implementing the powers vested in to Customs by other Acts and regulations of other authorities and institutions such as Ministry of defense, TRC, SLSI, CDDA, Import Control Department, National Gem and Jewelry Authority etc.
- Maintain an effective communication with other government institutions within the airport premises such as Department of Immigration and Emigration, Airport and Aviation Services, Quarantine department, CID, Police Narcotic Bureau etc.

In order to meet the objectives of this directorate under mentioned main functions are performed at different levels by different ranks.

### Major Functions

1. Facilitate the movement of inward and outward passengers and their baggage.
2. Facilitation of VIP movements at BIA.
3. The processing of crew and aircraft arriving and departing Sri Lanka.
4. Granting duty free baggage allowance on passenger baggage while monitoring and take measures against misuse of such facility.
5. Releasing goods on ATA Carnet, Guarantees and special deposits.
6. Handling Gem/Jewelry and parcels approved by Customs/National Gem and jewelry Authority.
7. Examine and approve foreign currency declarations made by inward / outward passengers.
8. Endorsing remaining baggage allowance on the Power of Attorney enabling the authorized persons to clear the unaccompanied baggage after the departure of the passenger.
9. Examination of accompanied baggage's on suspicion or when required.
10. Conduct personal searches when necessary.
11. Detect offences and conduct investigations and inquires into the detected Customs cases.
12. Issue clearance to the outgoing Air Crafts.
13. Collecting duty and other levies from the passengers who bring the goods in commercial nature.

Key Duties	Target	Actual	If not achieved, the reasons
Facilitate the clearance of bona fide travelers and their baggage and to improve the targeting of suspicious travelers for narcotics and other Customs offences.	Prepare the relocation plan and obtain the approval. Purchase required instruments and install them.	Relocation plan prepared and obtained the approval. Steps have been taken to purchase instruments required.	Delay in the tender procedure.
Introduce a more effective and efficient system to examine the goods of commercial nature brought by travelers at BIA for the collection of due revenue.	Prepare a new layout and initiate the construction of examine area for goods of commercial nature.	Proposal handed over to AASL. Tender initiated by them.	Delay of tenders awarding by the AASL.
Implement an effective targeting system for the examination of suspicious departing travelers and their baggage	Prepare a floor plan, discuss with the AASL and construct the proposed Customs examination area.	Proposal handed over with general discussions.	Complete layout structure of the departure Customs area is going to be changed. Relocation of the office of the other institutions is started but delayed to complete it.
Install a CCTV system operated by Customs personnel to monitor the activities of passengers and Airport users.	Install CCTV system and start the operation.	Proposals handed over to the Logistics Division and tender process in progress.	Technical delay in the tender process.
Implement the 5S system at the BIA Customs office for the better Customs operations.	Set up quality circle and conduct awareness programme for implementation.	Quality circle formed and participated to the awareness programme.	Achieved.

# Revenue & Service Directorate (Katunayake)

## Introduction:

The Directorate of Revenue & Service Katunayake is based at the Air Cargo Terminal of Bandaranaike International Airport, Katunayake. The Directorate is responsible for collection of due revenue and facilitate clearance of import Air Cargo ensuring the border control regulations are enforced under the provisions of the Custom Ordinance and other related laws and regulations.

Sri Lankan Air Lines Ltd functions as the major cargo handling agent at the Air Cargo Terminal. SLFFA Cargo Service Ltd and Expo Aviation Ltd operate as other cargo handling agents and self handling service provider at Cargo Terminal II to provide service under the control of Silence Customs. Speedy clearance of courier cargo is attended on priority basis at the bonded warehouses operated by M/S DHL (Pvt) Ltd and M/S Colombo Cargo Express (Pvt) Ltd.

### Major Function

1. Assessing and collecting Custom Duty ,Cess and other charges on goods imported by air
2. Processing of goods declarations and permit clearance
3. Grant approvals for clearance of goods imported under various export oriented facilitation schemes operated under Industries and Services Directorate
4. Grant approvals for clearance of goods import cargo consigned to enterprises registered under Board of Investment Sri Lanka
5. Effect round the clock speedy clearance of urgent air cargo imported by air including perishable, Courier Cargo, Diplomatic Cargo and mails etc.
6. Facilitate transfer of unaccompanied passenger baggage of returning passengers to various unaccompanied passenger baggage warehouses.
7. Processing Import CusDecs and grant clearance for Import shipments related to BOI, Non BOI, Courier and perishable Cargo.

## Comparison of Performance with the Action Plan for 2014.

Key Action	Target	Actual	If not achieved the reasons
Developing an electronic manifesting system to account for cargo imports	Implementation	Testing has been completed	ICT Division has held several rounds of talks with Sri Lankan Air Lines and their service provider in Singapore. Now the testing has been completed and will be able to receive electronic manifests in near future.



# Revenue and Services (Provincial) Directorate

## Introduction

Revenue and Services (Provincial) Directorate is responsible for managing all Customs related functions of out-ports namely Galle, Jaffna Trincomalee and Magampura in providing services for the clearance of Cargo, Unaccompanied Personal baggage and mail parcels and ensuring the collection of due revenue. Department have taken measures to open the new office at Magam Ruhunupura Mahinda Rajapaksha Port Hambantota on 5<sup>th</sup> June 2012 to allow clearance of import and transshipment Cargo (Motor Vehicles).

### Major Functions

1. Collect due revenue on imports and exports.
2. Maintain border controls to ensure the protection of socio-economic safety of the country.
3. Examine and release import and export cargo
4. Facilitate clearance of unaccompanied personal baggage and mail parcels at the regional level

## Revenue collected (Rs)

Region	Duty and other Levies	Other Charges	Total
Galle	1,510,322.18	28,433,071.10	29,943,393.28
Hambantota	489,261	11,555,163.90	12,044,424.90
Trincomalee	314,086	11,510,838	11,824,924
Jaffna	3,282,414	754,835	4,037,249
Mattala	102,393,390	144,161	102,537,551
<b>Total</b>	<b>107,989,473.18</b>	<b>52,398,069</b>	<b>160,387,542.18</b>

Comparison of Performance with the Action Plan for 2014:

Key Action	Target	Actual	If not achieved, the reasons
Expand the Sri Lanka Customs Office spaces at Magam Ruhunupura Mahinda Rajapaksha port (MMMR Port) Hambantota to face increasing of trade facilitation activities and cargo clearance.	Obtain information from SLPA and planning Customs activities	Information obtained. Customs activities planned	
Expand the accommodation facilities to customs staff at MRMR Port (Hambantota)	Obtaining information from SLPA and UDA. Acquiring a land	Information obtained.	Building of new residence is still in discussion level
Improve office, accommodation and other facilities in Galle, Trincomalee and Jaffna out ports to suit for future needs.	Discuss with SLPA, SL Army, SL Navy, Identify locations and secure lands	Discussed with all authorities. Locations identified. Jaffna , ,Valvetty thurai, Kytes lands secured with fences and name boards	Some lands occupied by SL Army and SL Navy but access denied.
Increasing the staffs and activities at out-ports to meet annual targets.	Suggest to higher authorities to increase staff	Still in discussion level	
Implementation of productivity Improvement project of the Directorate (PIP) including out ports.	Setup new operational committees and prepare productivity action plan	Comity and action plan prepared	
Identify future opportunities to establish customs offices and activities in strategic locations at provinces.	Identify locations and discussion to acquire them	Several locations identified. Obtained survey plan of Thaleimannar. Jaffna ,Valvetty thurai, Kytes lands secured with fences and name boards	Mannar location has been identified but it has been suggested as an archeological site.

# Passenger Service (Provincial) Directorate

## Major Functions

- Facilitate the movement of inward and outward passengers and their baggage.
- Conduct enforcement activities entrusted under the Customs Ordinance and other related laws.
- Regulate and monitor the border operations in relation to passengers
- Perform a significant role in flight movement control.
- Minimize revenue leakages/foreign exchange losses and take prompt action on such detection.
- Implement powers vested in to Customs by other Acts and regulations of other authorities and institutions such as Ministry of Defense, TRC, SLSI, CDDA, Import Control Department, National Gem and Jewelry Authority etc.,
- Maintain an effective communication with other government institutions within the airport premises such as Department of Immigration and Emigration, Airport and Aviation Services, Quarantine Department, CID, Police Narcotic Bureau etc.,
- Collect duty and other levies from passengers who bring goods in commercial quantities.

### 03) Total recoveries (Rs)

	Trico - Galle	Trico - Kurunegala	CSL - Kandy	MRIA	Total
Import Duty	2,855,827	4,399,911	2,990,208	1,058,763	11,304,709
VAT	2,472,342	3,624,544	2,592,546	1,357,470	10,046,902
PAL	936,923	1,347,984	939,379	779,508	4,003,794
Excise	281,973	615,210	660,661	--	1,557,844
NBT	537,889	799,094	559,583	433,585	2,330,151
EIC	2,210,204	3,239,991	2,404,927	4,300,626	12,155,748
Penalty	312,326	375,100	117,039	7,822,890	8,627,355
O/T charges	8,400	7,359,551	4,024,998	--	11,392,949
<b>Total:</b>	<b>9,615,884</b>	<b>21,761,385</b>	<b>14,289,341</b>	<b>15,752,842</b>	<b>61,419,452</b>

### Action against smuggling of gold and other prohibited articles at MRIA

As a pivotal role of Customs, major detections were made on smuggling of gold and other prohibited articles 31 slabs of gold, weighing 3.132 kg and valued at Rs. 17,110,000 were detected and forfeited with penalty of Rs. 1,100,000. 277 cartons of cigarettes and 137 satellite receivers were detected and forfeited.



**DIRECTORATES  
DIRECTLY  
UNDER  
DIRECTOR  
GENERAL OF  
CUSTOMS**



# System and Procedure Compliance Audit Directorate

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## Introduction

Systems and Procedure Compliance Audit Directorate is functioning directly under the Director General of Customs. It is headed by a class I Accountant of the Sri Lanka Accountant's Service. The expectations of creating this new Directorate were to assist the operational management in systematic improvement to prevent recurrence of irregularities and lapses in integrity and maintain and improve internal controls in accordance with risks involved.

The scope is to conduct audits assessing the effectiveness and economy of resource initialization in all core processes and supporting processes which including in all divisions throughout the Department

### Major Functions

1. Effectively manage the internal audit activity to ensure it adds value to the organization by promoting audit service wherever possible.
2. Evaluate the adequacy and effectiveness of controls encompassing the organizations governance ,operations and information system including;
  - A. Reliability and integrity of financial & operational information
  - B. Effectiveness & efficiency of operations
  - C. Safeguarding of Assets
  - D. Compliance with laws, regulations and contracts
3. Establish audit plans based on risk assessment to improve management of risk, and improve the organization operations.
4. Reporting significant risk exposures and control issues and other matters needed or requested by the senior management.
5. Review operations & programs to ascertain the extent to which results are consistent with established goals and objectives to determine whether operations and programmers are being implemented or performed as intended.
6. Assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives
  - Promoting appropriate ethics and values within the organization.
  - Ensuring effective organizational performance management and accountability

## Performance

System and Procedure Compliance Audit Directorate has conducted 72 and successfully completed 68 audits during the year 2014

### Comparison of Performance with the Action Plan 2014

Key Action	Target	Actual	If not achieved, the reasons
1.Collection of maximum revenue in line with government expectations	40	36	Lack of Officers attached to the Audit branch.  Attended on special Audit of Salary Fraud which was happened at Account branch.  Special Audit in Shroff branch.
2.Ensure proper enforcement of the customs law and other related laws and rules concerning revenue, social and environmental protection whilst facilitating trade	17	11	
3.Enhance performance/productivity of the staff and change of attitudes to create positive working environment	10	07	
4.Timely provision of required assistance including technical support and guidance in order to smooth functioning of total customs processes with technological solution	04	03	
5.Control over the expenditure in line with Annual Budget Estimates and effective management of various funds	07	03	
<b>Total</b>	<b>78</b>	<b>60</b>	

# Finance Directorate

## Introduction

Department of Sri Lanka Customs the main breadwinner of the Government that contributes more than 56% of the total Revenue of the Government. The Finance Directorate is responsible for the following key areas in respect of the financial operations for the achieving of the objectives of the department.

### Major Functions

1. Preparing of Annual Budgetary Estimates of Expenditure and Tax Revenue.
2. Collecting, Recording and Reporting of tax revenue and expenditure.
3. Manage the expenditure within the approved Budget.
4. Furnish financial information to the General Treasury, the Auditor General and other interested parties as per the time frames given.
5. Administration of the Customs Deposit Account, the Custom officers Compensation and Management fund, Seized & Forfeited Goods Advance Account and Public Officers Advance Account.
6. Preparation of rendering of the Annual Appropriation Act, the Revenue Account and the Accounts on the Customs Deposit Account, the Custom officers Compensation and Management fund, Seized & Forfeited Goods Advance Account and Public Officers Advance Account

With the view of achieving of the above tasks, the financial directorate of the Department of Sri Lanka Customs has been organized with the supervision of the Chief Finance officer and the Chief Accountant (Director of Finance) under following subsections.

• Revenue
• Payments
• Salaries and Pensions
• Overtime
• Fund Management

The post of Chief Finance officer is still vacant and therefore, the Director of Finance (Chief Accountant) has been entrusted with the supervision, Coordination and administration of overall

Financial management and further responsible for the issuing and monitoring of guarantees and administration of PAYEE TAX System on behalf of the Employees of the department.

## Performance

### Revenue Division

Revenue Division is responsible for the collection of revenue through 41 collection centers by operating 11 sub collection Bank Accounts linked with main revenue account maintained at the Taprobane Branch of the Bank of Ceylon. Furthermore, the revenue collections are remitted electronically to the Account of Deputy Secretary to the treasury daily to enable the treasury to meet the commitments of the Government.

The revenue collected by the Department under each revenue category for the last 3 years as compared with that of budgeted revenue is tabulated below.

#### *Performance of Customs Revenue SLR Mn*

Revenue Code	Description	2014		2013	
		Budgeted	Actual	Budgeted	Actual
1001-01-00	Import Duty	85,000	77,701	82,591	74766
1001-02-00	Export Duty	25	24	20	22
1001-04-00	Port & Airport Dev .Levy	80,000	68,625	61,004	61516
1001-05-01	Cess Levy-Import	41,500	35,609	37,362	33011
1001-06-00	Motor Vehicles Consessenary Levy				
1001-07-00	Rural Infrastructure De, Levy				
1001-05-02	Cess levy-Export	3,500	3,085	3,120	3088
1001-08-00	Special Commodity levy	65,000	47,953	50,106	46705
	<b>Total Customs Tax Revenue</b>	<b>275,025</b>	<b>232,997</b>	<b>234,203</b>	<b>219,108</b>
1002-05-01	Excise Tax-Cigarettes	61,000	57,204	58,222	58534
1005-05-02	Excise Tax-Liquor		12		
1002-05-03	Excise Tax-Petroleum	40,000		35,849	27131
	Excise Tax- Petroleum -Imports		28,732	32,753	27131
	Excise Tax- Petroleum- Local		3,087	3,096	
1002-05-04	Excise Tax -Motor Vehicles	70,000	76,435	71,906	55517
1002-05-99	Excise Tax Others	7,000		5,347	2528
	Excise Tax Others- Import			1,477	1248
	Excise Tax Others-Local			3,870	1279
	<b>Total Excise Tax Revenue</b>	<b>178,000</b>	<b>133,639</b>	<b>171,324</b>	<b>143,710</b>
1002-01-04	VAT On Imports	135,000	102,235	123,888	96591
1003-10-00	Social Responsibility Levy (SRL)				
	Social Responsibility Levy (SRL)				
	Social Responsibility Levy (SRL)				
1002-02-17	Nation Building Tax	19,000	16,086	19,721	22443
	Total Other Tax Revenue				
	<b>Total Tax Revenue</b>	<b>607,025</b>	<b>484,957</b>	<b>549,136</b>	<b>481,852</b>
2003-02-17	Sale of Garments		89	95	92
2003-02-99					
2003-99-00	Sundry			859	2141
2003-03-00					
	<b>Total Revenue</b>	<b>607,025</b>	<b>485,046</b>	<b>550,090</b>	<b>484,085</b>

## Payment Division

Payment division is responsible for making all payments under the financial provisions made in the annual estimates as sanctioned by the Parliament, payments made under provision in the Custom officers Compensation and Management Fund, & Forfeited Goods Advance Account and Public Officers Advance Account and payment of rewards under customs Reward Fund. Accordingly, the payments made during last three years as compared with that of the respective Budgets are described below.

<b>Expenditure Management SLR. Million.</b>				
<b>Description</b>	<b>2014</b>		<b>2013</b>	
	<b>Budgeted</b>	<b>Actual</b>	<b>Budgeted</b>	<b>Actual</b>
Recurrent Expenditure	1,681	1,659	1,497	1,495
Capital Expenditure	398	354	776	776
<b>Total</b>	<b>2,079</b>	<b>2,013</b>	<b>2,273</b>	<b>2,271</b>

## Salaries and Pensions Payment Division

This division has been assigned with the responsibilities of paying salaries for more than 2000 employees and processing the pensions of retiring employees of the department .

## Overtime Payment Division

This division is responsible for the recovery and accounting of overtime charges from the importers and exporters who wish to obtain the services of the customs after normal office hours to get their import and export activities expedited. The amounts so recovered are distributed among the Customs Overtime Fund and Cargo Examinations Fee Fund account and are distributed among the officers as per the approved payment schemes.

## Fund Management Division

This division is responsible for the receiving, recording and accounting of all receipts received by way of deposits except the customs duties. These receipts include the penalties, sale proceeds, pensions and other various deposits. The receipt of penalties and sale proceeds, in the first instance, are credited to the main deposit account and once inquiry and appealing process is finalized such receipts are transferred to the customs Reward Fund, Custom officers compensation Fund and the pool funds in terms of the schemes approved under section 152 of the Customs Ordinance

Accordingly, following financial statements are prepared in accordance with the Public sector Accounting standards and render such statements to the Auditor General for Audit

- Custom Reward Fund
- Custom Officers Compensation and Management Fund

Furthermore, An Advance Account namely "Seized & Forfeited Goods Advance Account" is also maintain by this division to meet the expenses in respect of disposing the goods and articles imported or exported illegally and forfeited by the customs. These expenses are recovered from the sales proceeds of the respective goods.

## **Other Millstones**

### **Payment of Rewards**

The finance Directorate is in the process of simplifying the Financial Management process to provide a better service to her stakeholders specially the employees. As a part of this process, action was initiated during the year under review to make reward payments through Banks adopting the SLIP (Sri Lanka Inter Payment) system rather than making such payments through Cheques or cash. The experience so far received was commendable.

### **Audit Issues**

During the year under review the finance Directorate was able to answer all outstanding audit quarries raised by the Auditor General and the Internal Audit with the assistance of the Human Resources management division. Furthermore, two special Audit Committee meeting were head with the participation of the Management Audit Department of the General Treasury while attending 4 Audit committee meetings conducted by the Secretary to the Treasury. Appropriate actions were also taken to improve financial Management of the Department as pointed out in the Audit.

# Special Tasks and Vigilance Directorate

## Introduction

Main objective of this Directorate is to provide DGC with an arm of control and to be vigilant over all activities of the Department. STVD performs various enforcement activities of upon intelligence gathered by the staff as information received from the public.

Maintain vigilance over the clearance of goods in the parcel post, courier services and other special procedures for clearance of goods.

### Major functions

- 1) Prevent revenue leakage
- 2) Check on irregularities of reporting of cargo through manifests;
- 3) Prevent fraudulent removal of cargo,
- 4) Prevent import/export control licensing documentary irregularities;
- 5) Making maximum use of information and communication technology to facilitate the trade.

Key Action	Target	Actual	If not achieved the reasons
A. Revenue Collection			
i. Penalty		Rs.341,438.308.00	
ii. A/E & other levies		Rs.120,037,397.00	
iii. Sales Proceeds		Rs. 64,908,466.00	
B. Control measures			
i.No. of cases		3740	
Narcotic detections			
i.CRTF/1358/2013		261.292 Kg. Heroin -From Pakistan	
ii. CRTF/913/2014		132.35 Grams. Heroin - From Pakistan	
iii. CRTF/481/2014		36.85 Kg. Heroin - From Pakistan	



# Excise (Special Provisions) Division

## Introduction

Excise (Special Provisions) Act, No: 13 of 1989 amended by Act, No: 40 of 1990 and Act, No: 08 of 1994 is the legal source of the implementation of the Excise (Special Provisions) policies of the government of Sri Lanka.

Excise (Special Provisions) Division, which is operating under the Department of Sri Lanka Customs, comes under the Ministry of Finance, performs an important national role as the government agency mandated with the responsibility of enforcement of the provisions of the Excise (Special Provisions) Act and regulations made there under for the well being of the nation.

### Major Functions

- (1) Ensure optimum collection of excise duty in line with the prevailing tax ratios.
- (2) Mobilize Tax Officers to achieve the above.
- (3) Forward recommendations on the appeals made by Tax payers.
- (4) Initiate legal actions for tax evasions coordinating with Dept of Attorney General and Legal division.

### Comparison of Performance with the Action Plan for 2014:

Key Action	Target Rs (Million)	Actual (Million)	If not achieved, the reasons
Tobacco	57,000	57,966	-
Petroleum (Petrol, Diesel)	10,000	5,145	Lesser amount of local production
Locally Assembled Vehicles	25,000	4	Not produced up to the target
Others(Soft Drinks, Race publications , Electrical Items(locally assembled) ) Court Cases	2,625	1,697	Obtained tax exemptions due to local value addition.

Court case against Alba Lanka Industries was finalized: Rs 75 mn tax and penalty to be paid by monthly installment Rs 250,000 consecutively.

Last date for payment of taxes for the IV Quarter is 31.01.2015. Therefore these figures are to be changed.