



SRI LANKA CUSTOMS ANNUAL PERFORMANCE REPORT 2015

Compiled by: Policy, Planning and Research Directorate



Annual Performance Report 2015

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SRI LANKA CUSTOMS – *AN INTRODUCTION*

Vision

To be recognized as the “best practice” Customs Administration in Asia that enhances the security and prosperity of Sri Lanka.

Mission

We are committed to enforce and enhance compliance of the Customs Law and related Laws Concerning revenue, social and environmental protection, whilst facilitating legitimate trade, travel and industry with due recognition to National and International Customs Standards.

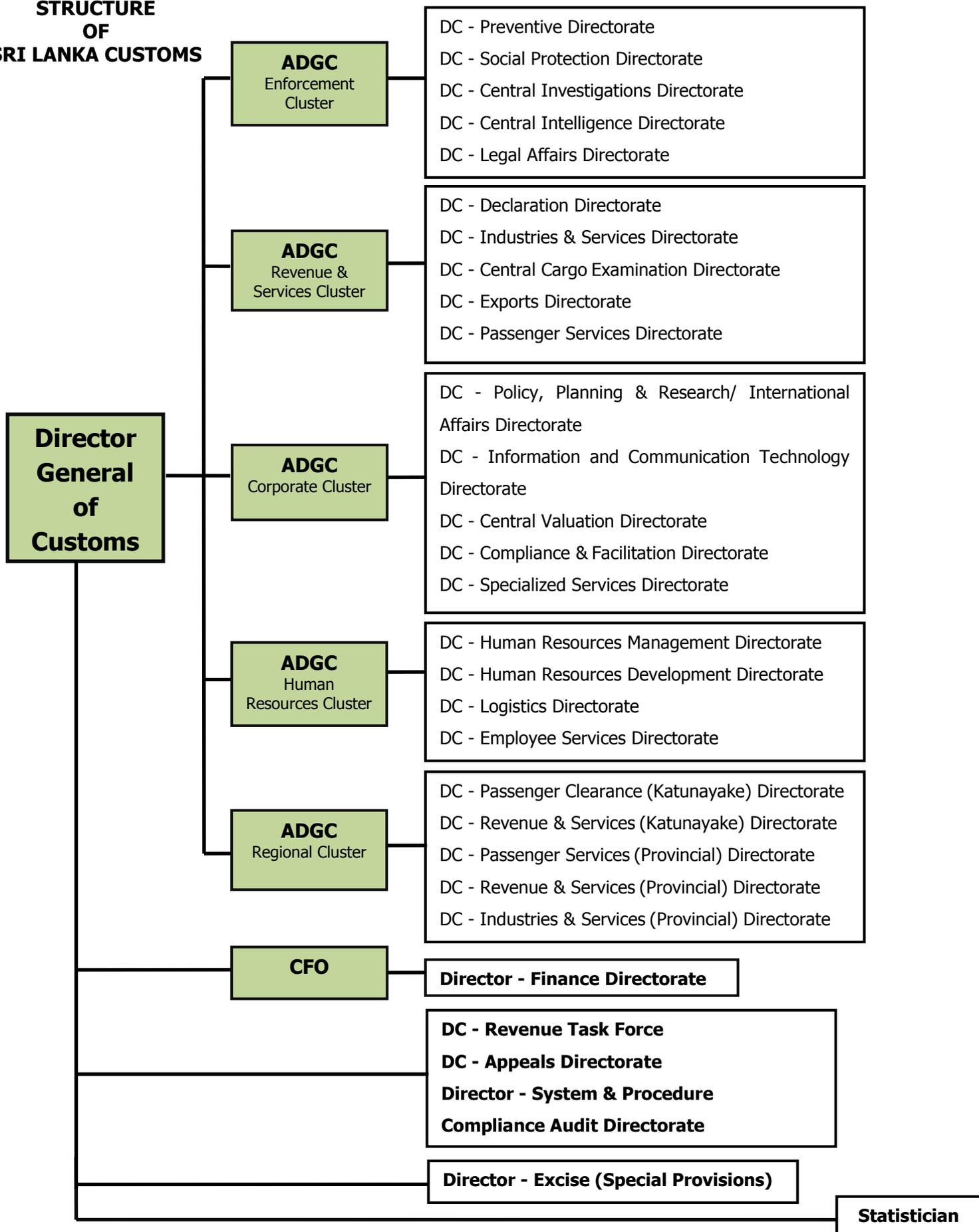
Objectives

- To ensure proper enforcement of tariff, trade and social protection laws of the State, at the frontiers.
- To ensure uninterrupted revenue generation for the State, collection of due revenue and timely and proper accounting thereof.
- To co-operate with world counter-terrorism security measures in order to protect the State at the frontiers and strengthen internal security.
- To ensure revenue and social safety by combating drug trafficking and money laundering without disrupting legal trade.
- Ensuring the uniform interpretation and application of the World Trade Organization’s Trade Facilitation Agreement in the Trade.
- To be an advisory body to policy makers in determining the revenue and trade policies of the State, to be implemented at the frontiers.
- Facilitate flow of passengers, goods and related means of transport at the frontiers, while ensuring compliance of Customs and other related laws.
- To enhance Customs operations at frontiers using tools and instruments, and programmes and initiatives developed and introduced by World Customs Organization.
- To comply with all international obligations with regards to the flows of passengers, goods and related means of transport; exchange of information and other related matters.
- To disseminate information and provide trade statistics to the State and public.
- To be a “Partner in Progress” in all State endeavors; a client friendly, specialized and professional services.
- To work towards the progress of Customs Service through the better administration, based on audit methodologies and affirming transparency.

Main functions

- Implementation of Government Policies relating to tariff, trade and social protection laws.
- Assessment and collection of import and export Customs duties.
- Assessment and collection of duties / taxes and other levies on behalf of other acts and State agencies.
- Implementation (granting) of duty (tax) waivers, exemptions and concessions.
- Securing of duties and other levies and accounting of the same.
- Refunds, drawbacks and rebates of Customs duty.
- Prevention and detection of smuggling, commercial frauds and trafficking of narcotic drugs.
- Enforcement of laws relating to prohibited and restricted goods.
- Investigating and inquiring into offences committed under the Customs Law and other related Laws.
- Penalizing offenders / seizure of forfeited goods.
- Disposal of goods forfeited.
- Clearance of import and export cargo.
- Clearance of passengers and passengers' baggage.
- Computerization of cargo and passenger clearance procedures.
- Implementing fiscal measures for the protection of local industries and agricultural products.
- Management of Export Facilitation Schemes.
- Management of Warehousing of Goods (Bonds Scheme).
- Monitoring of export oriented industrial schemes.
- Compilation and issue of Trade Statistics.
- Providing information / classification rulings etc.
- Regular dialogue with Trade Chambers – Forwarding Agents – CHAA
- Conducting training / awareness programmes.
- Regular communication with the World Customs Organization on matters relating to Nomenclature, Classification, Valuation and Enforcement Techniques.
- Coordination of work with line agencies and government Departments for exchange of information : Ministry of Finance and Planning, Inland Revenue Department, Export Development Board, Excise Department etc.

**ORGANIZATION
STRUCTURE
OF
SRI LANKA CUSTOMS**



ADGC - Additional Director General of Customs
CFO - Chief Financial Officer
DC - Director of Customs

Sri Lanka Customs

2015

PRINCIPAL OFFICIALS

Mr. W.A Chulananda Perera

Director General of Customs

Mr. A. Senanayake

Additional Director General of Customs (Human Resources)

Mr. R. P. D. T. Senevirathne

Additional Director General of Customs (Regional)

Mr. A.Kulenthiran

Additional Director General of Customs (Enforcement)

Mr. D. A. I. Daranagama

Additional Director General of Customs (Revenue & Services)

Mr. S. Rajendran

Additional Director General of Customs (Corporate)

Mr. D.U.S.Wickramaarachchi

Chief Financial Officer

Mr. K. A. D. R. Kristy

Director of Customs (Preventive)

Mr.M.Paskaran

Director of Customs (Social Protection)

Mr. K. A. Dharmasena

Director of Customs (Post Clearance Audit)

Mr. H. D. A. A. K. Subasinghe

Director of Customs (Central Investigation)

Mr. J. P. Chandrarathne

Director of Customs (Legal Affairs)

Mr. U. Liyanage

Director of Customs (Central Intelligence)

Mr. S. Pieris

Director of Customs (Declarations)

Mr. M. Asokan

Director of Customs (Industrial Services)

Mr. G. A. L. Gamini

Director of Customs (Export)

Mr. T.A.L.Weerasinghe

Director of Customs (Cargo Examinations)

Mr. P. K. Pandula

Director of Customs (Passenger Services - Colombo)

Mr. D. U. N. R. Uduwawala

Director of Customs (Passenger Services - Katunayake)

Mrs. D. U. L. Pieris

Director of Customs (Revenue & Services -Katunayake))

Mr. M. Ravindrakumar

Director of Customs (Policy, Planning and Research)

Mr. T. Nandasiri

Director of Customs (ICT)

Mr. T. W. A. Senanayake

Director of Customs (Central Valuation)

Mr. R. Lamahewa

Director of Customs (Specialized Services)

Mr. S. M. Piyatissa

Director of Customs (Logistics)

Mr. K. G. P. Pushpakumara

Director of Customs (Human Resource Management)

Mr. E. A. Rathnaseela

Director of Customs (Human Resource Development)

Mrs. Ramyakanthi

Director of Customs (Employee Services)

Mr. K. D. Nicolas
Director of Customs (Revenue Task Force)

Mr. N. Wasalathilake
Director of Customs (Revenue & Services - Provincial)

Mr. M. R. Rajmohan
Director of Customs (Passenger Services - Provincial)

Mr. S. Mahesan
Director of Customs (Appeals)

Mr. N. M. D. Navarathne
Chief Accountant

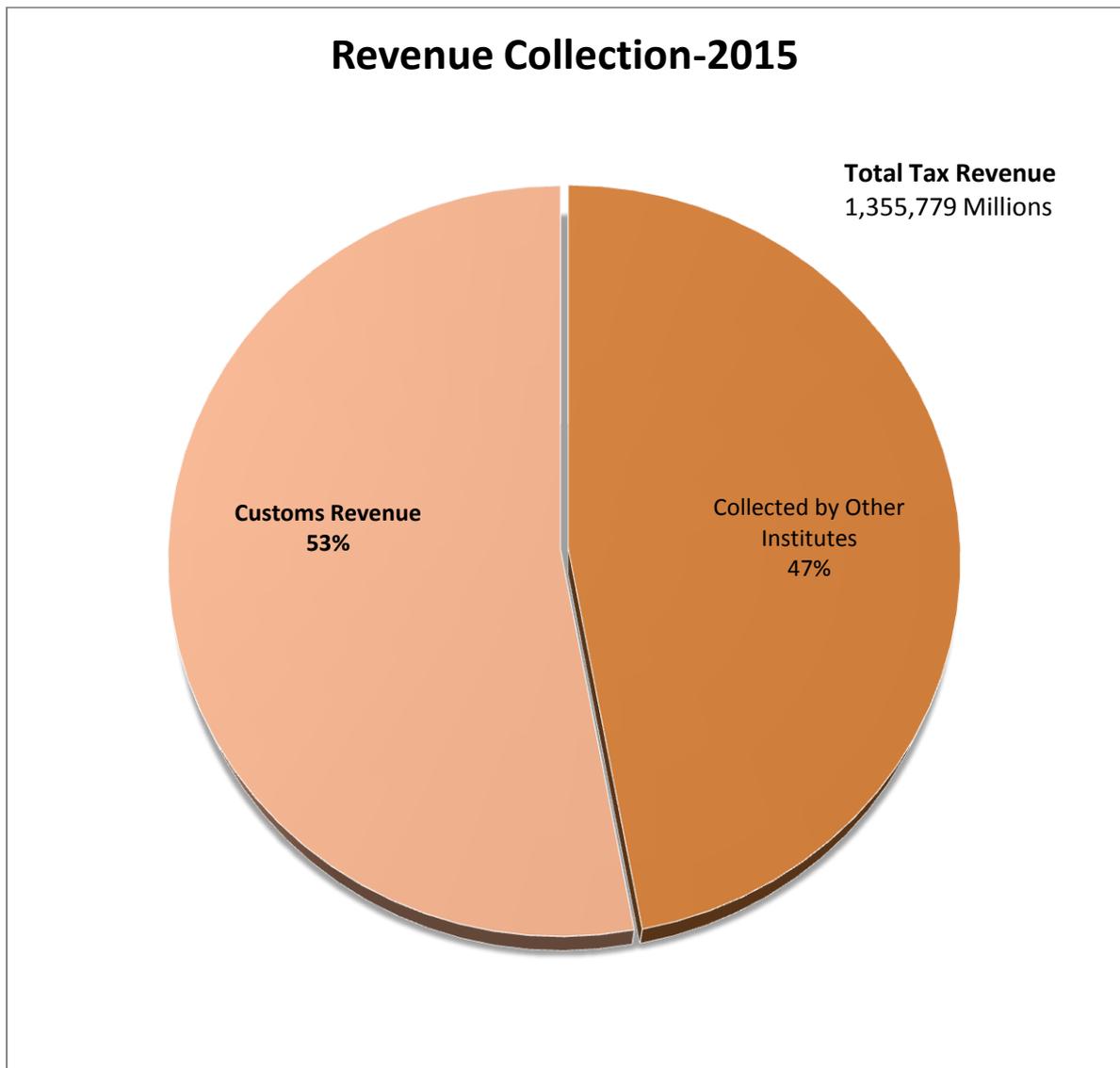
Mr. E. Rathnaseela
Director (Excise)

Mr. Naleen Osen
Director (Internal Audit)

Mr. U.S. Wanapushpa
Deputy Director (Statistics)

Overall Performance 2015

REVENUE COLLECTION – 2015 as a Percentage of National Tax Revenue*

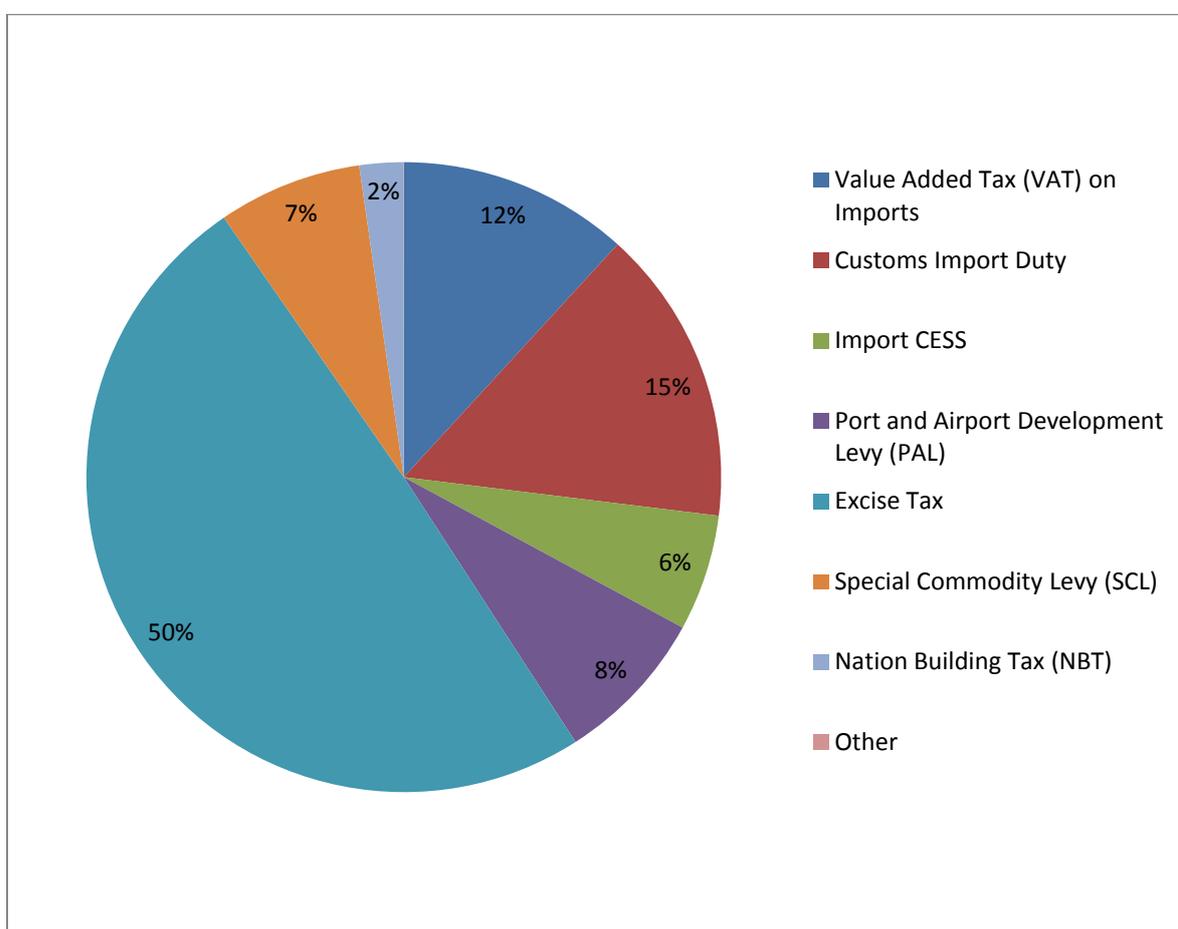


** Provisional Data*

** Central Bank Annual Report 2015*

IMPORT REVENUE COLLECTION – 2015: TAX COMPOSITION

Category	Rs. Millions	As a % of Total
Value Added Tax (VAT) on Imports	83,726	12%
Customs Import Duty	108,116	15%
Import CESS	42,467	6%
Port and Airport Development Levy (PAL)	56,733	8%
Excise Tax	352,298	50%
Special Commodity Levy (SCL)	52,276	7%
Nation Building Tax (NBT)	15,895	2%
Other (Export Duty/ Export CESS)	2,747	0%



Sri Lanka Customs Revenue Collection - 2015

Revenue Code	Description	Revised Target (LKR Millions)	Performance from 01 st January – 31 st December 2015 (LKR Millions)				Comparison from January– December 2014 & 2015 (LKR Millions)			
			Target	Actual	Deviation	%	2014	2015	Deviation	%
Taxes on International Trade										
1001.01.00	Import Duty	92,000	96,000	108,116	16,116	118	77,726	108,116	30,390	139
1001.02.00	Export Duty	60	25	33	-27	56	24	33	9	139
1001.04.00	Port & Airport Dev. Levy	95,000	55,000	56,733	-38,267	60	68,646	56,733	-11,913	83
1001.05.01	Cess Levy-Import	42,000	50,000	42,467	467	101	35,622	42,467	6,845	119
1001.05.02	Cess Levy-Export	3,400	4,000	2,713	-687	80	3,085	2,713	-371	88
1001.08.00	Special Commodity Levy	56,000	80,000	52,276	-3,724	93	47,953	52,276	4,323	109
Total		288,460	285,025	262,339	-26,121	91	233,057	262,339	29,282	113
Excise Duty (Special Provisions)										
1002.05.01	Excise Tax-Cigarettes	80,000	75,000	79,981	-19	100	57,204	79,981	22,776	140
1002.05.02	Excise Tax-Liquor			0	0		12	0	-12	0
1002.05.03	Excise Tax-Petroleum	34,000	50,000	45,092	11,092	133	28,732	45,092	16,360	157
1002.05.04	Excise Tax -Motor Vehicles	240,000	125,000	223,414	-16,586	93	76,435	223,414	146,979	292
1002.05.99	Excise Tax - Others	10,000	7,800	3,812	-6,188	38	3,087	3,812	725	123
Total Excise Tax Revenue		364,000	257,800	352,298	-11,702	97	165,471	352,298	186,827	213
Other Local Taxes on Imports										
1002.01.04	VAT On Imports	90,000	145,000	83,726	-6,274	93	102,281	83,726	-18,554	82
1002.12.03	Nation Building Tax	18,000	20,000	15,895	-2,105	88	16,089	15,895	-194	99
Total Local Taxes on Imports		108,000	165,000	99,621	-8,379	92	118,370	99,621	-18,749	84
Non - tax Revenue										
2003.02.17	Sale of Garments	95	95	122	27	128	89	122	32	136
2003.02.99	Other Receipts									
2003.99.00	Sundry									
2003.03.00	Fine& Forfeitures	3,000	3,000	1,129	-1871	38		1,129	1,129	
Total Non-Tax Revenue		3,095	3,100	1,251	-1,844	40	89	1,251	1,162	1,401
Total Tax Revenue		760,460	707,825	714,258	-46,202	94	516,897	714,258	197,361	138
Total Revenue		763,555	710,925	715,509	-48,046	94	516,987	715,509	198,523	138

* Provisional figure

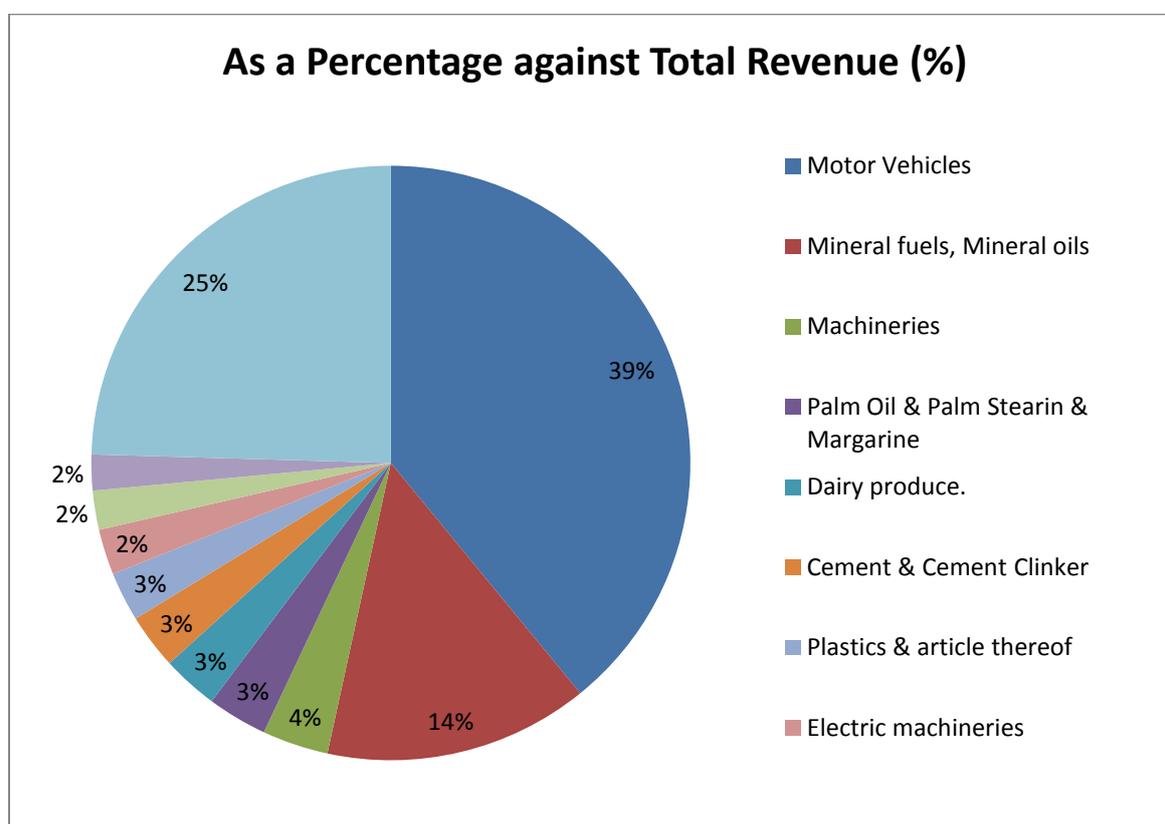
* Data Source – Accounts Division - Sri Lanka Customs

TOP FIFTY REVENUE EARNING COMMODITIES (HS CHAPTER-WISE)

Rank	HS Chapter	Description	Total Tax
1	87	Motor Vehicles	244,522,216,021
2	27	Mineral fuels, Mineral oils	89,435,791,212
3	84	Machineries	22,323,081,250
4	15	Palm Oil & Palm Stearin & Margarine	20,222,147,308
5	04	Dairy produce.	18,968,870,390
6	25	Cement & Cement Clinker	18,721,309,924
7	39	Plastics & article thereof	16,739,331,694
8	85	Electric machineries	15,527,881,085
9	17	Sugars and sugar confectionery.	13,281,278,411
10	72	Iron or steel	12,170,602,285
11	22	Beverages	11,666,825,086
12	69	Ceramic products	10,305,078,195
13	07	Edible vegetables & roots	10,246,656,207
14	48	Paper & paperboard	9,404,934,323
15	40	Rubber & article thereof	9,133,697,410
16	73	Articles of iron or steel	7,890,990,161
17	10	Cereal	5,399,912,506
18	38	Miscellaneous chemical products	5,266,888,021
19	08	Edible fruits & nuts	4,081,298,348
20	62	Articles of apparel & clothing not knitted	3,940,608,723
21	33	Essential oil & Resinoids	3,843,670,114
22	19	Preparations of Cereal, flour, starch	3,195,912,456
23	55	Man made staple fibers	3,099,542,359
24	70	Glass & glassware	2,995,269,899
25	32	Tanning or dyeing extracts	2,990,550,628
26	09	Coffee, Teas, Mate & Spices	2,804,201,659
27	52	Cotton	2,679,941,347
28	16	Preparations of meat, of fish or of crustaceans	2,621,403,559
29	76	Aluminium & articles thereof	2,527,687,591
30	23	Residues and waste from the food industries	2,516,608,685
31	94	Furniture, Prefabricated buildings	2,507,622,092
32	83	Miscellaneous articles of base metal	2,434,524,455
33	29	Organic chemicals	2,373,925,086
34	21	Miscellaneous edible preparations	2,364,370,652
35	03	Fish & crustaceans	2,218,104,408
36	20	Preparations of vegetables, fruit, nuts or other	2,204,832,186
37	31	Fertilizers	1,983,912,342
38	34	Soap, organic surface active Agents	1,861,753,020
39	44	Wood & articles of wood	1,797,338,722
40	68	Articles of stone , plaster, cement	1,778,987,781
41	96	Miscellaneous Manufactured Articles	1,766,297,066
42	28	Inorganic chemical	1,724,546,798
43	90	Optical, photographic, cinematographic	1,676,844,590
44	74	Copper and articles thereof	1,486,275,914
45	18	Cocoa and Cocoa Preparations	1,280,136,131
46	82	Tools, implements, cutlery, spoons	1,218,826,800
47	60	Knitted or Crotched Fabric	1,217,397,948
48	64	Footwear, gaiters and the like	1,178,029,290
49	61	Articles of apparel and clothing accessories,	1,001,089,307
50	11	Products of milling industry	994,977,365

SIGNIFICANT REVENUE EARNING COMMODITIES IN DESCENDING ORDER - 2015

Description	Total Tax (Rs.)	As a Percentage against Total revenue (%)
Motor Vehicles	244,522,216,021	39%
Mineral fuels, Mineral oils	89,435,791,212	14%
Machineries	22,323,081,250	4%
Palm Oil & Palm Stearin & Margarine	20,222,147,308	3%
Dairy produce.	18,968,870,390	3%
Cement & Cement Clinker	18,721,309,924	3%
Plastics & article thereof	16,739,331,694	3%
Electric machineries	15,527,881,085	2%
Sugars and sugar confectionery.	13,281,278,411	2%
Iron or steel	12,170,602,285	2%
Other	153,465,518,387	25%

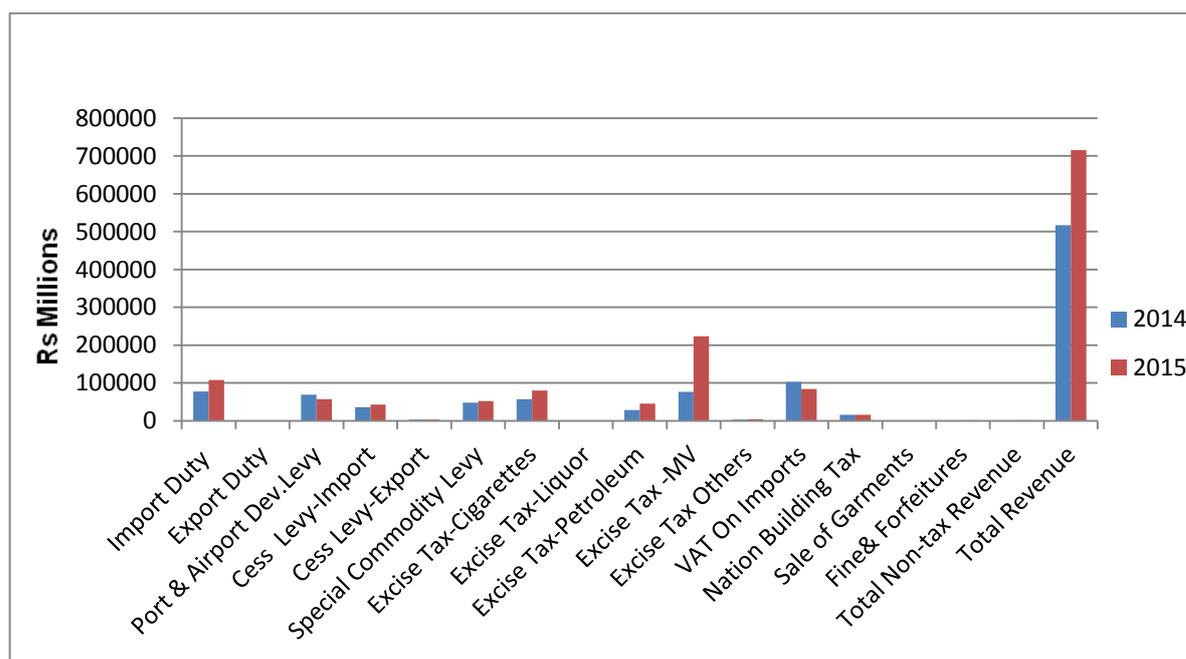


COMPARISON OF REVENUE COLLECTION - 2014 AND 2015

(Rs. Millions)

	2014	2015	Deviation
Taxes on International Trade			
Import Duty	77,726	108,116	30,390
Export Duty	24	33	9
Port & Airport Dev. Levy	68,646	56,733	-11,913
Cess Levy-Import	35,622	42,467	6,845
Cess Levy-Export	3,085	2,713	-371
Special Commodity Levy	47,953	52,276	4,323
Total Taxes on International Trade	233,056	262,338	29,283
Excise Duty			
Excise Tax-Cigarettes	57,204	79,981	22,776
Excise Tax-Liquor	12	0	-12
Excise Tax-Petroleum	28,732	45,092	16,360
Excise Tax -Motor Vehicles	76,435	223,414	146,979
Excise Tax Others	3,087	3,812	725
Total Excise Tax Revenue	165,471	352,298	186,827
Other Taxes on Imports			
VAT On Imports	102,281	83,726	-18,554
Nation Building Tax	16,089	15,895	-194
Total Other Taxes on Imports	118,370	99,621	-18,749
Non-Tax Revenue			
Sale of Garments	89	122	32
Sundry			
Fine & Forfeitures		1,129	1,129
Total Non-tax Revenue	89	1,251	1,162
Total Tax Revenue	516,897	714,258	197,361
Total Revenue	516,987	715,509	198,523

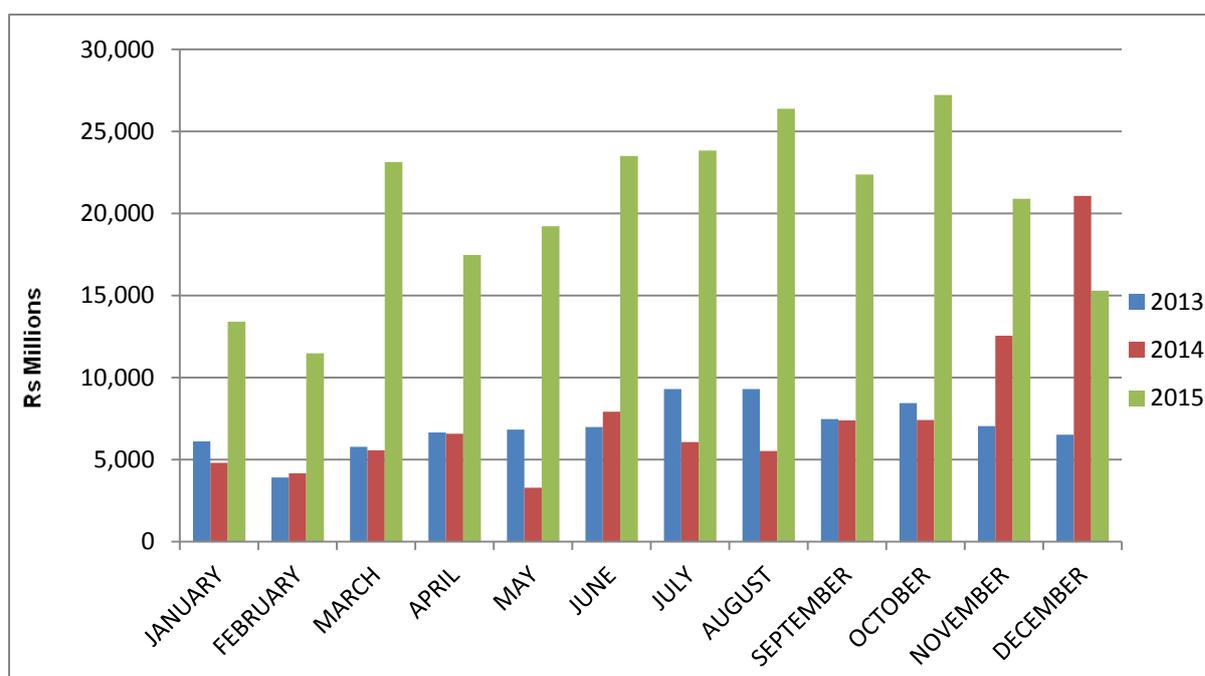
COMPARISON OF REVENUE COLLECTION - 2014 AND 2015



MOTOR VEHICLES IMPORTS

Tax Revenue

	REVENUE (Rs. Millions)		
	2013	2014	2015
JANUARY	6,110	4,809	13,405
FEBRUARY	3,900	4,159	11,481
MARCH	5,778	5,558	23,138
APRIL	6,648	6,577	17,466
MAY	6,821	3,291	19,213
JUNE	6,985	7,916	23,508
JULY	9,300	6,070	23,825
AUGUST	9,302	5,521	26,387
SEPTEMBER	7,464	7,384	22,380
OCTOBER	8,433	7,410	27,211
NOVEMBER	7,029	12,545	20,887
DECEMBER	6,515	21,080	15,282
TOTAL	84,285	92,320	244,183





**ENFORCEMENT
CLUSTER**

Preventive Directorate

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. The Central Disposal Unit (CDU) which was in the Times Building has also been transferred to the Headquarters. 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 been 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 have 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 2015 are as follows.

Number of cases registered	5234
Number of cases completed	4809
Number of cases where offences established and forfeitures/penalties imposed	234
Total amount of penalties, forfeitures collected	Rs. mil 518
Total amount collected as A/E	Rs. mil 69
Total value of goods forfeited	Rs. mil 29
Total sales Proceeds	Rs. mil 763
Total collection in millions	Rs.mil 1,379

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 harbor which has commenced its operations recently, such facilities have not been provided so far. Hence the Preventive operations have not been commenced in the Dikovita Fisheries Harbor.

6. Control of vessel movements 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.

Social Protection Directorate

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
(01) : Detection of Narcotics and Psychotropic Substances concealed in passenger baggage			
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%	

(02): Detection of Narcotics & Psychotropic substances smuggling through Courier services & parcel post			
1.Frequent visits to examine inward parcels and furnish reports on the outcome of such examinations	100%	100%	
(03) : Set up Container Control Programme with the guidance of UNODC and WCO			***Now this function is handled by the Port Control Unit
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%	
04) : Surveillance and take steps to prevent Narcotics smuggling along the coastal belt			
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%	
(05) : Awareness & training programme			
1.Conduct awareness programs in demand reduction	100%	100%	
2. Training customs staff with assistance of NDDCB & HRD	100%	100%	
06) : Build up Co-operation with other agencies			
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

BIODIVERSITY PROTECTION

One of the goals of the Sri Lanka Customs Department is protection of the society and it's Heritage. Protection of the environment is an important activity of this exercise. Many international as well as national agencies are involved and have good rapport with Sri Lanka Customs in this endeavor. Sri Lanka Customs is bound to enforce various statutes relating to biodiversity at the point of importation and exportation.

Being a tropical island, Sri Lanka is very rich in Flora & Fauna, and is considered as one of the richest countries in Biodiversity and also among one of the eight "Hottest Hot Spots of Biodiversity". As a result, a very high demand has been generated the world over for our species which have attracted big time animal and plant hunters. High percentage of endemism, rare species, ornamental value, texture and quality of our species also enhanced this over exploitation .In the mean time introduction of modern technology and sophisticated method in smuggling activities has posed serious challenges to Sri Lanka customs in monitoring and containing the illegal disposal of bio diversity related items.

Having regards to the need of achieving this goal a **Biodiversity Protection Unit** has been established. According to the information, this is the world's first **Customs Biodiversity Protection Unit**.

CULTURAL AND NATIONAL HERITAGE PROTECTION

Sri Lanka is inherited with a rich culture and national heritage over two thousand five hundred years of written history and another two thousand five hundred years of prehistoric evidence together which continues over hundred thousand years.

One of the goals of Customs department is to protect invaluable cultural heritage of the country and prevent the illegal disposal of movable artifacts of that heritage.

During the process of customs reformation, in 2010 **Biodiversity, Cultural and National Heritage Protection** (BCNP) branch was created and placed within Social protection Directorate. Hence the scope of the bio diversity unit was enhanced in order to accommodate Cultural and national heritage activities also.

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.

SIGNIFICANT DETECTIONS

Uncovered an attempt to smuggle out restricted aquatic fauna

Officers attached to Biodiversity, Cultural and National Heritage Protection Division (BCNP) uncovered an attempt to smuggle out a consignment of restricted live fresh water Fish from the country on 28th February 2015. The consignment included 180 numbers of live endemic Fish- Depulliya (*Puntius cuningii*) those aquatic fauna were planned to be exported to South Africa, Fishes were Forfeited and the offender company was penalized. Forfeited live fishes were handed over to National Zoological Gardens.

This is a violation of Customs Ordinance (Chapter 235) read with Fisheries and Aquatic Resources Act No 02 of 1996.



Live Tortoise detections

On 08th July 2015 seized 488 little tortoises being smuggled out through Air cargo terminal of Bandaranaike International Airport. It was the second seizure in the same month. Conducting a check on a package marked as containing “Live Crabs”, Customs found polythene wrapped little hard shells. A closer look revealed heads popping out of some of these shells, showing that there were live tortoises concealed in the package. There were seven such packages bound for Kuala Lumpur in Malaysia.

On 03.06.2015 made a similar detection of 124 little tortoises being smuggled out. These tortoises were concealed in the checked in baggage of Sri Lankan passenger. He was arrested at the airport departure lounge. These tortoises too were bound for Kuala Lumpur. This is a violation of Customs Ordinance (Chapter 235) read with Fauna and Flora Protection Ordinance.



Detections of Precious endemic wood -Wallapatta (*Gyrinops walla*)

4.6 kgs of Wallapatta (*Gyrinops walla*) were detected at BIA departure Passenger terminal on 10th March 2015 while attempted to smuggle out to India by a Sri Lankan National.

On 13th October 2015 , 23.3 kgs of Wallapatta (*Gyrinops walla*) wooden pieces were detected at BIA departure Passenger terminal while attempted to smuggle out to Sharjah by a Sri Lankan National.

Wallapatta (*Gyrinops walla*) is an endemic plant. and its perfumery value was identified very recently. It produces a resinous substance which fetches high price in other countries as it is used in the production of perfumes. Wallapatta is considered as a forest produce, hence exportation is restricted. Exportation without a valid forest permit is violation of Customs Ordinance (Chapter 235) read with Forest Ordinance.



Sandalwood detections

54kgs of Sandalwood (*Santalum album*) logs were detected by the officers at BIA passenger terminal on 11th March 2015, when attempted to smuggle out to Pakistan by concealing with Betel leaves by Pakistani national.



Sandalwood (*Santalum album*) oil detection in Air Cargo

Aluminum Barrel containing 25kgs of Sandal wood oil were detected at the time of export to Australia on 07th February 2015 via Air Cargo terminal by a courier company. The goods were declared as Cinnamon bark oil.

Exportation of Any part of Sandalwood (*Santalum album*) is prohibited, since the Sandalwood (*Santalum album*) is a protected tree in Fauna and Flora Protection Ordinance. Exportation of any product of sandalwood is a violation of Forest ordinance and Customs Ordinance (Chapter 235)

Detection of Dried Sea Horses

60kgs of Dried Sea Horses (*Hippocampus spp*) were detected at BIA departure Passenger terminal on 27.04.2015 while attempted to smuggle out to China by a two (02) Chinese nationals.

Dried seahorses are used in Chinese medicine as an aphrodisiac. Therefore, there is high demand for this species in China, Taiwan and the Philippines. Trading of Sea horse is internationally regulated by CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) Appendix II. Exportation of sea horse is a violation of Customs Ordinance (Chapter 235).



Detections of Live Lobsters

On 28th February 2015 737.3Kg of Frozen lobsters Consignment was detected at Air cargo terminal (BIA) when attempted to export during prohibition period for lobster exportation declaring to Customs as Frozen shrimp

683 numbers of Live Lobsters (undersized) on 08th July 2015 were detected at Air cargo terminal (BIA) while attempted to export to Taiwan by declaring to Customs as Edible Fish. Exportation of undersized lobsters is prohibited.

In terms of regulation stipulated in Fisheries and Aquatic Resources Act and Customs Ordinance (Chapter 235) Forfeited live lobsters were released to the sea.



Detections of wild orchids

During the year 2015 Customs BCNP officers, at the Departure terminal of Bandaranaike international Airport, have detected several smuggling attempt of wild native live orchid's plants and their dried forms by the Chinese passengers.



Orchids are nature's most attractive group of flowering plants. Though orchids are grown primarily as ornamentals, many are used as herbal medicines, food, and other have cultural value in different cultures and tribes in different parts of the world. Orchids have been used in many parts of the world in traditional healing system as well as in the treatment of a number of diseases since the ancient time. Many of Sri Lankan orchids face the extreme danger of extinction due to habitat loss.

Orchids are listed as protected in the Fauna and Flora Protection Ordinance act No.02 of 1937. Exportation of wild orchids is offence in terms of Customs Ordinance (Chapter 235) read with Fauna and Flora Protection Ordinance and Forest Ordinance.

Detection of Antique Buddha Statues

On 28th April 2015 Two Statues were detained suspicious to be having Archeological value belonging to Kandyan period at Bandaranaike International Airport while being attempted to smuggle out without a valid permit. Those statues were found concealing among other personal goods in baggage of Chinese passenger.

Department of Archeology has confirmed the statues were Antiques. Subsequently goods were forfeited .exportation of Antiques without the valid license/ permit issued by the Director General of Archeology is an offence in terms of provisions of Customs Ordinance (Chapter 235) read with Antiquities Ordinance.



Cases detected and Finalized by BCNP division in 2015

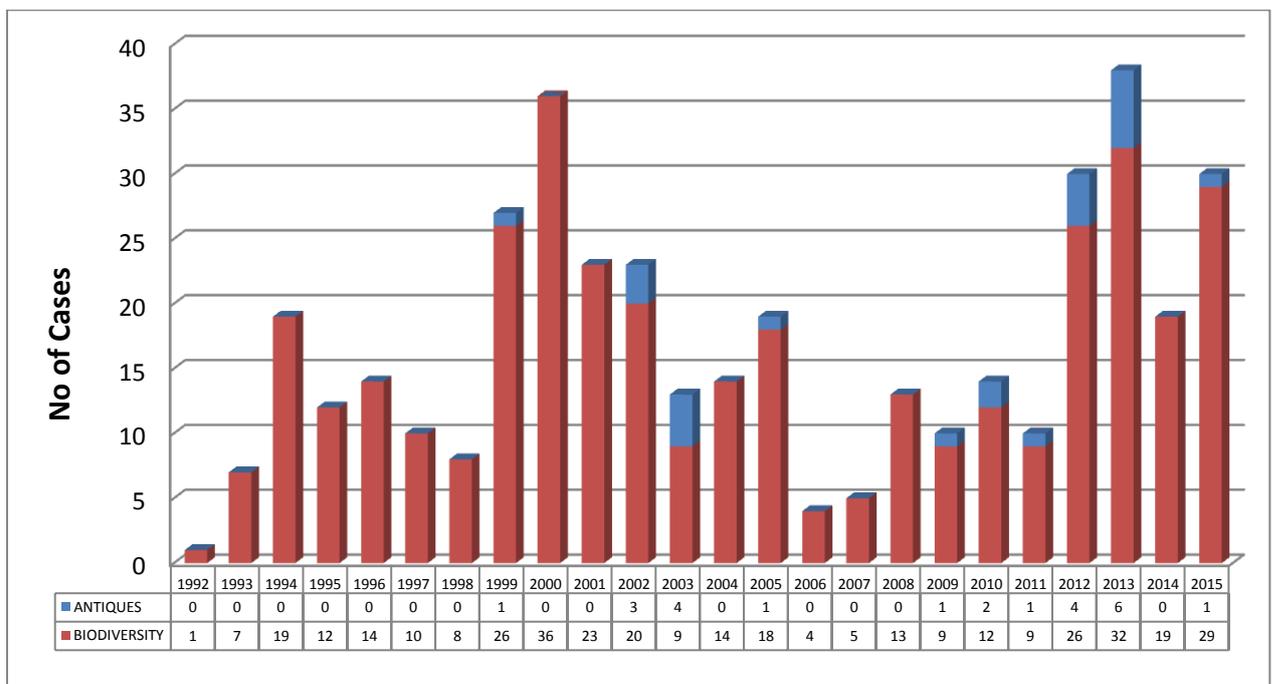
Date	Description	Case No	Value (Rs)	Penalty (Rs) 1	Remarks
08.01.2015	Wallapatta(<i>Gyrinops walla</i>)- 34.5 kgs	ENSP/BPU/01/2015	882,000	100,000	Goods forfeited
07.02.2015	Sandalwood oil - 20kgs	ENSP/BPU/02/2015	4,859,655		Pending inquiry
25.02.2015	Live endemic Fish-Depulliya(<i>Puntius cuningii</i>) - 180 Nos	ENSP/BPU/03/2015	7,225	10,000	Handed over to National Zoological Gardens
28.02.2015	Frozen Lobsters - 737.3 kgs	ENSP/BPU/04/2015	1,695,790	1,795,790	Goods forfeited
03.03.2015	Dried Sea Horses - 8kgs	ENSP/BPU/05/2015		200,000	Goods forfeited, Sales recovered Rs.2,200,000/-
10.03.2015	Wallapatta(<i>Gyrinops walla</i>) - 7.3 kg	ENSP/BPU/08/2015	2,990,000	60,000	Goods forfeited

11.03.2015	Sandalwood logs-54.0kgs	ENSP/BPU/06/2015			Goods forfeited
04.04.2015	Wallapatta(<i>Gyrinops walla</i>)- 19.7 kg	ENSP/BPU/07/2015 ,(BIA/D/Case/46/2015)	9,615,000	150,000	Goods forfeited, Sales recovered Rs.3,500,000/-
26.04.2015	Dried Sea Horses	ENSP/BPU/09/2015	1,170,000		Goods forfeited
26.04.2015	Dried Sea Horses	ENSP/BPU/10/2015	1,170,000		Goods forfeited
28.04.2015	Antiques Buddha Statues(02 Nos)	ENSP/BPU/11/2015			Goods forfeited
30.04.2015	Quartz Grits and lumps (92 Mt)	ENSP/BPU/12/2015	2,601,405	200,000	Goods forfeited
14.05.2015	Kothalahimbutu (<i>Salacia reticulata</i>) Mugs	ENSP/BPU/13/2015	12,000		Goods forfeited
20.05.2015	Wallapatta (<i>Gyrinops walla</i>)-10kgs	ENSP/BPU/14/2015	7,000,000	200,000	Goods forfeited
30.05.2015	Sandalwood logs (192.4 kgs)	ENSP/BPU/15/2015 ,(BIA/D/Case/46/2015)	384,000	400,000	Goods forfeited
19.06.2015	Wallapatta (<i>Gyrinops walla</i>) -23.6kgs	ENSP/BPU/19/2015 ,(BIA/D/Case/99/2015)	472,000	100,000	Goods forfeited, Sales recovered Rs.100,000/-
02.07.2015	Live Tortoise (124 Nos)	ENSP/BPU/16/2015 ,(BIA/D/Case/113/2015)	930,000	300,000	Handed over to Wildlife Conservation Department
08.07.2015	Live lobsters (683 nos)	ENSP/BPU/17/2015	1,409,000	400,000	Handed over to Wildlife Conservation Department
10.07.2015	Live Plants (15 kgs)	ENSP/BPU/21/2015			Goods forfeited & handed over to National Botanical Gardens.
28.07.2015	Live tortoise 488 Nos	ENSP/BPU/20/2015	498,000	548,500	Handed over to Wildlife Conservation Department
28.07.2015	Live Plants (533 Nos)	ENSP/BPU/22/2015		45,000	Goods forfeited & handed over to National Botanical Gardens
01.09.2015	Snake Wine bottle	ENSP/BPU/23/2015			Goods forfeited
17.09.2015	Edible Birds' nests (300g)	ENSP/BPU/26/2015 (BIA/D/Case/185/2015)	300,000	50,000	Goods forfeited
21.09.2015	Sandalwood powder (300mg),Sandalwood logs (43Kgs)	ENSP/BPU/27/2015 (BIA/D/Case/189/2015)	5,000	5,000	Goods forfeited
04.10.2015	Live Peach-Faced love birds(20 Nos)	ENSP/BPU/24/2015			Pending investigations
19.10.2015	Cut roses (30 packages/boxes)	ENSP/BPU/25/2015			Pending investigations
		Total (Rs.)	14,211,655	4,564,290	

Cases summary in 2015

1	No. of Cases Registered	27
2	No. of Cases Completed	23
3	No. of Cases where offence established and forfeitures penalties imposed	22
4	Total amount of penalties forfeitures collected (Rs.)	4,564,290.00
5	Total value of goods forfeited(Rs.)	14,211,655.50
7	Sales proceeds recovered(Rs.)	6,400,009.00
8	Total No. of incomplete case files	4

BCNP cases from 1993 to 2015



Organized and Participated Activities in 2015

Participated Category	Description
Meetings	<ul style="list-style-type: none"> The 8th Meeting of the Industrial Pesticide Sub Committee held on 29.01.2015 at Board of Investment of Sri Lanka (BOI), World Trade Centre, and Colombo 01.
	<ul style="list-style-type: none"> Meeting on Fishing Regulations at Department of Fisheries and Aquatic Resources held on 18.02.2015.
	<ul style="list-style-type: none"> Meeting on Control Mosquito Menace in Sri Lanka at Ministry of Mahaweli Development & Environment held on 19.02.2015.
	<ul style="list-style-type: none"> Meeting on HCFC at National Science Foundation (NSF) Auditorium on 24.02.2015.
	<ul style="list-style-type: none"> Meeting on Strengthening Capacity to Control the Introduction and Spread of Invasive Alien Species in Sri Lanka at Ministry of Environment & Renewable Energy on 2.02.2015 & 06.02.2015.
	<ul style="list-style-type: none"> The PPG on Implementation of the National Biosafety Framework in accordance with Cartagena Protocol of Biosafety held on 15.05.2015 at State Ministry of Environment.
	<ul style="list-style-type: none"> Meeting on Implementation of the National Biosafety Framework in accordance with Cartagena Protocol of Biosafety on 27.07.2015 at State Ministry of Environment.
	<ul style="list-style-type: none"> Meeting with Dr. Vibha Ahuja, International Consultant to develop project document on Implementation of the National Biosafety Framework in accordance with Cartagena Protocol of Biosafety at Customs Head Office on 28.07.2015.
	<ul style="list-style-type: none"> Meeting on Enabling Activities to review and update the National Implementation Plan (NIP) for the Stockholm Convention on Persistent Organic Pollutants (POP's) at Ministry of Environment on 25.08.2015.
	<ul style="list-style-type: none"> Meeting on Implementation of National Plan of Action for Illegal, Unreported and Unregulated Fishing on 31.08.2015 at Department of Fisheries and Aquatic Resources.
	<ul style="list-style-type: none"> Meeting on Globally Harmonised System (GHS Codes) at Ministry of Environment on 10.09.2015.
	<ul style="list-style-type: none"> 6th National Steering Committee meeting (NSC) of the Project on Enabling Activities to Review and Update the National Implementation Plan (NIP) for the Stockholm Convention on Persistent Organic Pollutants (POP's) held on 13.10.2015 at Ministry of Mahaweli Development & Environment.
	<ul style="list-style-type: none"> National Coordinating Committee meeting on Basel, Rotterdam and Stockholm Conventions (BRS) held on 17.11.2015 at Ministry of Mahaweli Development & Environment.
	<ul style="list-style-type: none"> Meeting on Strengthening Capacity to Control the Introduction & Spread of Alien Invasive Species (AIS) in Sri Lanka on 26.11.2015 at Forest Department.
	<ul style="list-style-type: none"> Meeting of the Fisheries sector working group on Green Accounting held on 18.12.2015 at Saptha Parisara Mandiraya.
	<ul style="list-style-type: none"> National Coordination Committee on Biosafety – submission of 3rd National Report on Implementation of the Cartagena Protocol on Biosafety held on 22.12.2015 at Centre of Banking Studies, Rajagiriya.
	<ul style="list-style-type: none"> Meeting on Environmental Sound Management and Disposal of used / outdated chemicals and discharge of effluent of chemical waste discharged from laboratories of Universities and preparation of suitable action plan / project proposal at Ministry of Mahaweli Development and Environment on 30.12.2015.
	<ul style="list-style-type: none"> Coordinating Committee meeting on National Plan of Action for Illegal, Unreported and Unregulated (NPOA - IUU) fishing on 30.12.2015 at Department of Fisheries & Aquatic Resources.
	<ul style="list-style-type: none"> Sri Lanka National Plan of Action for Conservation and Management of Shark (NPOA - Sharks) on 30.12.2015 at Department of Fisheries & Aquatic Resources.

Workshops/Trainings	<ul style="list-style-type: none"> • Training Programme for Newly Appointed APOO/ACOO on Fauna & Flora, Antiquities, Animal & Plant Quarantine and environment formalities on 12.01.2015 and 16.01.2015.
	<ul style="list-style-type: none"> • Field training workshop on Cloud Biodiversity for Customs Officials held at Horton Plains, Nuwara-Eliya from 15th – 17th February 2015.
	<ul style="list-style-type: none"> • Workshop on “Finding New Alternative Methods to Control Mosquito Menace in Sri Lanka” at Grand Monarch Hotel, Battaramulla on 03.03.2015.
	<ul style="list-style-type: none"> • Workshop on Fisheries Management at Tamarin Hotel, Katunayake held from 09.04.2015 – 11.04.2015.
	<ul style="list-style-type: none"> • National Green Procurement Policy and Guidelines Workshop organized by Ministry of Mahaweli Development & Environment at Banking Studies , Kotte on 08.05.2015.
	<ul style="list-style-type: none"> • Inception Workshop for the Formulation of the Project on “Implementation of the National Biosafety Framework on Cartagena Protocol of Biosafety” on 19.05.2015 at Hotel Taj Samudra.
	<ul style="list-style-type: none"> • Workshop on National Implementation Plan held from 11.05.2015 – 12.05.2015 at Tamarine Tree Hotel, Katunayake.
	<ul style="list-style-type: none"> • Workshop on Environmentally Sound Management and Disposal of Polychlorinated Biphenyls (PCBs) wastes and PCB contaminated equipment in Sri Lanka on 16.06.2015 at Galadari Hotel, organized by Ministry of Environment.
	<ul style="list-style-type: none"> • Capacity Building Workshop on WCO 2012 HS Codes and Preventing Illegal Trading of Ozone Depleting Substances from 12.07.2015 – 13.07.2015.
	<ul style="list-style-type: none"> • Workshop on Strengthening Capacity to Control the Introduction and Spread of Invasive Alien Species (IAS) in Sri Lanka on 24.08.2015 at Water’s Edge, Battaramulla, organized by Biodiversity Secretariat, Ministry of Environment,.
	<ul style="list-style-type: none"> • Regional Training Course for Customs Authorities of States Parties in Asia on Technical Aspects of the Transfers Regime of the Chemical Weapons Convention from 25.08.2015 – 28.08.2015 in Thailand
	<ul style="list-style-type: none"> • Intensive Training programme for BCNP staff and Biodiversity Task Force held on 07.08.2015, 13.08.2015, 20.08.2015 and 28.08.2015 at HRD Auditorium.
	<ul style="list-style-type: none"> • Validation workshop for the project on Implementation of the National Biosafety framework in accordance with the Cartagena Protocol on 29.09.2015 at Waters Edge organized by State Ministry of Environment.
	<ul style="list-style-type: none"> • National IAS Strategy / Action Plan review workshop, Project on strengthening capacity to control the introduction and spread of alien Invasive Species in Sri Lanka on 30.09.2015 held at Opulent River Face Hotel, Rajagiriya.
	<ul style="list-style-type: none"> • Intensive Training programme on Role of Customs Biodiversity Conservation and Gene Piracy for BCNP staff and Biodiversity Task Force held on 07.09.2015 at CDU Auditorium.
	<ul style="list-style-type: none"> • Intensive Training programme on Laws Governing the movements of fauna and flora and Multilateral Environmental Agreements (MEA) signed by Sri Lanka for BCNP staff and Biodiversity Task Force held on 11.09.2015 at CDU Auditorium.
	<ul style="list-style-type: none"> • Intensive Training programme on Identification of Antiques for BCNP staff and Biodiversity Task Force held on 14.09.2015 at CDU Auditorium.
	<ul style="list-style-type: none"> • Field training workshop on Wetland Eco system at <i>Maduganga</i> for BCNP staff and Biodiversity Task Force held on 17.09.2015.
	<ul style="list-style-type: none"> • Intensive Training programme on Production Sealing procedure and Awareness on E- waste for BCNP staff and Biodiversity Task Force held on 29.09.2015 at CDU Auditorium.

	<ul style="list-style-type: none"> Workshop on WTO SPS Agreement: A business perspective aiming at improving communication on SPS issues and implementation of International SPS Standard held on 09.10.2015 at Hotel Ramada.
	<ul style="list-style-type: none"> Training programme on Joint Enforcement Action against Counterfeiting and Piracy (Action – IPR A/P) on 19.10.2015 at HRD Auditorium.
	<ul style="list-style-type: none"> Workshop on Establishment of a System for the Management of Electronic & Electronic Waste through Extended Producer Responsibility on 29.10.2015 at Centre for Banking Studies, Central Bank of Sri Lanka.
	<ul style="list-style-type: none"> Workshop on Green Customs Initiatives Asia Pacific held in Korea from 10.11.2015 - 13.11.2015.
	<ul style="list-style-type: none"> A Practical Workshop on Identifying Counterfeit goods in the International Trade Supply Chain on 19.11.2015 at Hotel Hilton, Colombo.
	<ul style="list-style-type: none"> Workshop on Combating Wildlife Crime in Singapore organized by Interpol from 16.11.2015 – 18.11.2015.
	<ul style="list-style-type: none"> Capacity Building Workshop for Customs Officials on “Stay Away from fakes” at Hotel Ramada, Colombo on 02.12.2015.

Special Activities

E-waste Management week at Customs Head Office

As a part of continuous environment protection and conservation programs conducted earlier, BCNP branch organized an e-waste collecting program at the headquarters premises during the period of 09.12.2015 to 21.12.2015. During this period the collecting bins were placed near the lifts at ground floor and basement floor and the officers were aware by distributing the hand bills and public Announcements. Collected e-waste was sent for Recycling.



Donation of Ola Leaf Manuscripts to Department of National Archives

Sri Lanka Customs handed over 23 numbers of Ola Leaf Manuscripts including the valuable Ola leaves namely “Wedakama, Bauddha Suthra, Manthra Shashtraya, Maha Brahma Jala Suthraya, Anguththara Teeka, Wedakama (Vimana Wasthu Prakaranaya), Bauddha Sahithya ,Wedakama” and 01 bag of damaged Ola Leaf Manuscripts to Department of National Archives on 04th March 2015.



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. Implement Control of requirements such as Intellectual Property Right Act (IPR), Sri Lanka Standard Institute Act (SLSI), National Medicines Regulatory Act (NMRA), Atomic Energy Authority Act (AEA), Consumer Affairs Authority Act (CAA), Ministry of Environment, Health Department and Defense Ministry stipulated with regard to Customs related laws in order to combat any violations or frauds, it becomes necessary that all the imports covered by above authorities should be referred to CPU prior to release of the consignments out 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 law in terms of Customs Ordinance read with other related Acts and Ordinances related to above activities.
7. Register IPR Brands.
8. Respond to Action for Application for IPR violation.
9. Conduct workshops and awareness programs on IPR.

Main Tasks	Target (If Relevant)	Achieved % on 31.12.2015	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 with coordination of 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).		10%	More Staff Required
(6) Increase the effectiveness in enforcing regulations relating to the commodities falling under the Intellectual Property Rights (IPR)		80%	Recordation and attend to court cases regarding IPR Issues
(7) Increase the effectiveness in enforcing regulations relating to the commodities falling under the Sri Lanka Standards (SLS)		100%	

Port Control Unit

Introduction

The Port Control Unit of Sri Lanka Customs was established under the Container Control Programme (CCP) of United Nations Office for Drugs and Crime (UNODC)/World Customs Organization (WCO) in view of Combating trans-border crimes. Presently this unit comes under the purview of Central Investigation Directorate. Further, this unit receives advance cargo information from the vessel operators/ cargo reporters and is expected to receive passenger information from the Aircraft operators and cause investigations based on the risk analysis performed and suitable measures are taken accordingly.

Major Functions

1. Receive and streamline advance electronic cargo manifests for Air & Sea and also control and monitor port activities.
2. Obtain Advanced Passenger Information (API) from relevant aircraft operators.
3. Identify containers, other consignments using electronic manifests and analyze the same and with the tools available to the PCU and examine those deemed high risk for further investigation and physical examination.
4. Identify the passengers with Customs risk using API data, check such passengers and the baggage and cause further investigations where necessary.
5. Monitor and maintain Cargo Targeting System (CTS) provided by the World Customs Organization (WCO).
6. Build up cooperation with other agencies.

Progress Report

1. Promote Electronic Manifesting in Advance (CTS/ASYCUDA)

Introduced and updated Shipping Agents/NVOCC Operators/Freight Forwarders on Cargo Targeting System (CTS). In this regard, 325 cargo reporters are registered with CTS. The assistance was given by the WCO/UNODC.

2. Enforce the legislation in regard to Sea Cargo Reporting.

Gazette (Extraordinary) Notification No. 1886/55 dated 31.10.2014 was published to regulate the electronic manifest submission to ASYCUDA. Sea cargo reporters were instructed and were given awareness program in regard to the reporting of e-manifest to Sri Lanka Customs. Accordingly Legal action was taken against 10 non compliance cargo reporters.

3. Enforce the legislation in regard to Advance Passenger Information.

Advance Passenger Information regulation was published under the Gazette (Extraordinary) Notification No. 1947/23 of 30.12.2015. Aircraft operators were given an awareness program in regard to this notification which shall come in to operation from 01.01.2016.

4. Investigate into suspicious cargo.

Port Control Unit was brought under CIB with effect from 10.04.2015 (DOPL995) and accordingly the unit successfully detected few cases. The details are as follows:

No. of cases registered	- 39
No. of cases completed	- 16
No. of cases not completed	- 23
Total amount of imposed penalty/mitigated forfeiture	- Rs. 250,128,986/-

5. Enhance professional standards of the officers.

- a. Three officials participated in the five days workshop on the International Seaport Interdiction Training (ISIT) organized by the US Customs and Border Protection in collaboration with Sri Lanka Customs.
- b. Two officials participated in the two days training on NPS was conducted by the Dangerous Drugs Control Board of Sri Lanka.
- c. Eight Officials participated in a study visit to the Port of Rotterdam, the Netherlands for one week.
- d. One official attended the two days Training Workshop on New Psychoactive Substances organized by UNODC-ROSA at New Delhi.
- e. One official participated in the Narcotics Control Training Program for two weeks in the People's Republic of China.
- f. Conducted a workshop on WCO- COPES for the officials for five days in Colombo.

6. Awareness and training programs.

- a. Conducted training/awareness programs on CTS for related personnel/agencies
- b. Conducted meetings for CASA and SLFFA members to express their suggestions

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 1 st and 2 nd quarters	Not Achieved	DOPL was not approved by DGC
Acquiring required staff	Complete the action within 2 nd 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 2 nd , 3 rd & 4 th 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 2 nd , 3 rd & 4 th 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
Key Action 2.2	Target	Actual	If not Achieved, the reason
Automation of Central			

Case Register			
Develop Software	1 st Quarter	Done	
Procure hardware	2 nd Quarter	Done	
Testing and implementation	2 nd Quarter	Done	
Full implementation	3 rd Quarter	Not Achieved	Unable to implement in few Divisions without hardware

Progress Report – January to December 2015

Central Investigation Bureau

A. Investigations of CIB from 01/01/2015 to 31/12/2015

1. No. of cases registered - 922
2. No. of cases finalized - 42
 - a. Amount of penalty/ mitigated forfeiture/ further forfeiture - Rs. 149,790,675/=
 - b. A/E recovered - Rs. 205,237,434/=
 - c. Sales Proceeds - Rs. 115, 628,024/=
3. Progress of the Central Case Register
 - a. No. of cases registered in CCR - 10,436
 - b. No. of files updated in CCR - 3,984

B. Investigations of other divisions

1. No. of files sent to CIB for investigation from other branches - 20
2. No. of files sent to other branches from CIB for investigation - 6

C. Maintenance of Central Case Register (CCR)

1. No. of files produced to be registered in CCR- 10,436
2. No. of cases updated in CCR - 3,984
3. No. of reward lists recommended - 265

Progress Report – January to December 2014

Central Investigation Bureau

A. Investigations of CIB from 01/01/2014 to 31/12/2014

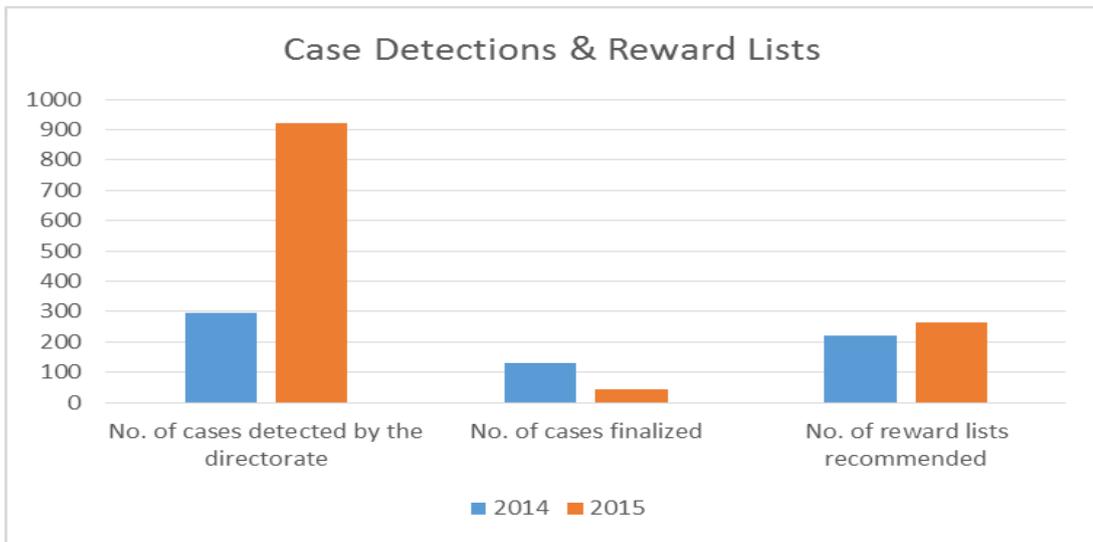
1. No. of cases registered - 297
2. No. of cases finalized - 130
 - a. Amount of penalty/ mitigated forfeiture/ further forfeiture -Rs. 210,694,031/=
 - b. A/E recovered - Rs. 6,431,046/=
 - c. Sales Proceeds - Rs. 57,564,690/=
3. Progress of the Central Case Register
 - a. No. of cases registered in CCR - 9,532
 - b. No. of files updated in CCR - 5,605

B. Investigations of other divisions

1. No. of files sent to CIB for investigation from other branches - 4
2. No. of files sent to other branches from CIB for investigation - 19

C. Maintenance of Central Case Register (CCR)

- 1. No. of files produced to be registered in CCR - 9,579
- 2. No. of cases updated in CCR - 5,605
- 3. No. of reward lists recommended - 221



Significant Cases

CIB/INV/036/2013 - CIB officers’ detected 13 FCL containers with structural components imported violating Import Control Regulations. Rs. 12,548,549/= recovered from sales proceeds.

CIB/INV/297/2014 – CIB officers detected a Mitsubishi Pajero Jeep imported without ICL. Mitigated forfeiture Rs. 7,000,000/=

CIB/INV/029/2015 – CIB officers detected a container imported contrary to prevailing rules and regulations of Import Control Act and Customs Ordinance. Mitigated further forfeiture Rs. 400,000/=, Mitigated Penalty 100,000/=, Mitigated forfeiture Rs. 9,500,000/=

Cases sent to CIB for Investigation

CIB/INV/119/2015 (BIA/A/CASE/33/2015) - Successful completion of investigation for 16 undeclared Gold slabs (1864g). Further Forfeiture 1,200,000/=, Sales Proceeds 9,680,488/=.

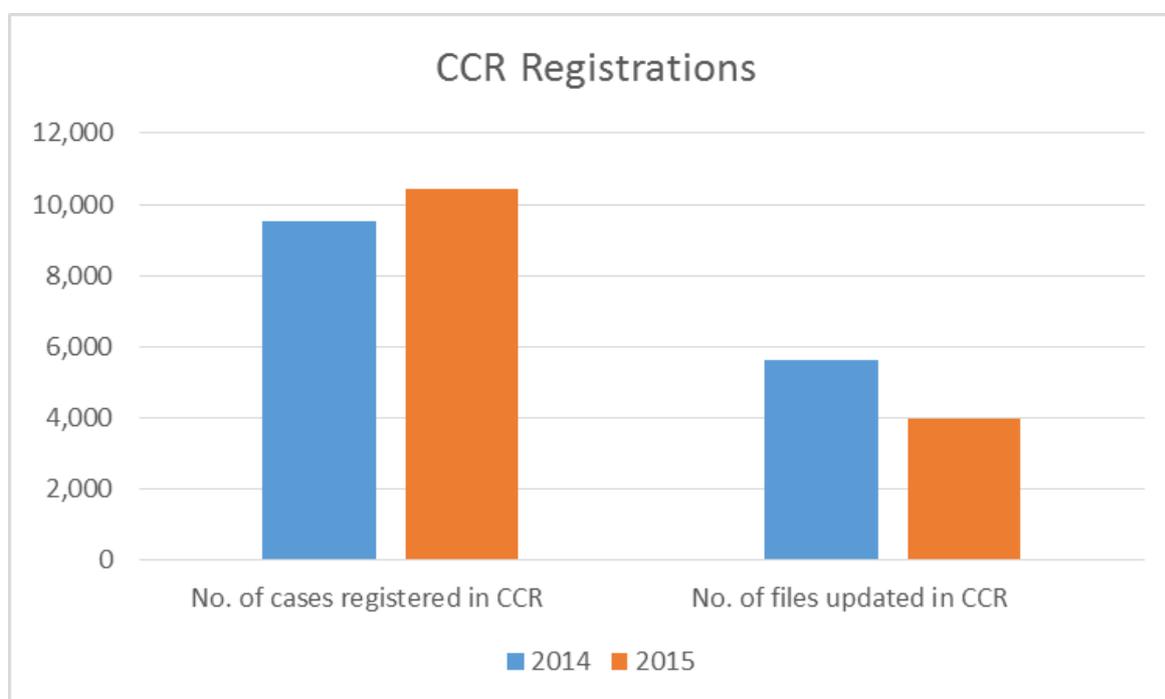
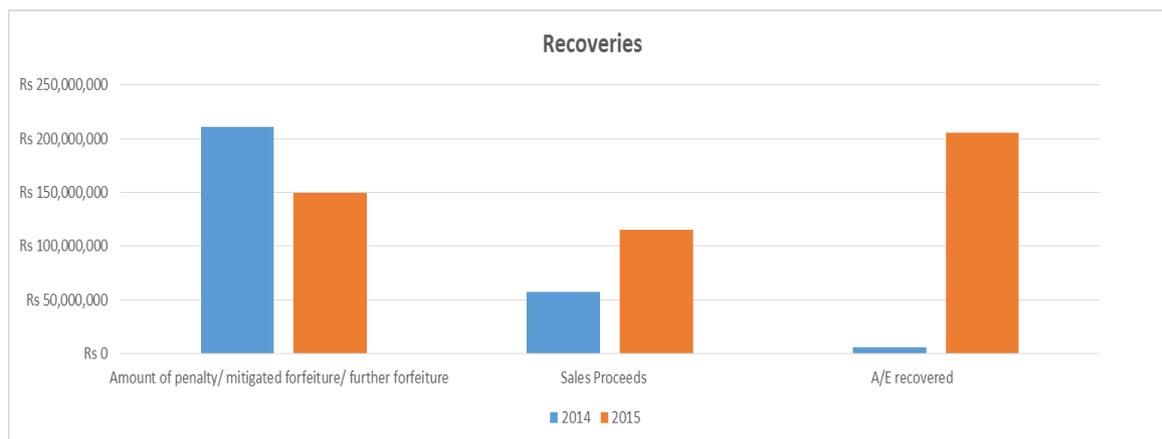
HR Development

Training and Workshops

A. Overseas

Field	Place	No. of Days	No. of Officers
1.Workshop and Conference on Pharmaceutical Crimes and Medical Equipment Counterfeiting	Paris- France	02	01
2.COPEs Seminar- Conducted by WCO	Hong Kong	02	01
3.Tax Stamp Forum	Miami-America	02	02
4.Workshop on Internet Intelligence	UK	04	01

Comparison of 2015 with 2014



B. Local

Field	Place	No. of Days/Months	No. of Officers
1.Awareness programme for newly appointed Appraisers	Customs Head Quarters	7 Days	3
2.Operation Catalyst	BIA, Air Cargo & Mail Express Couriers, EMS & Post	21 Days	2
3.Capacity building workshop on WCO 2012 HS Codes and prevention of illegal trading of Ozone Depleting Substances	Customs Head Quarters	1 Day	5
4.Training on Narcotics Control	Customs Head Quarters	2 Days	3
5.Diploma by GASL-Gemologist Association of Sri Lanka	Customs Head Quarters	7 Months	1

Human Resources

Present Total Staff Strength, required staff and shortage

Post	Present Staff	Required Staff	Shortage
DC	1	1	0
DDC	2	2	0
SC	8	11	3
DSC	3	23	20
ASC	20	54	34
CIC	0	5	5
IC	2	7	5
Guard	2	20	18
PMA	2	5	3
Drivers	4	7	3
KKS	4	10	6

Legal Affairs Directorate

Introduction

Legal Affairs Directorate is responsible for the administration and supervision of the prosecution of Court cases and correspondence with Attorney General's Department. This Directorate is headed by a Director who is assisted by one Deputy Director, one Superintendent, two Deputy Superintendents and two Assistant Superintendents.

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
Liaise with Attorney General's Department and respective Directorates to facilitate court cases and consultation of Legal matters	On due dates	Achieved	---
Arrange officers to attend all cases relating to Customs matters in the Supreme Court and Appeal Court	On Court Dates	Achieved	---
Arrange relevant division officers to attend the First instant Court (MC/DC/HC)	On due dates	Achieved	---
Advise PP&R and other division in providing legal opinion on agreements and contracts between Sri Lanka and other countries	Within a week	Achieved	---
Prepare and maintain a digest on decided cases in relation to the Customs	1 year	Achieved	---
Established and assist the Committee to review Customs Ordinance and other related Laws and Regulation Periodically	2 years	Not Achieved	Limited number of officers

Progress Report 2015

Running cases from year 2014	61
Number of cases Registered in 2015	40
	101
Court Applications 2015	
Supreme Court Applications	13
Court of Appeal Applications	26
Commercial High Courts	1
Finalized Applications	7
Number of Consultations attended	34
Number of Miscellaneous issues registered	111

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.

Table 1: Information received and distributed

	2013	2014	2015
No. of information received through the PIRD	45	30	26
From other sources (fax, letters, News)	05	-	02
Total	50	30	28
No. of intelligence disseminated to other branches for action.	23	14	13

Table 2: No. of Intelligence Alerts Distributed:

	2013	2014	2015
CIU Alerts	17	19	13
RILO WCO CEN Alerts	NIL	30L	39

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

	2013	2014	2015
Number of POD records	397	143	55

Table 4: No. of CHA & VAT Registrations:

	2013	2014	2015
Custom House Agent Permit Renewal	3500	3750	3700
SLPA wharf license (A Pass)	2000	2200	2570
Importers VAT registration screening documents	1442	1481	1460

Table 5: No. containers scanned under Container Security initiative (CSI) Program

	2015
No. of Transshipment Containers	204
No. Local Export containers	05
Total number of containers	209

Table 6: Liaisons with Local & Foreign Investigation and Intelligence Agencies:

Agency	No. of requests			No. of Replies Received		
	2013	2014	2015	2013	2014	2015
DRI-India	04	08	08			02
Sri Lanka Embassy in Japan	08	62	35	06	58	32
Sri Lanka Embassy in UK	04		05			05
HM Customs UK		02			01	1
Australia	09					
Sri Lanka Embassy In Singapore	01	01				
Japan Customs						
Maldives Customs						
Thailand Customs			03		03	3
Malaysia Customs	01	01				
Vietnam Customs	01	01				
Thailand Embassy	04	04				
RILO Korea					01	01

Table 7: 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 THE YEAR 2015

TRAINING PROGRAM ON INTERNATIONAL SEAPORT INTERDICTION CONDUCTED BY US CUSTOMS AND BORDER PROTECTION



With an outlook of enhancing the Capacity Building process of the Customs operational staff the Central Intelligence Division with coordination of the United State Embassy in Sri Lanka and CSI office in Sri Lanka has organized training program on “International Seaport Interdiction “ which was held on 7th to 10th of December 2015 at Taj Samudra Hotel Colombo. The Five day training program was conducted by two Customs official of US Customs and Boarder Protection (CBP) who were experienced in conducting international training programs for customs administration in many countries. Twenty five personnel comprising of Assistant Superintendents, Deputy Superintendents and Superintendents of Customs have received the opportunity to ascertain a greater knowledge in area of targeting, examination of vessels, identification of commodities, identifications of containers and container seals. Also the participants have received a “Hands on Experience” over the usage of Non Intrusive equipment demonstrated by the trainers. This training session has also provided a practical exercise of a Vessel Search operation conducted in a merchant vessel at the port. At the conclusion of the five day session the participants have received the certificates from His Excellency Mr. Atul Keshap the Ambassador of United States of America to Sri Lanka.

It was pledged that two more training sessions be offered to Sri Lanka Customs are in the offing as continuation of this program.

The Ambassador has highlighted and appreciated the cooperation between Sri Lanka Customs and US Customs demonstrated in the Container Security Imitative operation conducted at the port of Colombo during last ten years. This event is also a significance of the progress of the International cooperation maintained by this division with International Customs Administrations

Central Intelligence Division has also hosted a good will visit made by the US Ambassador to Colombo port to monitor the scanning of Containers by the Customs mobile scanners, Mega port operation and CSI office. During this visit a meeting was also held with Director General of Customs.

In the year 2015 the Director of Central Intelligence has participated in the WCO Enforcement Committee meeting held in Belgium, Regional Customs Enforcement & DRI Meeting held in India and the RILO National Contact Point (NCP) meeting in Indonesia with perspective of strengthening the sharing of information and inter agency assistance.

OTHER COMMENTS

More training opportunities on Intelligence Analysis is needed to cope with the emerging trends of frauds. Staffing level of the directorate has to be increased and more sophisticated infrastructure is required to do fruitful analysis. The importance of the directorate must be convinced to the department and the morale of the officers attached to directorate has to be developed.

**REVENUE
AND
SERVICES
CLUSTER**

Declarations Directorate

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 consist the following units.

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

All these units operate 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 (2nd 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 ensures 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 cusdec 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 (ex: 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 un customs 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 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 chargers 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 Cusdecs 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 Cusdecs 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 2nd 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 License) 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 filled 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 2015

Figure wise summary of performances during the year 2015 have been annexed for the detail reference.

i.	Long Room and Motor Vehicle Unit	Annex A ,B
ii.	Motor Vehicle Unit	Annex C, D
iii.	Container Movement from the Harbor 2015	Annex E
iv.	Manifest Amendments & Late Manifest Penalty	Annex F
v.	Revenue Comparison Long Room & Motor Vehicle Unit	Annex G

Industries and Services Directorate

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.

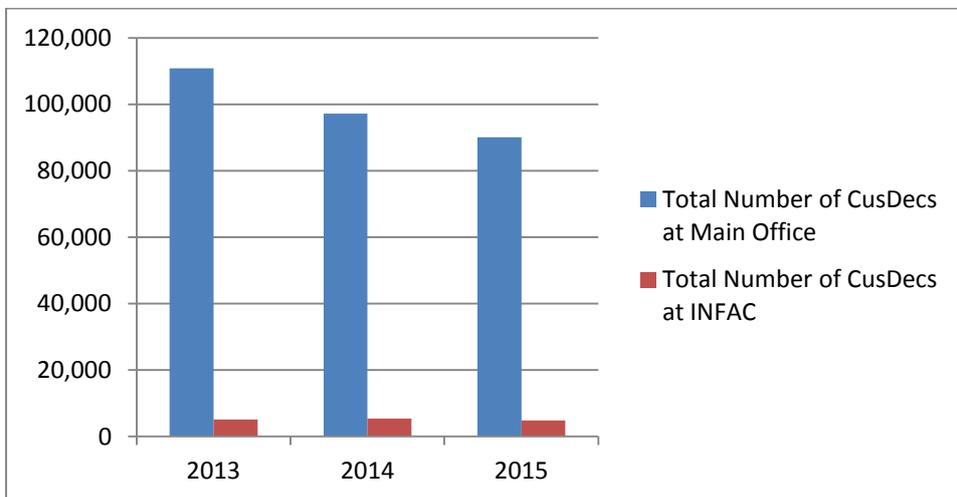
Main Branches in the Industries & Services Directorate

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

Documentation Division

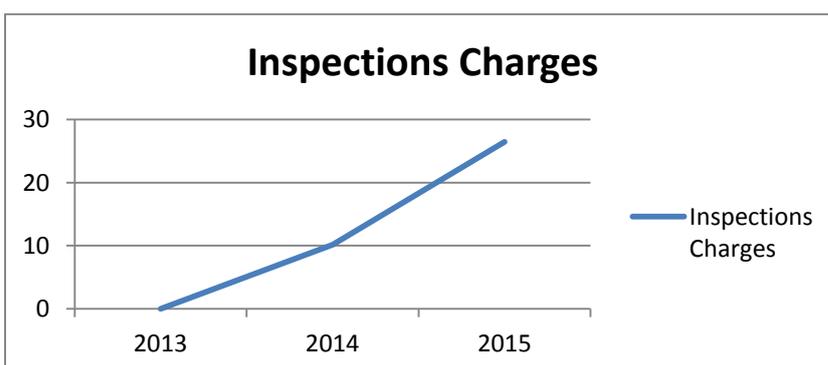
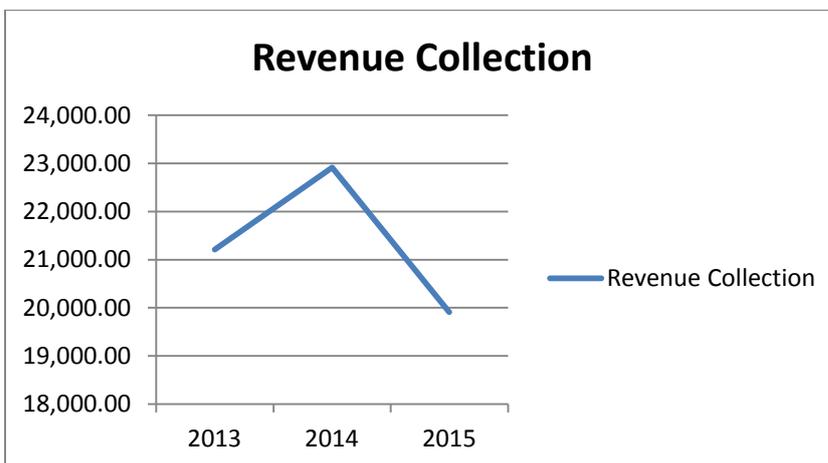
Number of CusDecs Processed

	2013	2014	2015
(a) Total Number of CusDecs at Main Office	110,865	97,222	90,082
(b) Total Number of CusDecs at INFAC	5,154	5,391	4,813



Recoveries

	2013	2014	2015
Revenue Collection (Rs. Millions)	21,211.9	22,917	19,911.02
Inspections Charges (Rs. Millions)	8.08	10.16	26.46



Projects Division

Present Status of Customs Bonded Warehouses (2015)

		Public Bonds	Private Bonds	Manufacture – In Bonds	Sugar Bonds	UPB Bonds
i	Number of Bonds at the beginning of the year	6	46	6	3	11
ii	Number of new Approvals during the year					
iii	Number of Revocations (De Bonded)					
iv	Number of Bonds at the end of the year	6	46	6	3	11

		Service Bonds	Feeder Bonds	Duty Free	MCC Bonds	Total
i	Number of Bonds at the beginning of the year	10	51	51	3	187
ii	Number of new Approvals during the year	0	1	1	1	3
iii	Number of Revocations (De Bonded)	1	0	0	0	1
iv	Number of Bonds at the end of the year	9	52	52	4	189

Sales details of Duty Free Shops located out of BIA

	2013	2014	2015
Sea Trans Duty Free Shop (USD)	1,246,289.00	-	1,452,506.00
STC General Trading Co. Ltd. (USD)	1,588,401.00	1,643,397.00	2,698,885.00
Vintion International (Pvt) Ltd. (USD)	Nil	64,333.00	170,540.50
Total (USD)	2,834,690.00	1,643,397.00	4,321,931.50

Current status of TIEP 1, TIEP 4 & IBG Schemes (2015)

1. Operators

		TIEP 1	TIEP 4	IBG
i	Number of operators at the beginning of the year.	1055	534	240
ii	Number of operators joined during the year	57	25	12
iii	Number of operators at the end of the year	1112	559	252

Monitoring & refunds Division

Secured Revenue

	Number of Guarantees
Bank Guarantees Accepted	2301
Bank Guarantees Demanded	08
Bank Guarantees Settled	1760
Personal Guarantees and Corporate Guarantees Accepted	145

Bonds Investigations Unit

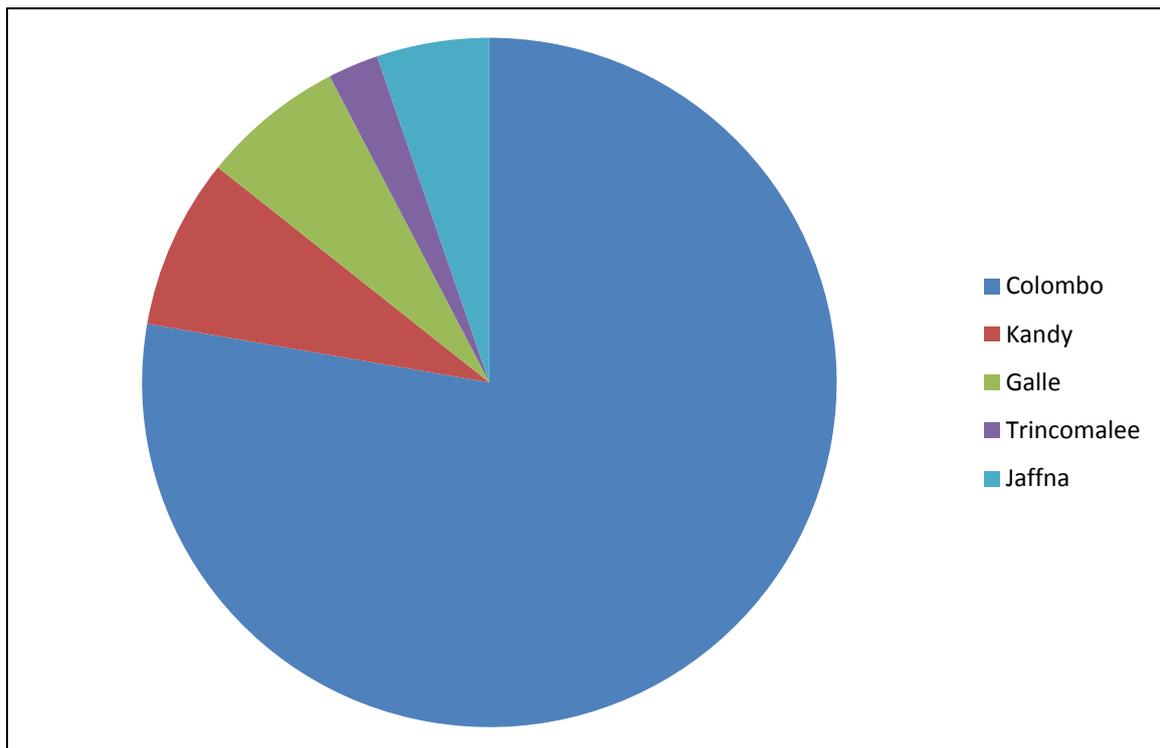
Number of violations detected, recoveries made, cases filed in courts.

	2013	2014	2015
Number of cases at the beginning of the year	574	611	31
Number of cases initiated during of the year	59	44	43
Number of inquiries conducted during the year	10	13	14
Number of cases pending investigation	611	31	26
Number of cases pending inquiry at the end of the year	4	-	4
Number of cases filed in courts (at the end of the year)	Nil	Nil	2
Forfeitures/Penalties	266,043,829	7,367,295	157,864,500

Postal Appraising Division

Revenue collected during 2015

Colombo (Rs.)	Kandy (Rs.)	Galle (Rs.)	Trincomalee (Rs.)	Jaffna (Rs.)	Total (Rs.)
59,586,105	6,129,608	5,117,614	1,807,609	4,019,118	76,660,054



Cargo Examinations Directorate

Introduction

Customs is responsible for collecting taxes, protection of society, bio-diversity, cultural heritage, intellectual property, environmental protection, trade and traveler compliance and collection of statistics in the area of imports and exports. Some of these objectives are carried out on behalf of other government agencies by Customs.

In the past, Customs adopted control focused law enforcement strategies traditionally known as the *gatekeeper* style of approach so that almost all the consignments were physically examined to achieve the organizational objectives. However, with the rapid growth of the international trading environment and practices especially with the emergence of shipping containers, mega shipping container carriers, mega ports, modern container terminal facilities, e-commerce, wide bodied aircrafts and the complexities of international, multilateral or bi-lateral trade agreements Customs was burdened with a dramatic increase of workload.

The fast growing global environment impacted Customs to facilitate the legitimate trade which imply to apply controls where necessary and maintain an appropriate level of facilitation in all its activities. This required a re-assessment of roles and the method of operation which was a move from traditional *gate keeper* style of physical controls towards an operating model based on Risk Management techniques.

Customs implemented risk selectivity and targeting strategy to address the challenge. It had to apply 'one size fit all' approach for all its clients and treated the risks to mitigate the non compliance. However, it has now become necessary to understand the individual circumstances, the specific behavior of the client and apply different methods of treatments for risk mitigation. Adoption of a holistic risk-based compliance management approach will provide Customs with an opportunity to deploy the resources more effectively and efficiently and successfully achieve its objectives.

The clients of Customs can be divided into four broad categories:

1. Who are voluntarily compliant
2. Who try to be compliant but do not necessarily always succeed
3. Who will avoid complying if possible
4. Who do not deliberately comply

In the risk based compliance management approach, incentives and simplified Customs procedures are offered to those are voluntarily compliant, assisted compliance to those who try to be compliant but do not necessarily always succeed, directed compliance to those who try to avoid complying if possible and enforced compliance to those who deliberately do not comply. The expectation is to increase the low risk client base and detect the non compliers by focusing the resources on high risks. At the operational level, risk based compliance management is always enabled by intelligence support. This assists the Customs decision makers to mobilize and deploy the resources in an appropriate manner. Customs apply controls and provide an appropriate level of facilitation to the legitimate traders so that the disruption and cost to the legitimate trade is minimized. The main feature in the holistic risk-based compliance management approach is to encourage the client base towards voluntary compliance and focus the resources towards the deliberate non compliers.

At the operational level, risk-based controls are applied with the support of intelligence and modern technology. The expectation is to correctly identify the reliable clients and the consignments with low risks and provide them with more and more facilities and recognition than the high risk clients and consignments who are dealt under the Customs and related laws. The objective of the Customs is to collect due Revenue from imports and exports, enforce Customs and related law and to facilitate the legitimate trade and the travelers efficiently and effectively.

Objectives

- Ensure recovery of due revenue from importation.
- Enforcement of restrictions and prohibitions under by the Customs and related laws.
- Facilitate of legitimate trade.

Major Functions

- I. Screening of Import CusDecs processed 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 based on compliance level.

Comparison of Performance with the Action Plan for 2015:

(1) Key activities under Revenue objectives

Key Action	Target %	Actual %	If not achieved, the reasons
1. Inform all the heads of the branches in the directorate to provide feedback on all the cases detected in the given format on monthly basis.	100	100	
2. Inform DDC (HRC) to provide feedback on outcome of HRC Examinations in given format on monthly basis.	100	100	
3. Provide the necessary information to Central Intelligence Unit.	100	100	
4. Provide the necessary information to Risk Management Committee.	100	100	
5. Periodic review on the progress.	100	100	

(2) Key activities under Control objectives

Key Action	Target %	Actual %	If not achieved, the reasons
1. Obtain ideas from all examination points on the containers to be scanned.	100	100	
2. Analyze the information at DDC's meeting of the directorate and prepare the criteria.	100	100	
3. Inform Screening Unit and the Risk Management Unit.	100	100	
4. Periodic review on the progress.	100	100	

(3) Key activities under Trade Facilitation objectives

Key Action	Target %	Actual %	If not achieved, the reasons
1. Identify the reputed importers importing low risk commodities in large number of containers.	100	100	
2. Increase the number of consignments permitted for out panel examination	100	100	
3. Increase the number of containers permitted under Green Channel	100	x	Green channel concept is not yet implemented in SLC
4. Periodic review on the progress.	100	100	

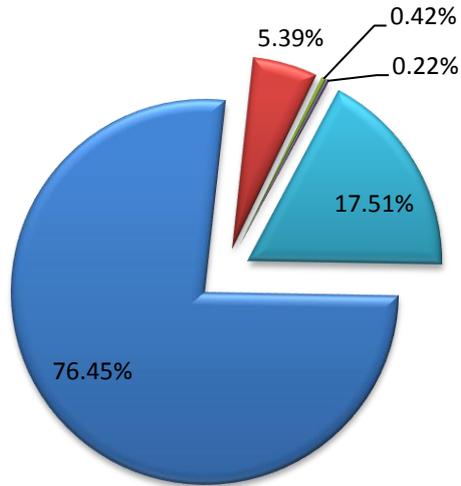
(4) Key activities under other objectives

Key Action	Target %	Actual %	If not achieved, the reasons
1. Holding an awareness session for all officers in the Directorate.	100	100	
2. Making changes in the Quality Circles already form to include officers who have been transferred to the Directorate recently.	100	100	
3. Implement the productivity standards in all branches as directed by Employee Services Directorate	100	100	
4. Periodic review on the progress.	100	100	

PERFORMANCE IN 2015 - CARGO EXAMINATION DIRECTORATE			
Remark		2014	2015
		No. of CusDecs	
CusDecs relevant to importation of Home use registered at examination points		192,559	247,380
Examinations yard			
	Gray Line I		11,662
	Gray Line II		15,988
	HRC		1,165
	ICD NNR		35,578
	JCT		16,747
	BQ		43,555
	G/Pier		949
	Kochikade		17,178
	PVQ		172
	RCT		108,182
Examination Channels Selected			
	Amber	162,742	189,114
	Detail	19,556	13,344
	HRC	1,600	1,041
	Red	1,572	554
	Other (InFac, TIEP, etc...)	7,378	43,327
		No. of Containers	
Cleared (for Home use)		177,633	251,176
Scanned		17,797	10,737
Cases Detected		49	31
		SLR in million	
Recoveries made			
	Recoveries on Additional CusDecs	115.2	682.5
	Recoveries of Penalty	24.2	6.5
	Value of Goods Forefeited	4.2	0.1

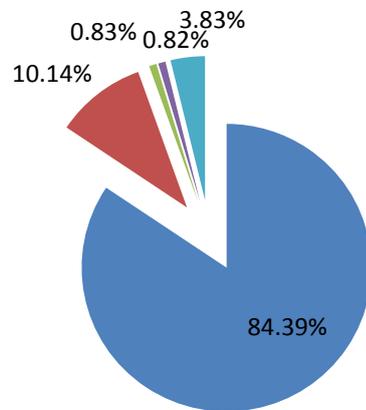
Channels of Examination (Home use) 2015

Amber Detail HRC Red Other (InFac, TIEP, etc...)

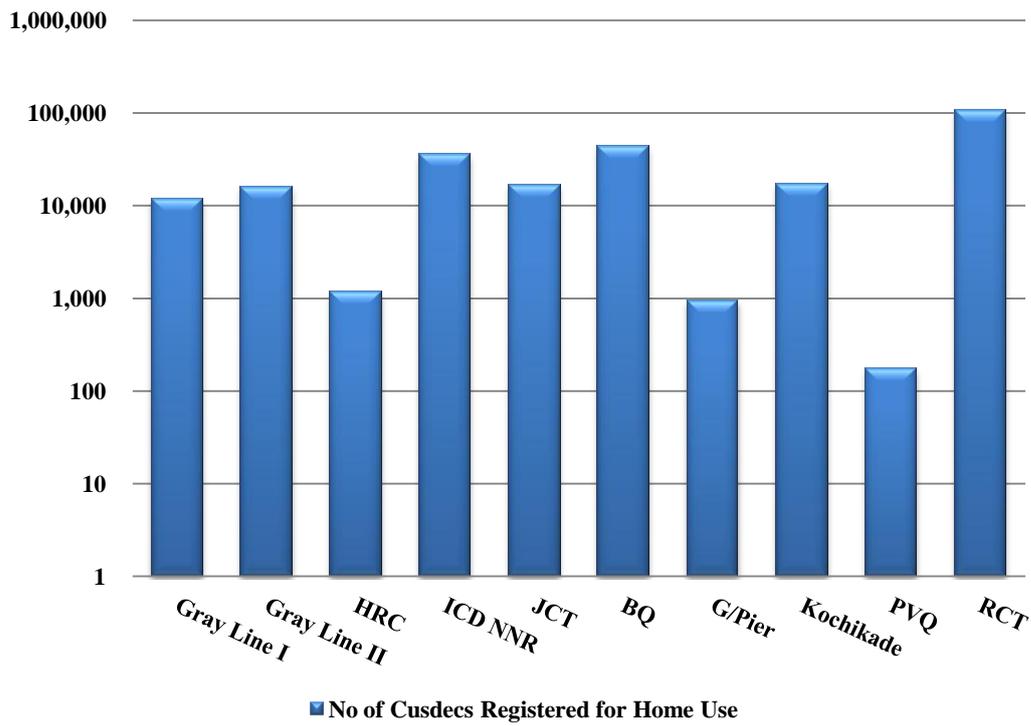


Channels of Examination (Home use) 2014

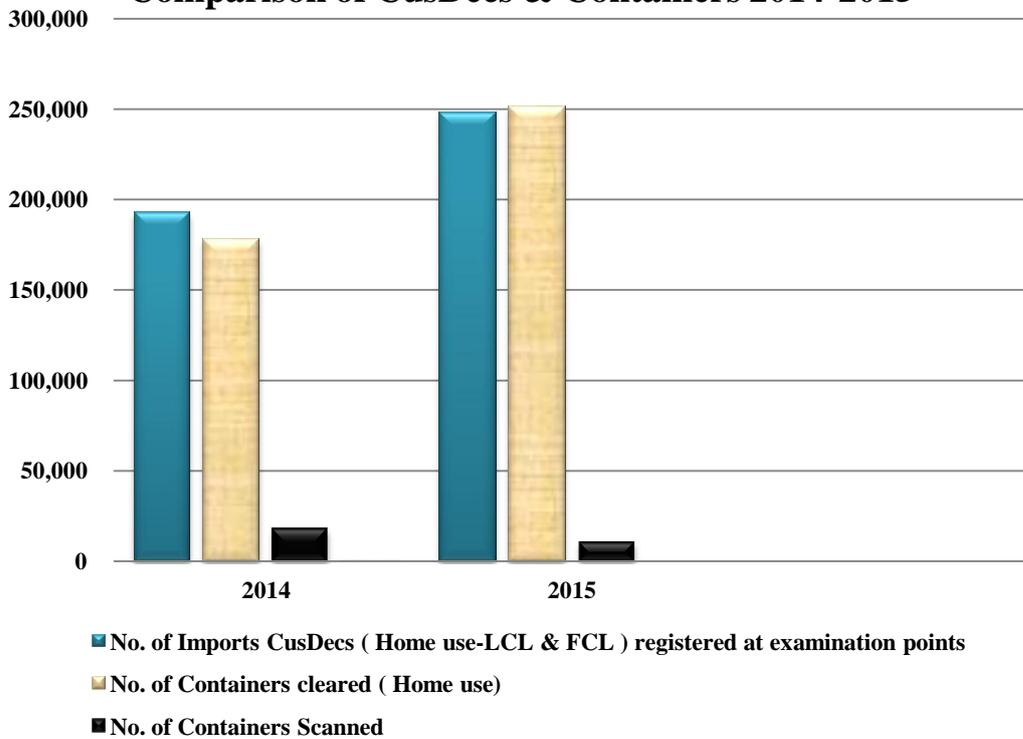
Amber Detail HRC Red Other (InFac, TIEP, etc...)



Import Consignments (Home Use) Cleared in 2015 at Examination Points



Comparison of CusDecs & Containers 2014-2015



Comparison of Containers Cleared & Scanned (2014 & 2015)

■ No. of Containers cleared (Home use) ■ No. of Containers Scanned

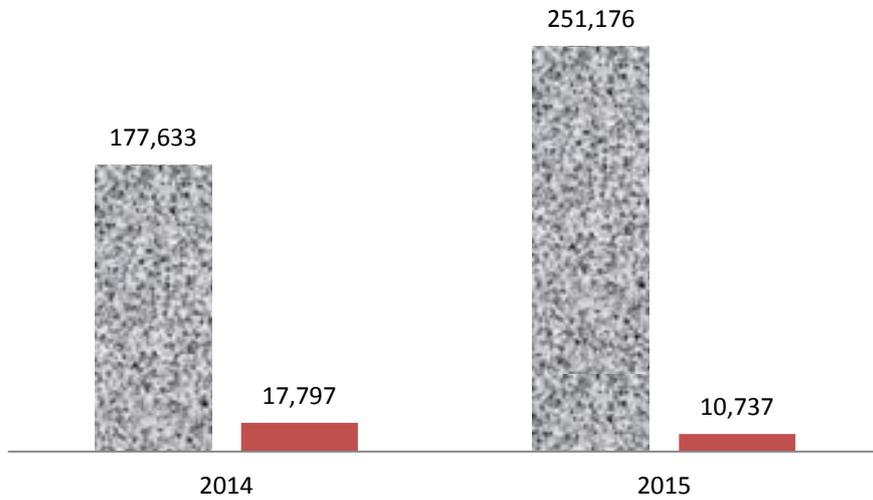
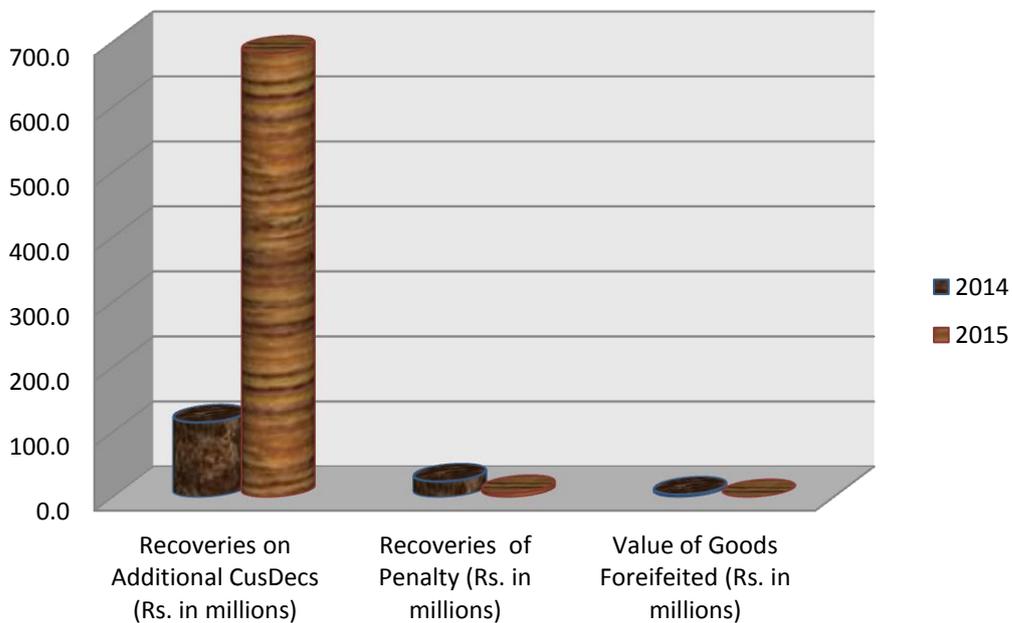


Chart Comparison of Revenue Recovered (2014 & 2015)



Suggestions for Improvement

- Implementation of Risk Management Techniques
- implementation of Automated selectivity
- Implementation of Container movement monitoring system at RCT
- Implementation of the "Exit Note" in ASYCUDA WORLD system at the Examination Points
- Provide training for the staff on intelligence based cargo examination.

Conclusion

One of the most valuable roles of the cargo clearance procedure, "the physical examination of cargo" is performed by the officers attached to the Cargo Examination Directorate. The procedure of the examination and the efficiency and effectiveness of the officers are lead to achieve the minimum time clearance concept and the objectives setup by the directorate as well.

When comparing the number of CusDecs registered for examination in 2014 along with 2015 it shows that No. of CusDecs has been increased by 54,821 and the No. of containers cleared also increased by 73,543 in 2015 than the year 2014.

As the present trend of world customs authorities to walk towards to the facilitator's role from the old gatekeepers job gradually, this directorate also set up action plan for 2015 giving more room to facilitate the compliant importers. This can be seen through the comparison of clearance data in between 2015 and 2014.

When considering the information related to the cargo selectivity reveals that in 2014 though the 77% examination was done under the Amber Chanel it has been increased in 2015 up to 84.39%. A considerable amount consignments also selected under the amber channel are examined in consignee's go downs as out panel examination by escalating the facilitation concept. This facility is based on their compliance level.

When considering the overall performance in 2015, at the end of the year, it indicates that 99% of the targets selected in the action plan have been achieved. The targets described as "Increase the number of containers permitted under green channel" in the action plan could not been achieved as the Department does not perform the "Green Channel" concept for cargo examination.

However, it is recommended to implementing the suggestions indicated above to enhance the productivity of the Directorate and to facilitate the legitimate importers please.

Passenger Services (Colombo) Directorate

Objectives:

To provide courteous and satisfactory service efficiently and effectively to passenger 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.

Performance of this Directorate (Rs.)

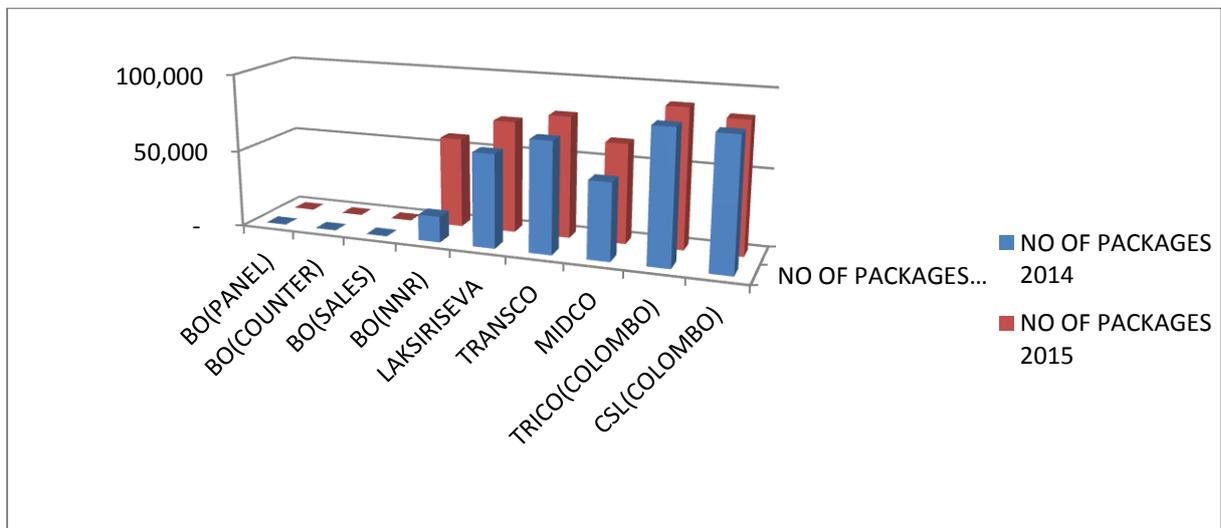
	NO OF PACKAGES	PENALTY	OVERTIME	TAXES	TOTAL
BO(PANEL)	0	263,000	0	10,338,481	10,601,481
BO(COUNTER)	0	0	0	0	0
BO(SALES)	0	0	0	1,872,064	1,872,064
BO(NNR)	58,146	3,119,876	0	29,017,376	32,137,252
LAKSIRISEVA	72,233	1,880,953	4,570,083	31,600,614	38,051,650
TRANSCO	78,409	285,500	3,637,952	21,636,313	25,559,765
MIDCO	64,067	624,723	3,317,034	12,247,141	16,188,898
TRICO(COLOMBO)	89,427	2,829,556	3,663,159	35,579,049	42,071,764
CSL(COLOMBO)	84,576	25,04,370	3,511,314	41,125,508	47,141,192
Total	446,858	11,507,978	18,699,542	1,834,16,546	213,624,066

Comparable Financial Performance for the Year 2014/2015 (Rs)

	NO OF PACKAGES 2014	NO OF PACKAGES 2015	PENALTY 2014	PENALTY 2015	OVERTIME 2014	OVERTIME 2015	TAXES 2014	TAXES 2015
BO(PANEL)	-	-	-	263,000	-	-	3,077,309	10,338,481
BO(COUNTER)	-	-	12,165,014	-	-	-	25,388,899	-
BO(SALES)	-	-	2,842,008	-	-	-	8,088,600	1,872,064
BO(NNR)	16,685	58,146	1,256,520	3,119,876	-	-	29,548,856	29,017,376
LAKSIRISEVA	60,076	72,233	463,078	1,880,953	3,866,085	4,570,083	25,444,072	31,600,614
TRANSCO	71,171	78,409	998,600	285,500	2,588,493	3,637,952	22,457,618	21,636,313
MIDCO	49,289	64,067	945,013	624,723	2,701,784	3,317,034	14,914,833	12,247,141
TRICO(COLOMBO)	85,119	89,427	883,771	2,829,556	3,318,279	3,663,159	32,107,656	35,579,049
CSL(COLOMBO)	83,776	84,576	1,703,337	2,504,370	2,887,315	3,511,314	47,186,782	41,125,508
	366,116	446,858	21,257,341	11,507,978	15,361,956	18,699,542	208,214,625	183,416,546

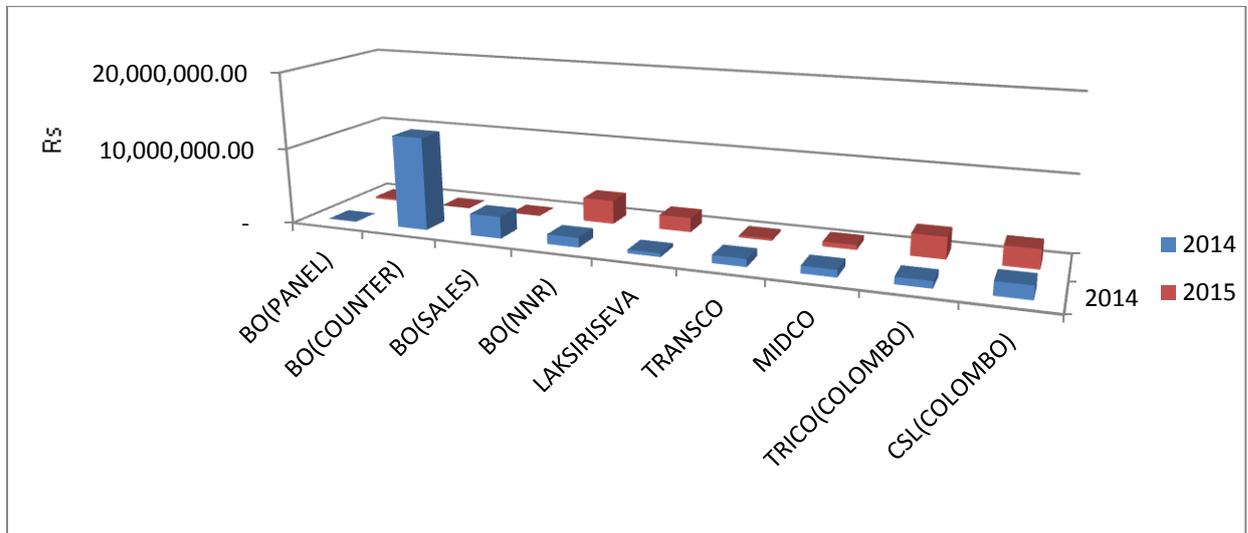
Comparable Baggage movements for the year 2014/2015

	NO OF PACKAGES 2014	NO OF PACKAGES 2015
BO(PANEL)	-	-
BO(COUNTER)	-	-
BO(SALES)	-	-
BO(NNR)	16,685	58,146
LAKSIRISEVA	60,076	72,233
TRANSCO	71,171	78,409
MIDCO	49,289	64,067
TRICO(COLOMBO)	85,119	89,427
CSL(COLOMBO)	83,776	84,576
Total (Rs)	366,116	446,858



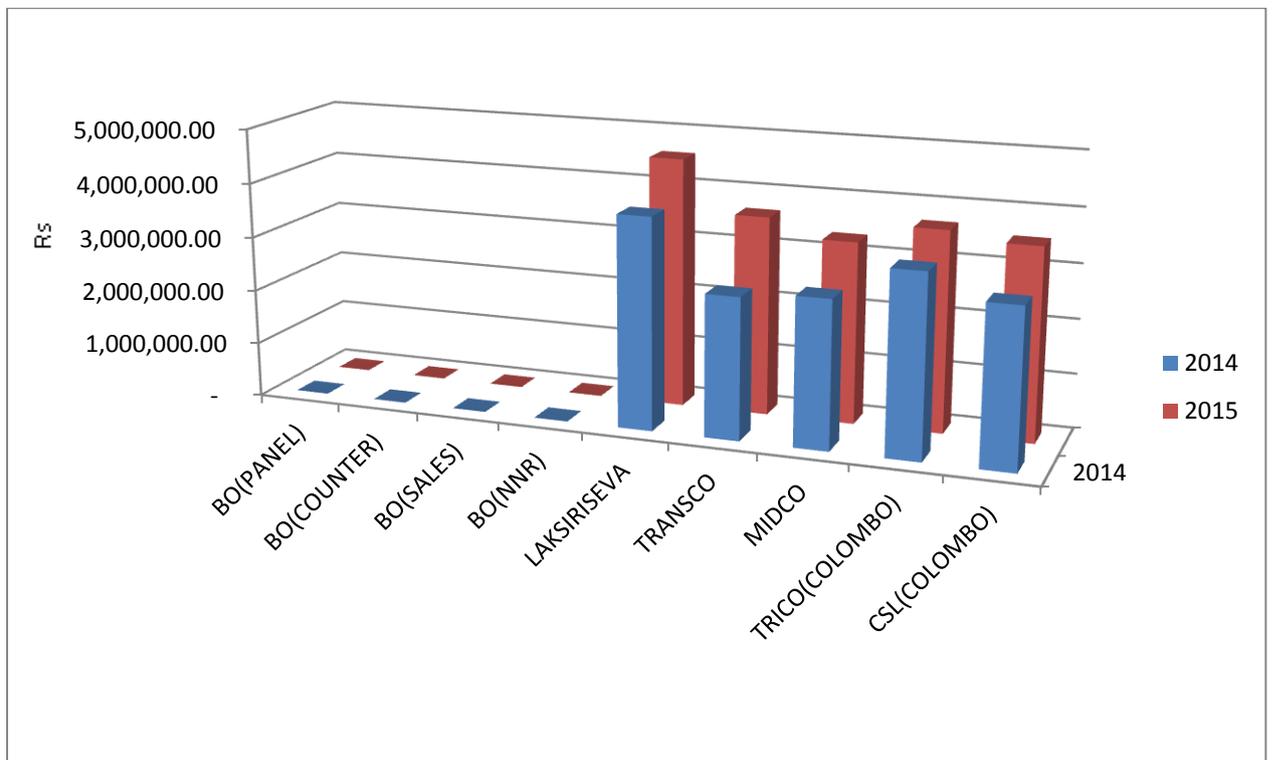
Comparable penalty recoveries for the year 2014/2015 (Rs)

	2014	2015
BO(PANEL)	-	263,000
BO(COUNTER)	12,165,014	-
BO(SALES)	2,842,008	-
BO(NNR)	1,256,520	3,119,876
LAKSIRISEVA	463,078	1,880,953
TRANSCO	998,600	285,500
MIDCO	945,013	624,723
TRICO (COLOMBO)	883,771	2,829,556
CSL (COLOMBO)	1,703,337	2,504,370
Total (Rs)	21,257,341	11,507,978



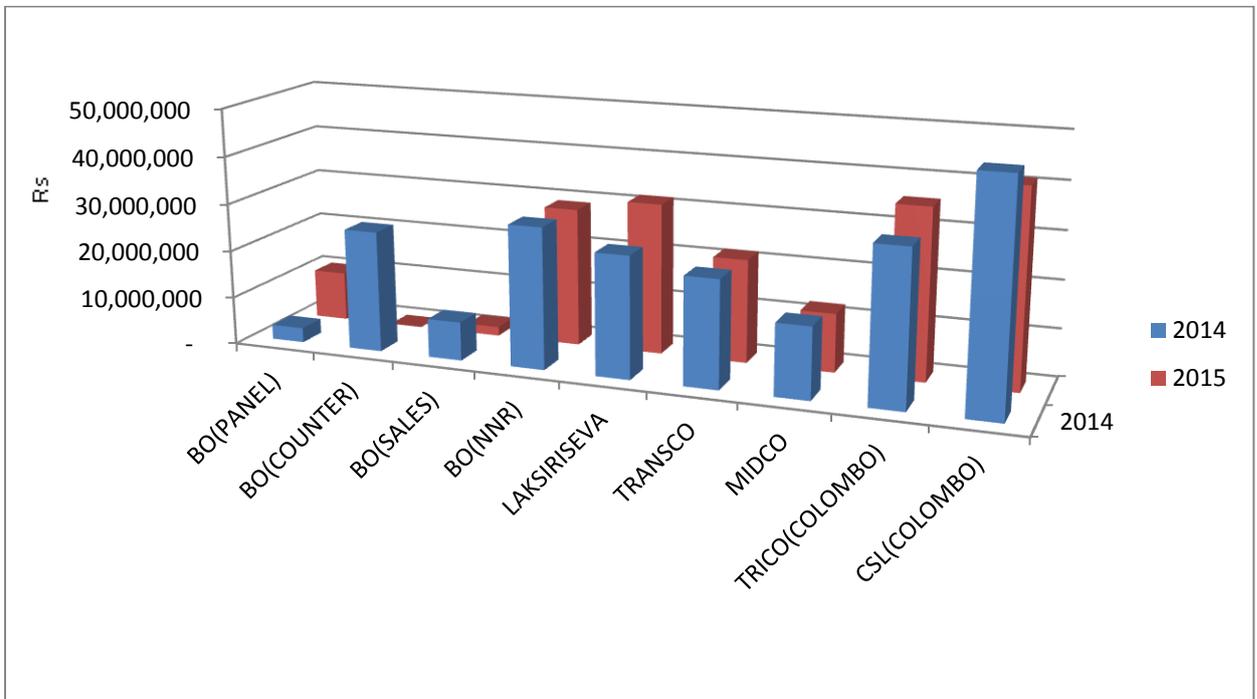
Comparable Overtime recoveries for the year 2014/2015 (Rs)

	2014	2015
BO(PANEL)	-	-
BO(COUNTER)	-	-
BO(SALES)	-	-
BO(NNR)	-	-
LAKSIRISEVA	3,866,085.00	4,570,083
TRANSCO	2,588,493.00	3,637,952
MIDCO	2,701,784.00	3,317,034
TRICO(COLOMBO)	3,318,279.00	3,663,159
CSL(COLOMBO)	2,887,314.50	3,511,314
Total (Rs)	15,361,955.50	18,699,542



Comparable Taxes recoveries for the year 2014/2015

	2014	2015
BO(PANEL)	3,077,309	10,338,481
BO(COUNTER)	25,388,899	-
BO(SALES)	8,088,600	1,872,064
BO(NNR)	29,548,856	29,017,376
LAKSIRISEVA	25,444,072	31,600,614
TRANSCO	22,457,618	21,636,313
MIDCO	14,914,833	12,247,141
TRICO(COLOMBO)	32,107,656	35,579,049
CSL(COLOMBO)	47,186,782	41,125,508
Total (Rs)	208,214,625	183,416,546



Exports Directorate

Introduction

Exports Directorate facilitates the clearance of the outright exports and re-exports by simplifying its procedures and introducing e-processing of Export Cusdecs, promoting the international legitimate cargo movement through transshipment. The Directorate is also responsible to safeguard cultural, ecological and social interests of the country.

Main Functions

01. This Directorate attends to all matters related to exports from the country through the Seaports and Airports as well.
02. Dealing with all matters related to exports of all commodities from the country.
03. Examination of export cargo for Customs purposes and for security reasons.
04. Collection of Export duty, Cess, Royalty on commodities exported.
05. Management of Container Freight Stations located in Colombo and suburbs.
06. Maintaining MCC warehouses.
07. Facilitation of temporary importation/exportation through Carnet.
08. Approving the refund claims.
09. Issuing shipment certificates.
10. Certification of duty rebate documents.
11. Registration of Free Re-importation Certificates.
12. Certification of shipments to Department of Commerce in respect of Rules of Origin.
13. Facilitation of Transshipment operations.
14. Providing National Trade statistics.
15. Safeguarding socio-economic, cultural and ecological interests of the nation.
16. Develop co-operative relationships with all stakeholders including other Government agencies and private sector.
17. Implementing systems and procedures which strive to continually improve the Efficiency and effectiveness of business processes.
18. Making maximum use of information and communication technology to facilitate the exports trade.

Performance of the Directorate

Exports Revenue figures – 2015

	Exports Office Colombo & EFC (Rs.)	Air Cargo Export Office Katunayake (Rs.)	Total Rs.
EEC	1,920,653,352/-	-	1,920,653,352/-
Export Duties (CBO)	18,555,815/-	-	18,555,815/-
Cess-Rubber	245,181/-	-	245,181/-
Cess-Tea	672,363,791/-	-	672,363,791/-
Cess-Coconut	92,487,099/-	2,717/-	92,489,816/-
Examination Fees	53,038,110/-	19,918,355/-	72,956,465/-
Royalty	36,545/-	-	36,545/-
* Import Duty (1/10)	4,291,326/-	-	4,291,326/-
* PAL (1/10)	1,198,521/-	-	1,198,521/-
Other	28,287/-	-	28,287/-
Penalty	31,794,790/-	3,587,741/-	35,382,531/-
Forfeitures	-	-	-
Overtime Fee	21,749,300/-	34,706,704/-	56,456,004/-
Shipment Certificate Charges	110,750/-	-	110,750/-
Computer Fee	21,930,000/-	18,537,400/-	40,467,400/-
Total	2,838,482,867	76,752,917	2,915,235,794

* Recovered at the time of Re-export.

1. No of Cusdecs submitted and Finalized.

Export Office	-	86,397
Air Cargo	-	72,780
Sri Lankan Cargo	-	1,190
Total	-	160,367

02. Panel Applications

No. of Examination	-	14,133
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03. Examination Fees collected (Rs.)

Export Office Recovery (O/E)	-	53,038,110/-
Air Cargo Recovery (O/E)	-	19,918,355/-
Total	-	72,956,465/-

04. Computer Fees Collected (Rs.)

Export Office	-	21,930,000/-
Air Cargo	-	17,398,900/-
Sri Lankan Air Line	-	1,138,500/-
Total	-	20,730,400/-

05. Export Levies Collected (Rs.)

Export Duty	-	18,555,815/-
Royalty	-	36,545/-
Cess: a) CC1	-	92,489,816/-
b) TC1	-	671,777,321/-
c) TC2	-	586,470/-
d) RC1	-	242,556/-
e) RC4	-	2,625/-
f) EEC	-	1,920,653,352/-
g) Import Duty (1/10)	-	4,291,326/-
h) PAL (1/10)	-	1,198,521/-
(Other)	-	28,287/-

06. CESS Abbreviations:

a) CC1	-	Coconut Deve. Authority Cess
b) TC1	-	Tea Board Cess
c) TC2	-	Tea Medical Aid Cess
d) RC1	-	Rubber Cess
e) RC4	-	Rubber Medical Aid Cess
f) EEC	-	Export Deve. Board Cess

07. Over Time Payment (Rs.)

Export Office	-	1,248,750/-
Air Cargo	-	33,827,444/-
Sri Lanka Air Line	-	879,260/-
CFS Yard	-	20,223,650/-
Sri Lankan Cargo	-	276,900/-
Total	-	56,456,004/-

08. Current Accounts

i. No. of Current Account holders	-	46
ii. No. of Current Account operated	-	35
iii. Deposit during the period (Rs.)	-	292,005,692
iv. Total amount debited during the period (Rs.)	-	1,467,013,298

09. No. of FRIC issued to request - 807

10. No. of Shipment certificates issued - 443

11. Shipment Certificate fees collected (Rs.)

Certificate Fees - 110,750/-

12. Ships/Flights amendment charges recovered (Rs.)

Export Office (Penalty) - 1,386,375/-

Air Cargo (Penalty) - 3,587,741/-

Exports Facilitation Center - 6,533,415/-

Total - 11,507,531/-

13. Transshipment

Total No. of Deposit (Containers) - 1,137,960

Total No. of Containers Shipped - 1,395,566

14. Penalty Recovered for Customs offences (Rs.) - 23,875,000/-

15. Total No of Containers Exported - 172,725



**CORPORATE
CLUSTER**

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 2015	Publish in the 1 st quarter of the year	Published in the 1 st quarter of the year	-
Organizing the International Customs Day Celebrations	Organize in the 1 st quarter of the year	Organized in the 1 st 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 2015, 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.

National Sub Divisions (NSD)

Sri Lanka Customs make Proposals on National Sub Divisions (NSD) in the Harmonized Commodity Description and Coding System (HS) to Trade and Investment Policy Department to be included in the Budget Proposals.

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 Mexico and Turkey.

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 & Mexico
2. Agreement on Co-operation and mutual assistance in Customs matters between Sri Lanka and Turkey

Development Programs

Sri Lanka Customs has carried out below Development Programs:

1. Korean Customs – Customs Modernization
2. KOICA Academy Partnership Program

Planning activities

Reviewing the progress of the Key Initiatives of all the Directorates of Sri Lanka Customs for the year 2014 was concluded and the Performance Report for the year 2014 was published. Annual Action Plan for the year 2015 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.

ADB: Analysis of Tax Administration

Performance in 2015

During the year 2015, the Directorate had issued 52 circulars on Exchange Rates, and 95 Departmental Orders. The composition of the Departmental Orders issued on Tax changes during the year 2015 was as follows:

- Value Added Tax amendments 04
- Excise Tax amendments 07
- Port and Airport Development Levy amendments 01
- Special Commodity Levy amendments 22
- Cess Levy amendments 06
- Revenue Protection Orders 08
- Nations Building Tax amendments 01

Departmental Orders issued during the year 2015

DOPL No.	Date	Related to	Subject
976	22.01.2015	SCL	SCL amendment on Rice
977	29.01.2015	Duty Waiver	Duty Waiver on Wheat Grain
978	29.01.2015	RPO - 1/2015	RPO - 1/2015 Budget 2015
979	29.01.2015	Excise	Excise (Special Provisions)
980	29.01.2015	Motor Vehicle	Customs Valuation of Motor Vehicles
981	29.01.2015	ICL	ICL
982	29.01.2015	SCL	SCL amendment
982A	30.01.2015	SCL	Errata to DOPL 982A
933A	05.02.2015	Tobacco	Tobacco Labeling Regulations

980A	11.02.2015	Motor Vehicle	Customs Value of Motor Vehicles
978A	12.02.2015	RPO	Amendment to RPO - Budget 2015
983	16.02.2015	SCL	SCL Amendment
984	24.02.2015	SCL	SCL Amendment
985	27.02.2015	RPO-2/2015	Revenue Protection Order
986	27.02.2015	ICL	Import Control License
987	27.02.2015	Excise	Excise Amendments
988	27.02.2015	Valuation	Customs Value of Imported Goods
989	06.03.2015	VAT Exemption	VAT Exemptions on NSDs
990	17.03.2015	SCL	SCL Amendment
991	25.03.2015	SCL	SCL Amendment
992	25.03.2015	Export Procedure	Export Procedure at EFC
993	01.04.2015	SCL	SCL Amendment
993A	07.04.2015	SCL	Errata to DOPL 993
994	08.04.2015	Cess (MRP)	Cess based on MRP
995	10.04.2015	Admin	Port Control Unit
562F	15.04.2015	NC	NC Committee
996	20.04.2015	Excise	Excise
997	23.04.2015	PP&R	SCL on Potatoes B' Onions
998	30.04.2015	Motor Vehicle	Committee on M/V Issues
999	30.04.2015	Import & Export Act	Import & Export Control Act
1000	06.05.2015	RPO-03/2015	RPO
1001	05.05.2015	SCL	Removal of SCL
1002	06.05.2015	Suspension	Suspension of Customs Facilities
1003	06.05.2015	Suspension	Suspension of Customs Facilities
1004	06.05.2015	Suspension	Suspension of Customs Facilities
1005	06.05.2015	Suspension	Suspension of Customs Facilities
1006	15.05.2015	SLSI	SLSI Regulations
1007	22.05.2015	ICL	ICL Changes
1008	05.06.2015	SCL	SCL on B' Onions
1009	16.06.2015	ICL	Ban of Glyphosate
1010	16.06.2015	ICL	SCL Amendment
1011	19.06.2015	SCL	ICL on Areca nuts
1012	24.06.2015	ICL	ICL on Areca nuts
1013	02.07.2015	SCL	SCL Amendments on Maize
118-Q	09.07.2015	Amendment to DOPL 118	Increasing Shares of DSCs
1014	04.07.2015	Importation of Maize	Annual Quota on Importation of Maize
1015	20.07.2015	SCL	SCL Amendments
1015A	21.07.2015	SCL	Errata to 1015
1016	23.07.2015	Waiver	Duty Waiver on Milk Powder
1017	07.08.2015	Waiver	Removal of Waiver-Milk Powder
861A	07.08.2015	Investigation	Amendment to DOPL 861
1018	13.08.2015	CDDA (NMRA)	Clearance of Medicine, Medical Devices, Boarder-line Products and Cosmetics
749C	14.08.2015	Valuation	Valuation Committee
1018A	27.08.2015	CDDA (NMRA)	NMRA Specimen Signature
1019	08.09.2015	SCL	SCL Amendments
1020	08.09.2015	VAT Exemption	VAT Exemptions on Poultry Feed
1021	17.09.2015	Motor Vehicle	Motor Vehicle Concessionary Levy
1022	17.09.2015	SCL	SCL Amendments
1023	17.09.2015		Streamlining of Interception of Inward and Outward Passengers with assistance of Immigration and Emigration
1024	22.09.2015	Surcharge	Surcharge of B'onions
118(R)	23.09.2015	Amendment to DOPL 118	Inclusion of Narcotic Division & ADGC entire staff, Approval to keep CIU Division in the PP&R Pool
1025	23.09.2015	SCL	Special Commodity Levy Amendments
1026	28.09.2015	Motor Vehicle	Customs Valuation for Motor Vehicle
1027	01.10.2015	SCL	SCL Amendments

1028	05.10.2015	Excise (Special Provisions)	Excise Duty Amendments - Cigarettes
1018(B)	05.10.2015		Remove Cosmetics from NMRA Scope
1029	07.10.2015		Request of Legal Opinion to demand a Value Declaration from (VDF)
1027(A)	08.10.2015	General	Errata to DOPL 1027
1030	08.10.2015	SCL	SCL on B'onions
1031	16.10.2015		Consignment of Fish Bait Imported to Sri Lanka
1026(A)	19.10.2015		Amendment to DOPL 1026
103220	20.10.2015		Suspension of Customs facilities of Janatha Garment Manufactures Ltd.
1033	28.10.2015	SCL	SCL Amendments on Maize, Grain Sorghum, Vegetable Fats and Oils and their fracture
1021(A)	11.11.2015	Amendment to DOPL 1026	Removal of Motor Vehicle clearing Date
1034	19.11.2015		Provisions of New Atomic Energy Act No. 40 of 2014 in relation to Customs matters
1035	20.11.2015	Budget 2016	RPO 04/2015
1036	20.11.2015	Budget 2016	SCL Amendments
1037	20.11.2015	Budget 2016	Excise Duty Amendments - Orders made under (Section 3 of Excise Special Provision) Act No. 13 of 1989
1038	20.11.2015	Budget 2016	Orders made under Section 3C of Excise (Special Provision) Act No. 13 of 1989 as last Amended by Act. No. 17 of 2011
1039	24.11.2015	Budget 2016	Revision of Cess Rates on Imports Budget 2016
1040	27.11.2015		Suspension of Concessionary premier for Importation of Motor Vehicles
118 S	27.11.2015		Amendment to Subparagraph 06(e) of DOPL 118F
1018 C	26.11.2015		Directions from NMRA in respect of Gym (exercise) equipment
1041	08.12.2015	Budget 2016	Change to Revenue Protection order 4/2015 & Excise Duties - Budget 2016
1042	09.12.2015	Budget 2016	Change to Revenue Protection order 4/2015
1043	09.12.2015	Budget 2016	Gazette Notification Published under the Export Development Act. No. 40 of 1979
1044	15.12.2015	Import Cess	Gazette Notification Published under the Export Development Act. No. 40 of 1979
1045	15.12.2015	RPO	Changes to RPO No. 04/2015
1044A	17.12.2015	Import Cess	Errata to DOPL 1044
1045A	17.12.2015	RPO	Further to DOPL 1045
1046	17.12.2015		Streamlining the sea cargo examination procedure
1044B	18.12.2015	Import Cess	Errata to DOPL 1044 - Oversight of 6406.10
1047	22.12.2015	VAT	VAT on import and supply of agricultural tractors or road tractors for semi trailers HS 8701.90.10
1048	23.12.2015		Clearance of canned fish of FCL consignment that are required for inspection by the SLSI
1049	31.12.2015	Budget 2016	Amendment to VAT/PAL/NBT

Departmental subject files opened

Date	PL No:	Description
23.01.2015	750	SASEC under facilitation and management working group meeting
27.01.2015	751	Sub Committee on Trade (SCT) between Sri Lanka and Vietnam
06.03.2015	752	Importation of Standard Solutions (Chemicals) for an instrument calibration at Atomic Energy Authority
21.04.2015	753	Inter - Government joint Commission on Trade Economic, Science and Technical Cooperation between Sri Lanka and Russia
29.04.2015	754	Import Inspection Scheme SLSI
30.04.2015	755	Kandy Water Supply Project
30.04.2015	756	Non-Manipulation Certified Regulation
08.06.2015	757	HS Code for Glyphosate
23.09.2015	758	National Medicines Regulatory Authority
29.12.2015	759	Import Tariff Guide - 2016

International Affairs Division – Subject files opened

File No:	Description
PP&R/CIAD/01/2015	SAARC meetings Katmandu
PP&R/CIAD/02/2015	Visa Correspondence
PP&R/CIAD/03/2015	Korean Customs-Customs modernization
PP&R/CIAD/04/2015	Kathmandu Meetings
PP&R/CIAD/05/2015	Sri Lanka Bangladesh
PP&R/CIAD/06/2015	Post of Directors of WCO
PP&R/CIAD/07/2015	WCO Asia Risk Management Contact Point
PP&R/CIAD/08/2015	Furniture of Customs Internal Affairs Division
PP&R/CIAD/09/2015	Preparation of Customs Souvenirs
PP&R/CIAD/10/2015	KOICA Academy Partnership Program
PP&R/CIAD/11/2015	Turkey- Sri Lanka Mutual Agreement
PP&R/CIAD/12/2015	ADB : Analysis of Tax Administration
PP&R/CIAD/13/2015	Central Bank Request for Performance Assessment Information
PP&R/CIAD/14/2015	Customs Agreement between Mexico and Sri Lanka
PP&R/CIAD/15/2015	Annual Member Contributions of Sri Lanka to WCO

Coordination meetings Attended by Director / Deputy Directors

Several meetings at the following institutions were attended during the year 2015:

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

Events organized by Policy, Planning & Research Directorate

1. International Customs day Celebration

Date – 26th January 2015

Venue – Customs Head office

Theme – “Coordinated Border Management - An Inclusive Approach for Connecting Stakeholders”.

Compliance and Facilitation Directorate

Introduction

Compliance and Facilitation directorate is set up under the corporate cluster. Three units operate under this Directorate. They are Post Clearance Audit, Refunds and Risk Management. 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 programs 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 26th September 2013 in terms of DOPL883.

Post Clearance Audit

Post clearance audit (PCA) or audit-based controls are defined by the [Revised Kyoto Convention](#) as measures by which the Customs satisfy themselves as to the accuracy and authenticity of declarations through the examination of the relevant books, records, business systems and commercial data held by persons concerned. Post-clearance audit is a critical control methodology for Customs and other border regulatory authorities as it enables them to apply a multi-layered risk-based control approach by moving from a strictly transaction-based control environment to a stronger audit-based administration. Transaction-based controls are those controls applied to each individual shipment at the time of crossing the border, such as physical examination, verification of value, origin and classification of goods, sampling, verification of certificates, licenses and permits, etc. (Source: *World Customs Organization (WCO)*)

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.

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">• Value• Quantity• Currency• exchange rate	<ul style="list-style-type: none">• Classification• Application of general rates• Preferential rates	<ul style="list-style-type: none">• Exemptions Justifications Amount• Accuracy of duty calculation	<ul style="list-style-type: none">• Restrictions• Prohibitions• Import License• IPR• CITES• Royalty• Exchange control

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

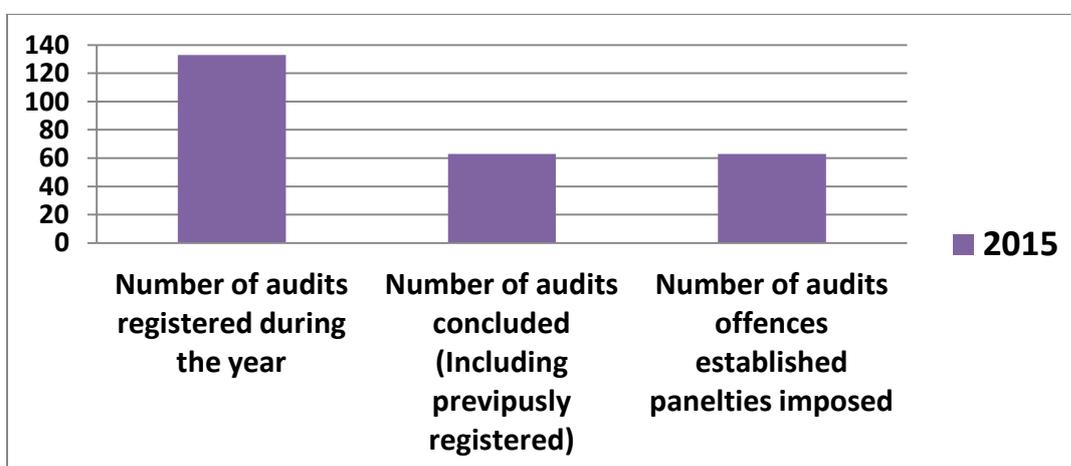
Performance during the year 2015

	2015
Number of audits registered during the year	133
Number of audits concluded (including previously registered)	67
Number of audits offences established penalties imposed	61
Total amount of penalties recovered (Rs.)	759,460,609.00
Total amount of sales proceeds collected(Rs.)	29,824,414.00
Total amount collected as A/E(Rs.)	66,016,718.00

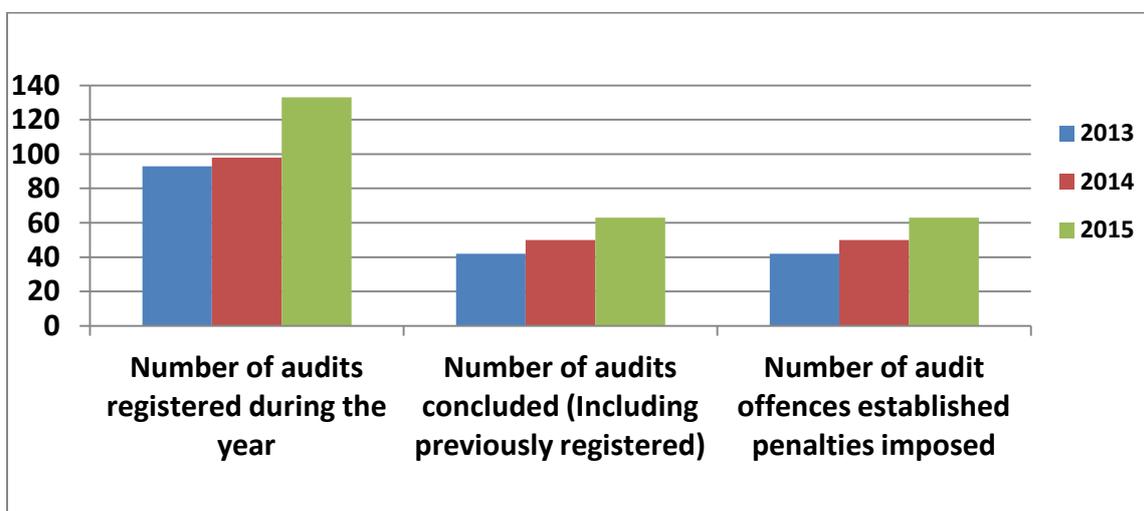
Performance during the year 2013, 2014 & 2015

	2013	2014	2015
Number of audits registered during the year	93	98	133
Number of audits concluded (including previously registered)	42	50	63
Number of audits offences established penalties	42	50	63
Total amount of penalties recovered (Rs.)	251,181,532	114,716,417	759,460,609
Total value of the goods forfeited	NIL	NIL	NIL
Total amount collected as A/E	NIL	4,660,935	66,016,718

Comparison - Chart format - Year 2015



Comparison – Chart Format – Year 2013, 2014, and 2015



Special Performance of PCA during year2015

Proposed Tentative Schedule for year 2015

	Key Activity	Planned Time Period
1.	Two departmental workshops to be conducted for Customs Officers	Within May to November 2015.
2.	Conducting consultation sessions with stakeholders	During May to June 2015.
3.	Disseminating valuation information through the Customs Web Site	Mid of August 2015
4.	Designing the web page of C & F directorate	By October 2015
5.	Issuing a booklet on valuation formalities	By November 2015

Progress Report on the above schedule

Key Activities	Achievement
(1) Workshops on introduction of WTO Valuation Procedure conducted for SCC/DSCC/ASC	January 2015- 03 hrs duration February2015- 03 hrs duration May 2015- 03 hrs duration October 2015 -03 hrs 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) Designing the web page of C & F directorate	Completed
(5) Publication of valuation formalities	Yet to be completed

Refunds Branch

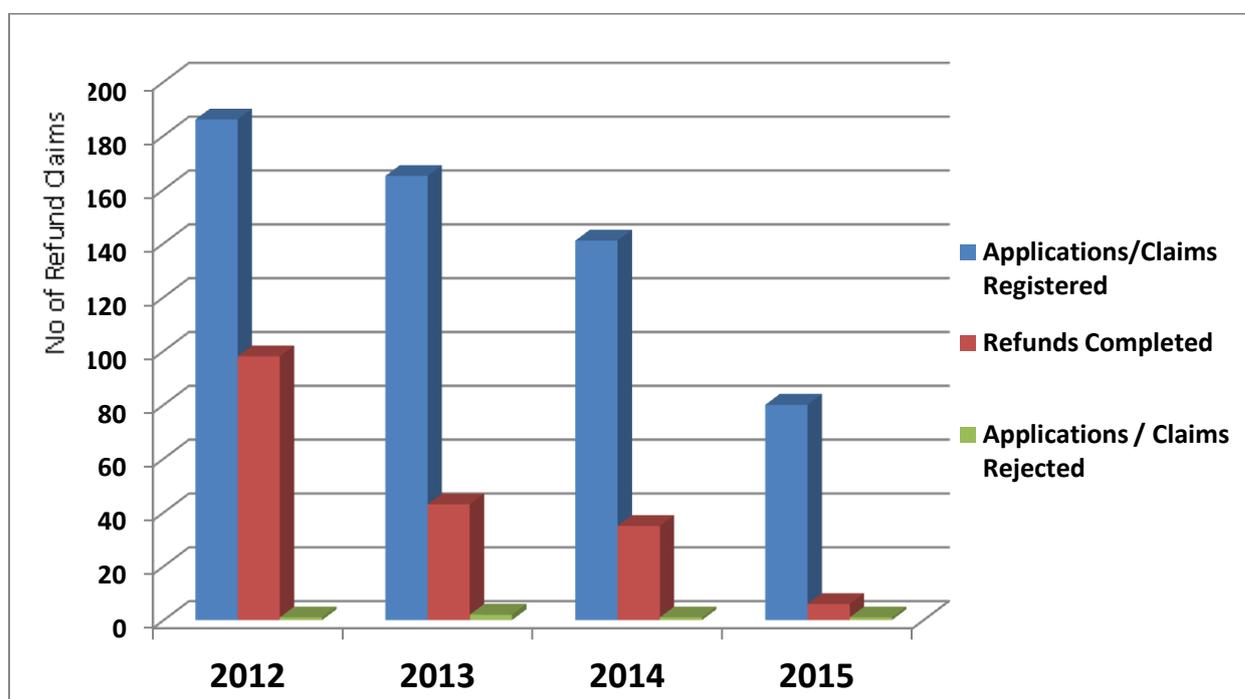
Status of the Refund Claims - 2015

	Number
Application/Claims Registered	80
Refunds Completed	06
Applications / Claims Rejected	NIL

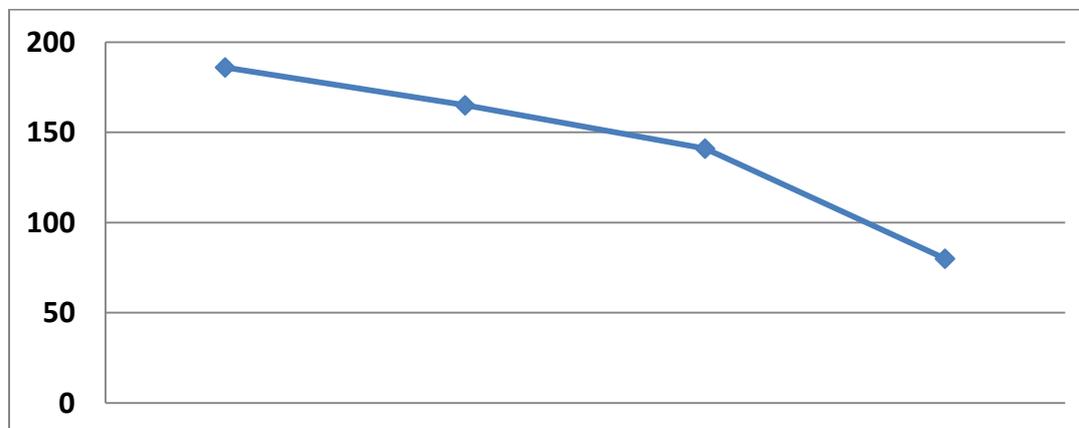
Status of refund Claims – previous years (2012 to 2014)

Year	2012	2013	2014	2015
Applications / Claims Registered	186	165	141	80
Refunds Completed	98	121	18	06
Applications / Claims Rejected	01	02	02	01

Comparison – Chart format (Year 2012, 2013, 2014 & 2015)



Comparison – Chart Format (Year 2012, 2013, 2014 & 2015)



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.

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.

Selection of High Risk Cargo

- Preparation of Import data reports of newly registered companies from 08/01/2014 to 01/06/2015.
- Selection of consignees to be added to the HRC List due to their import patterns, declared details, imported goods and their origins and so on.
- Addition of 200 consignees to the HRC List through the above described process.
- Selection of companies to be removed from the existing HRC list. 172 companies were removed in this process.
- Addition of companies to the HRC list due to notifications sent by the Central Investigations Unit.
- Currently, approximately 1.2% of consignments cleared through Long Room are subjected HRC Examinations by the HRC List on a daily basis

Fast Track Documentation Programme at Long Room

- The Fast Track Document Processing facility as of end of 2015 has been provided for 218 companies.
- Approximately 14% of all FCL consignments cleared through Long Room are facilitated by the Fast Track Documentation Programme.
- Import data was analysed of Fast Track companies for irregularities.

Selectivity Criteria Development

- As per information gathered from study tours to Australia and Jordan, development of Criteria based automated selectivity was commenced.
- Imports from Pakistan, UAE, Bangladesh, Malaysia and Vietnam was analysed to develop criterion to target uncommon imports from these countries.
- Commonly imported commodities were identified through analysis of quantities, frequency and value of imports.
- Five selectivity criteria were developed, tested and implemented to target uncommon imports from the above mentioned countries.
- Currently 1.8% of all FCL Long Room Consignments are targeted for HRC examinations by these criteria.
- Analysis for developing selectivity criteria was carried out to automatically target infrequent and first time importers

Long Room (CBHQ1) Consignments (FCL)				
Dates	All Consignments	HRC Criteria	HRC List	Fast Track
31/01/2016	7	0	0	0
1/2/2016	468	9	3	66
2/2/2016	467	7	5	65
3/2/2016	371	8	7	61
4/2/2016	11	0	0	0
5/2/2016	464	10	4	70
6/2/2016	60	1	2	13
7/2/2016	12	0	0	0
8/2/2016	524	19	9	56
9/2/2016	524	18	6	74
10/2/2016	585	14	9	84
11/2/2016	492	9	4	58
12/2/2016	372	4	4	46
13/02/2016	63	0	0	12
14/02/2016	4	0	0	2
Grand Total	4424	99	53	607

Action Plan for 2015 (Risk Management Unit)

Function	Activity	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Fast Track Documentation Program at Long Room	Identification of Compliant Traders	X	X		
	Office visits	X	X	X	
	Maintain & Monitor the Fast Track Consignees list (*)	X	X	X	X
Selection of High Risk Cargo	Identification of High Risk Cargo	X	X		
	M&E of HRC list (*)	X	X	X	X
	Update HRC list Frequently (*)	X	X	X	X

Automated Selectivity Program	Study on the global examples	X	X		
	Conducting Feasibility Studies	X	X		
	Identification of Risk Parameters		X	X	
	Setting Risk Levels		X	X	
	Collating appropriate test data		X	X	X
	Perform test runs			X	X
Valuation Database	Study on the global examples	X			
	Conducting Feasibility Studies	X	X		
	Collating appropriate test data	X	X		
	Clustering each HS/Item	X	X	X	
	Perform test runs			X	X

(*) represent continuous activities

Progress of the Plan for 2015 (Risk Management Unit)

Function	Activity	Results
Fast Track Documentation Program at Long Room	Identification of Compliant Traders	218 consignees have been identified for the Fast Track Documentation Program. Import data has been analyzed of companies in the program on a regular basis. Monitoring of all companies not carried out due to lack of staff.
	Office visits	
	Maintain & Monitor the Fast Track Consignees list (*)	
Selection of High Risk Cargo	Identification of High Risk Cargo	The HRC fully reviewed in July 2015. Additions to the list have been done regularly from data analysis and CIU reports.
	M&E of HRC list (*)	
	Update HRC list Frequently (*)	
Automated Selectivity Program	Study on the global examples	Through data gathered from Jordan, Australia and experience gathered from previous years, development and implementation of selectivity criteria was carried out. Risk factors as uncommon imports, country of import and so on were considered. Five automated selectivity criteria were implemented which combined with the HRC list selected 3% of all FCL consignments processed through Long Room.
	Conducting Feasibility Studies	
	Identification of Risk Parameters	
	Setting Risk Levels	
	Collating appropriate test data	
	Perform test runs	
Valuation Database	Study on the global examples	After studying the valuation database system used in India, ICT was handed over the development of the E-Valuation form, which is to be attached to the CusDec. While the E-Valuation form has been developed, it is yet to be made compulsory when submitting CusDecs.
	Conducting Feasibility Studies	
	Collating appropriate test data	
	Clustering each HS/Item	
	Perform test runs	

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.

Key Activities:

- 1). Key activities under revenue objectives

Key Activity:		
Main Steps	Achieved % on 31/12/2015	Special Remarks
1. Providing statistical reports for the finance ministry and central bank to achieve revenue objectives.	100%	
2. Providing suggestions for the budget to increase the revenue	100%	
3. Implementing trade agreements	100%	

2). Key activities under Control objectives

Key Activity:		
Main Steps		
1. Introduction of the Cargo Control System in the AsyCuda World system.	100%	
2. Introducing the Selectivity feature of the AsyCuda World system.	Not done	Panel appointed to determine the selectivity criteria
3. Connecting Import Control department to the AsyCuda World System.	100%	
4. Connecting SLSI to the AsyCuda World System.	100%	
5. Introduction of an electronic case registry.	100%	

3). Key activities under trade facilitation objectives

Key Activity:		
Main Steps		
1. Introduction of a message broker to communicate with other agencies.	100%	Alternate web service introduced to cater to this need
2. Implementing the Exit note in the AsyCuda World system.	Not done	Computers and net work not ready at the examination yards
3. Sending the details of the CDN electronically to the terminal handlers.	Not done	Customs ready. Terminal handlers not ready
4. Providing the AsyCuda World system to examination yards for trade facilitation.	Not done	Computers and net work not ready at the examination yards
5. Automating the manifest write-off.	Not done	Testing done. ICT ready. Implementing date to be decided
7. Introduction of an open account handling system.	Not done	Program developed
8. Connecting other commercial banks to one of the state banks	Not done	Customs ready. Connecting the banks via ICTA not ready

4). Key activities under other objectives

Key Activity:		
Main Steps		
1. Capturing officers minutes in the AsyCuda World system	Not done	Computers and net work not ready at the examination yards
2. Archiving the database	Not done	This is no longer considered as a necessity

Central Valuation Directorate

Introduction

Central Valuation Directorate accomplishes the functions related to the verification and determination of declared values of the imported goods as per the Articles of Schedule E of the Customs Ordinance.

Overall decisions associated with the Valuation processes are carried out under the provisions of sections 51 and 52 of the Customs Ordinance, that contribute for achieving the expected objectives of the department.

Objectives

- Enhance efficiency and effectiveness through valuation tools and techniques and capacity building formalities thereby contributes to departmental goals.
- Contribute for proper facilitation of legitimate trade.
- Enhance the level of compliance of stakeholders and the staff using best practice approaches in line with WCO, WTO and other International Instruments and Tools.

Major Functions

- Ensure proper application of the provisions of article VII of WTO GATT 1994 empowered by Section 51 of the Customs Ordinance;
- Developing valuation tools (i.e. Updating valuation data base, issuing periodical alerts) and best practices for the effective and uniform application of valuation law;
- Verification of declared values and determination of Customs Values of the imported commodities in line with the Articles of schedule E;
- Assisting the Valuation Committee in Policy matters concerning Customs Valuation;
- Foster public-private partnership in solving valuation issues and invite public participation in carrying out value Research;
- Monitoring valuation trends of sensitive commodities, carrying out valuation inspections, research and investigations for taking necessary actions as far as revenue is concerned;
- Coordinating Customs valuation matters with relevant international organizations/sources through ADGC(C) and DC (CIAD);

1. Key activity 1; Ensure efficient and effective value verification mechanism

Key Action	Target	Actual	If not achieved the reasons
1.1 Identify Valuation sensitive commodities	Identify and report HS numbers of Valuation sensitive commodities to the RMU for selectivity purposes	Achieved successfully (as well as periodic reporting is also in progress)	
1.2 Develop partnership with private sector and State Institutions for the purpose of getting technical information (Usage of material in finished product, production processes etc.)	To maintain a uniform and acceptable system for determination of minimum values for some specific items	Uniformity achieved in some commodities (i.e. Imports made by Used vehicle parts Association, Flexible Packaging Association, Timber Importers Association etc.)	
1.3 Refer to VRU for necessary research when the valuation decisions are in disputes	In order to apply acceptable values	Achieved successfully	
Key Activity 2: Develop and maintain a system to assess minimum value of valuation sensitive commodities			
2.1 Research and identify the minimum values for revenue sensitive items (i.e. which may adversely affect local industry as well as the revenue)	Establish a minimum reference value based on the raw material prices	Manfully developed minimum reference value base available	
2.2 Identify the production process and material composition	Differentiate value of products in different stages; e.g. primary, semi-finished and finished etc.	Periodic reviews on Production processes such as timber, Flexible Packaging, Manufacture of Glassware, Diapers etc., are being done	
2.3 Report the findings of on minimum values to DC/DDC and bring the notice of ADGC (C)	Achieve expected revenue targets while protecting the local manufacturers	Progressed successfully (i.e. subject to update periodically since the Values are frequently changing according to the World market prices of raw materials etc.	
Key Activity 3: Develop Valuation Database			
3.1 Identify the high ad Valorem tax rates applicable items (Top revenue)	Obtain acceptable values of such commodities (Identical and similar goods)	List of HS codes are being referred to RMU periodically for referring of Cusec's that carry higher taxes	
3.2 To design a new complete format of Value verification form (i.e. electronic VDF)	Develop an efficient system to capture acceptable values of the CUSDECs (values of similar and identical goods) automatically and restore in the valuation Database	Started implementing of e-VDF as the initial step with the support of ICT	ICT had to prioritized the implementation of Single Window

3.3 Collecting acceptable values of commodities manually by SCC/Appraisers by scrutinizing Cusdecs daily basis and through the case findings by VRU Staff	Availability of most updated minimum reference value base	Periodic manual updating and establishing of automated Valuation D/B are in progressed at the ICT	
4. Taking steps for facilitation of legitimate trade			
4.1 Taking valuation decisions after proper communication with the importer	Application of the provisions of Section 51 of the Customs Ordinance	Achieved through the implementation of new Valuation Verification Form (VVF)	
4.2 Appeal mechanism	Address the importers' grievances	Achieved successfully	
4.3 Action as per the WCO Time Release Study	Expedited clearance	Achieved	
4.4 Release the cargo on guarantees as far as valuation formalities are concerned	Address the importers' grievances	Achieved successfully	

Monthly Statistics of Central Valuation Directorate 2015

Month	No. of Entries Received	No. of Entries Value Revised	Percentage of Adjustments	Amount Recovered
January	1531	676	44.00%	54,449,710.00
February	1743	979	56.00%	91,402,400.00
March	1359	588	34.00%	63,774,886.00
April	1260	545	31.00%	51,392,966.00
May	1523	673	44.00%	64,329,233.00
June	1844	832	45.00%	87,569,600.55
July	1504	707	47.00%	78,257,088.00
August	1420	662	47.00%	65,483,265.00
September	1380	673	49.00%	84,140,105.00
October	1484	732	49.00%	79,746,391.00
November	1711	924	54.00%	106,194,920.00
December	1512	793	52.00%	93,567,883.00
Total	18271	8784	46.00%	920,308,447.55

Performance Comparison for the Years 2014 & 2015

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)	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Jan	2550	1531	695	676	1855	855	27.00%	44.00%	57,224,493.00	54,449,710.00
Feb	2202	1743	673	979	1529	764	31.00%	56.00%	66,208,615.00	91,402,400.00
Mar	2267	1359	679	588	1588	771	30.00%	34.00%	65,694,110.00	63,774,886.00
Apr	2153	1260	737	545	1416	715	34.00%	31.00%	61,577,199.00	51,392,966.00
May	2087	1523	607	673	1480	850	29.00%	44.00%	43,792,269.00	64,329,233.00
Jun	2244	1844	649	832	1595	1012	29.00%	45.00%	50,771,482.00	87,569,600.55
Jul	2300	1504	807	707	1493	797	35.00%	47.00%	65,188,511.00	78,257,088.00
Aug	2114	1420	725	662	1389	758	34.00%	47.00%	54,970,957.00	65,483,265.00
Sep	2020	1380	752	673	1268	707	37.00%	49.00%	60,165,713.00	84,140,105.00
Oct	2104	1484	885	732	1219	752	42.00%	49.00%	73,967,692.00	79,746,391.00
Nov	2093	1711	824	924	1269	787	39.00%	54.00%	71,542,811.00	106,194,920.00
Dec	2223	1512	1036	793	1187	719	47.00%	52.00%	93,500,943.00	93,567,883.00
	26357	18271	9069	8784	17288	9487	34.50%	46.00%	764,604,795.00	920,308,447.55

	2015	2014
Total CusDeCs processed at L/R	213257	185933
Percentage of CusDeCs referred to Central Valuation	8.6%	14%

Performance of Valuation Research and Investigation Unit (VRIU) in 2015

Number of cases registered from 1st January 2015 to 31st December 2015	106
Number of cases completed	90
Number of cases where offences established and forfeitures/penalties imposed	44
Percentage of effective cases	41.5%
Total amount of penalties, forfeitures collected from 1st January to 31st December 2015 (LKR)	116,783,778.00
Total value of goods forfeited	Nil
Total number of incomplete case files (from 1st January 2015 to 31st of December 2015)	16

Comparison of performance of VRIU with the performance of year 2014 & 2015

	2014	2015
Number of cases registered	95	106
Number of cases completed	85	90
Number of cases where offences established and forfeitures/penalties imposed	48	44
Total amount of penalties/ forfeitures collected (Rs.)	252,961,343.04	116,783,778.00
Total number of incomplete case files	10	16

Abbreviations:

RMU : Risk Management Unit

VRIU : Valuation Research & Investigation Unit

CVD : Central Valuation Directorate

Specialized Services Directorate

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 codes of the commodities Imported/Exported, analysing of chemicals Imported/Exported, valuing of gems, 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 Functions

1. Commodity / Goods classification
2. Identification & Classification of chemicals and allied products
3. Identification, Classification and Valuation of gems, precious metals and jewellery
4. Issue of licenses to the Customs House Agents and Registration of importers and exporters.

The specialized services directorate functions under the Corporate Cluster of the Customs department and comprising of four branches.

Commodity Classification Branch

This unit is responsible for determining the most appropriate Harmonized System Codes 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.

As a measure of facilitation to the trade, this branch issues 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.

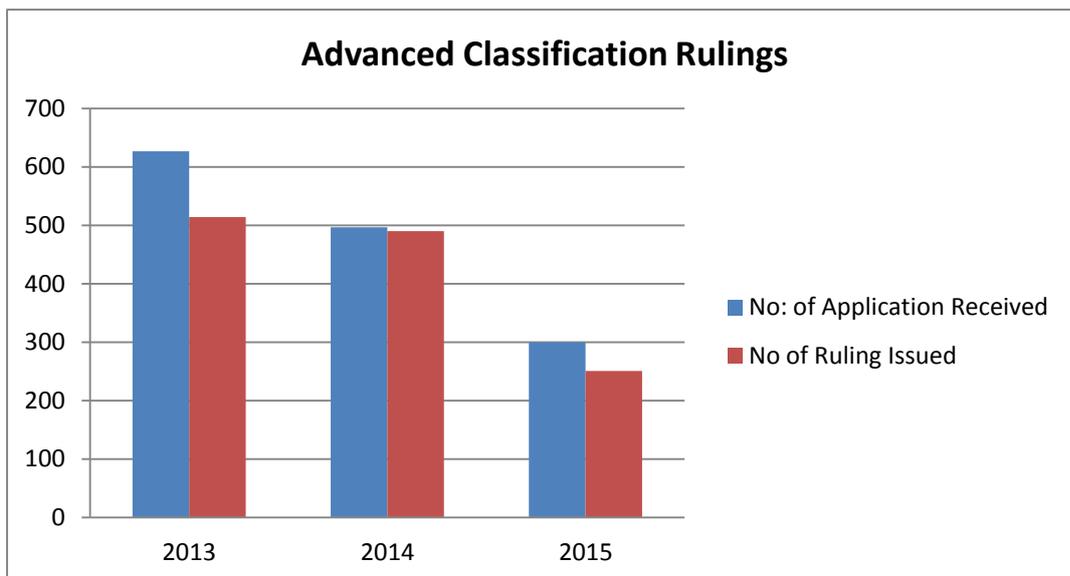
• Performance for 2015

01. Advanced Classification Rulings	
No: of Application Received	300
No of Ruling Issued	251
Difference	49
02. Classification Issues	
No of Classification Issues Received	643
No of Classification Issues Finalized	625
Difference	18

• In comparison to previous years

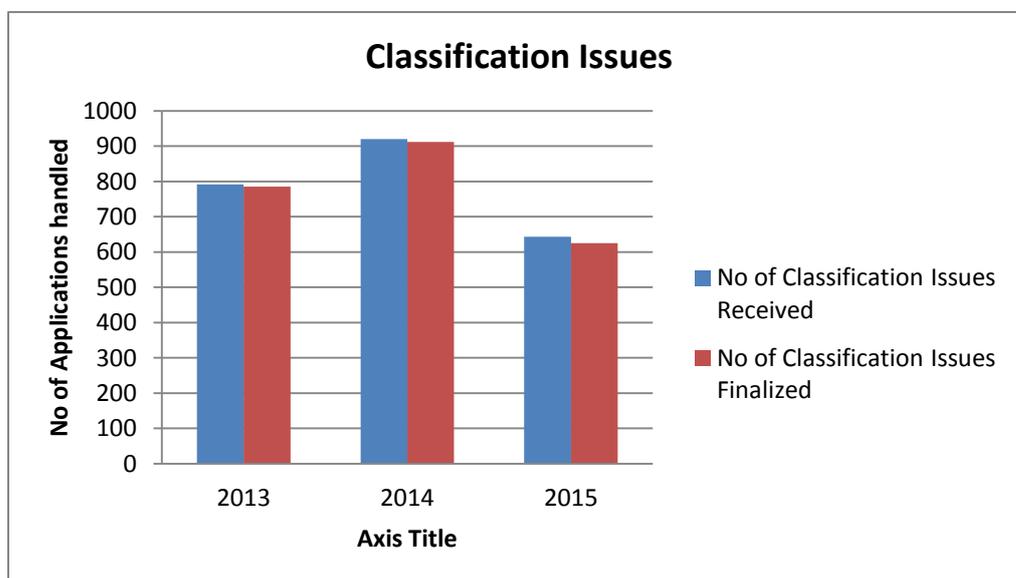
01. Advanced Classification Rulings

	No: of Application Received	No of Ruling Issued	Completion Rate
2013	627	514	82%
2014	497	490	99%
2015	300	251	84%



02. Classification Issues

	No of Classification Issues Received	No of Classification Issues Finalized	Completion Rate
2013	792	785	99%
2014	920	912	99%
2015	643	625	97%



Customs Laboratory Branch

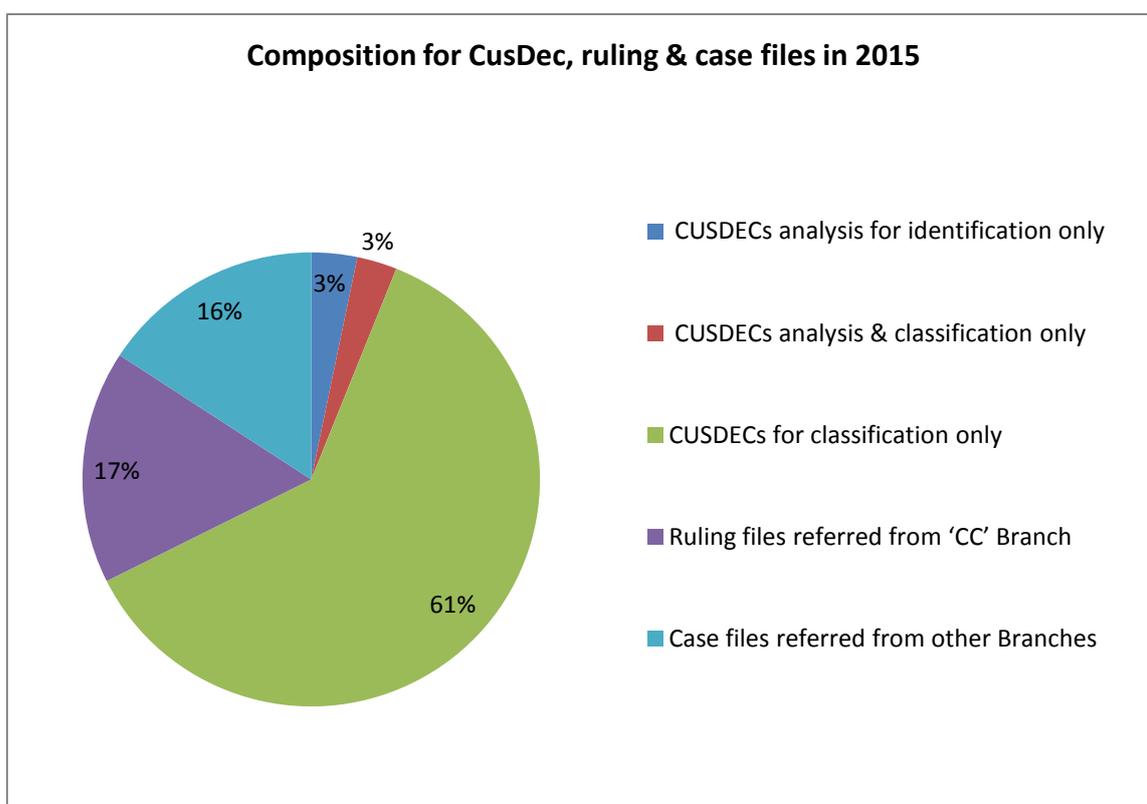
The Customs Laboratory is established in order to assist the department and the stakeholders in identifying chemicals and allied products Imported/Exported. When there are doubts on identifying chemicals and allied products Imported/Exported, the samples of them are referred to this laboratory for analyzing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

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

• Performance for 2015

		Received	Finalized	Completion Rate
Total Number of CUSDECs	CUSDECs analysis for identification only	8	8	100%
	CUSDECs analysis & classification only	7	7	100%
	CUSDECs for classification only	152	150	99%
Total Number of ruling & case files	Ruling files referred from 'CC' Branch	41	41	100%
	Case files referred from other Branches	39	39	100%
	Totals	247	245	99%

Amount due to be recovered as A/E for 2015 (Rs.):- 15,599,038



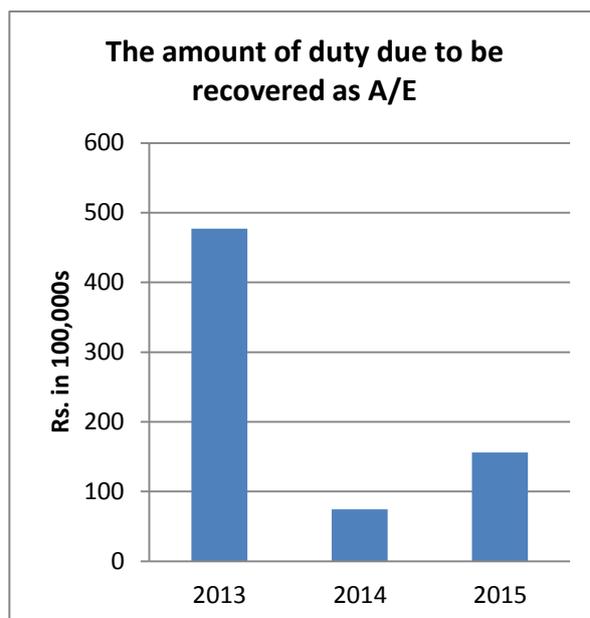
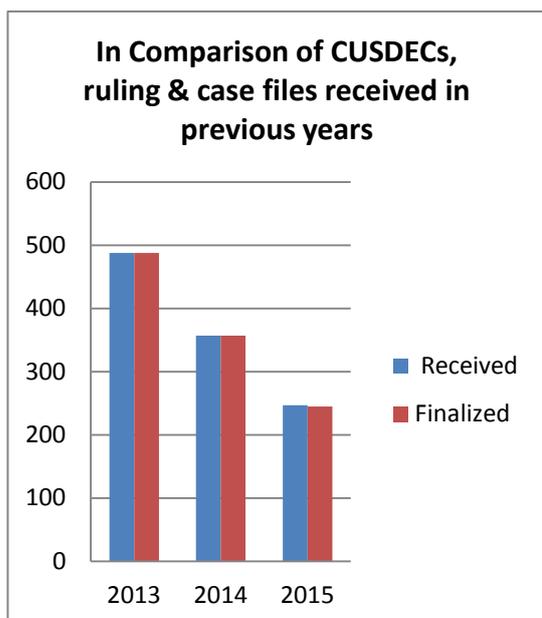
In comparison to previous years

CusDecs, Ruling & Case files

	Received	Finalized	Complete Rate
2013	488	488	100%
2014	357	357	100%
2015	247	245	99%

Amount of Duty due to be recovered

	2013	2014	2015
Amount of duty as A/E (Rs.)	47,726,951	7,460,417	15,599,038



Gem Branch

Processing of documents for Import and Export of gems, precious metals and jewellery is done in this branch 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.

- Performance for the year 2015**

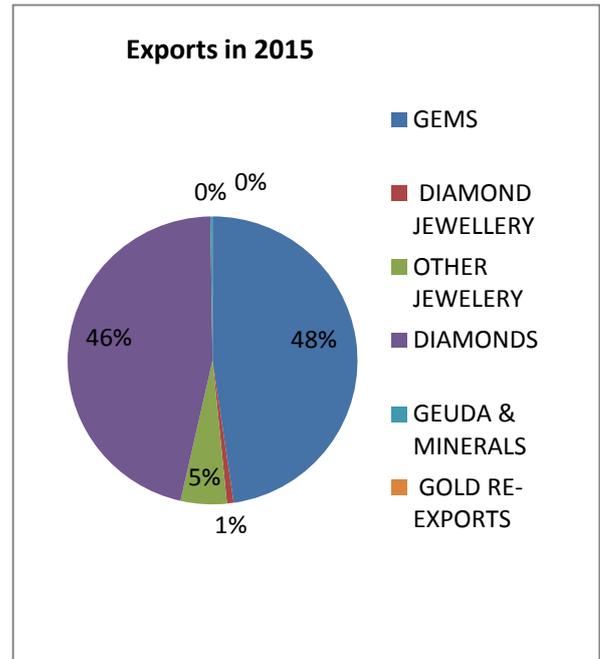
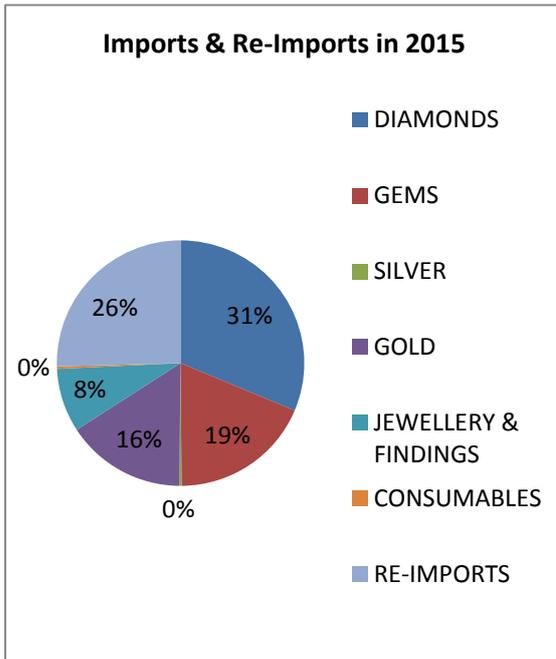
Exports & Imports

EXPORTS	Rs.
GEMS	20,316,475,525
DIAMOND JEWELLERY	319,772,066
OTHER JEWELERY	2,189,441,012
DIAMONDS	19,699,950,499
GEUDA & MINERALS	101,545,926
GOLD RE-EXPORTS	0

IMPORTS/RE-IMPORTS	Rs.
DIAMONDS	9,756,034,901
GEMS	5,783,035,532
SILVER	87,021,514
GOLD	4,894,877,223
JEWELLERY & FINDINGS	2,614,769,890
CONSUMABLES	100,511,647
RE-IMPORTS	7,922,137,583

Total Values

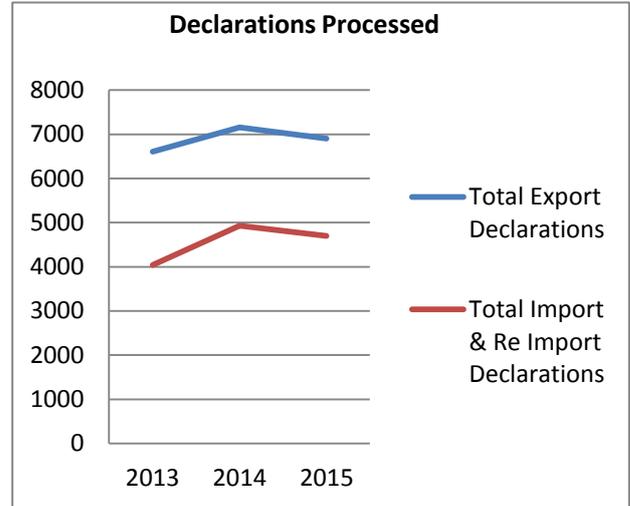
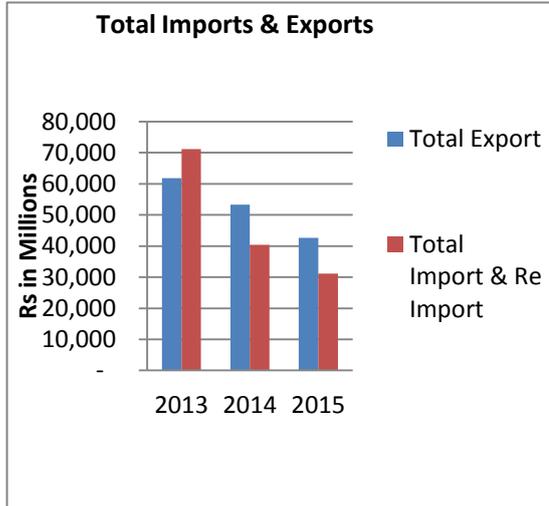
Total Export	Rs. 42,627,185,028
Total Import	Rs. 31,158,388,290



Declarations processed

Total Export Declarations	: 6902
Total Import Declarations	: 4701

- In comparison to previous years**



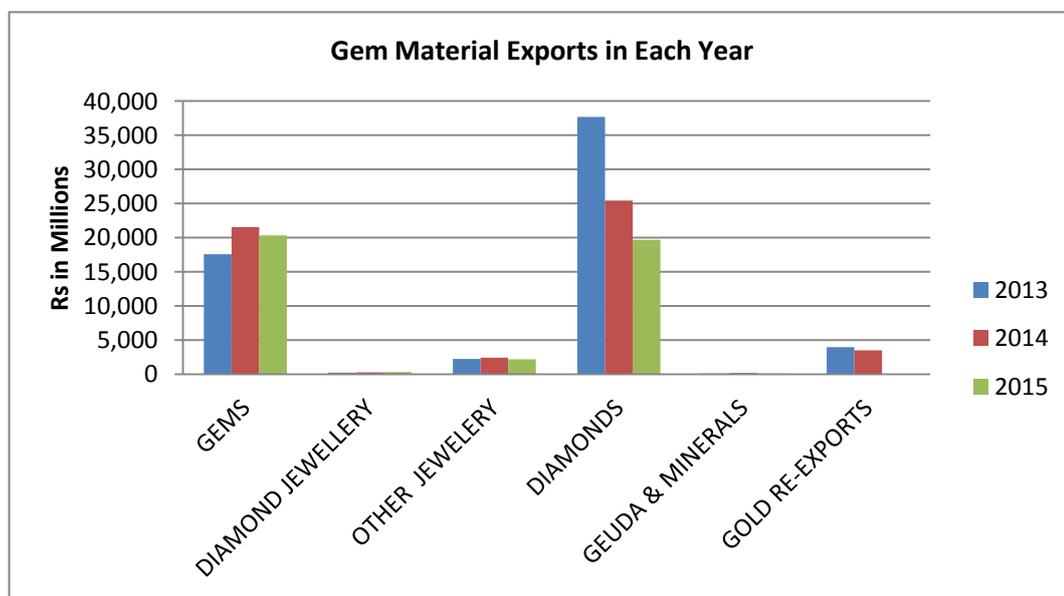
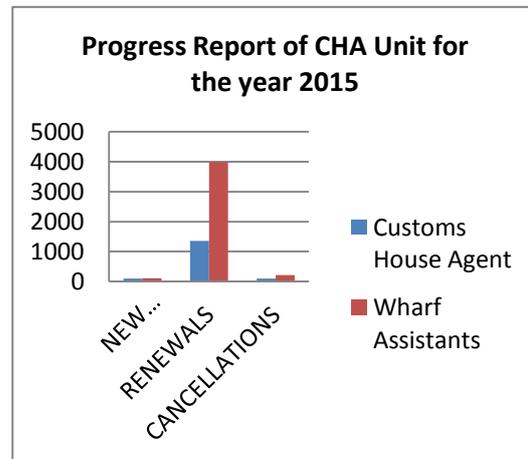
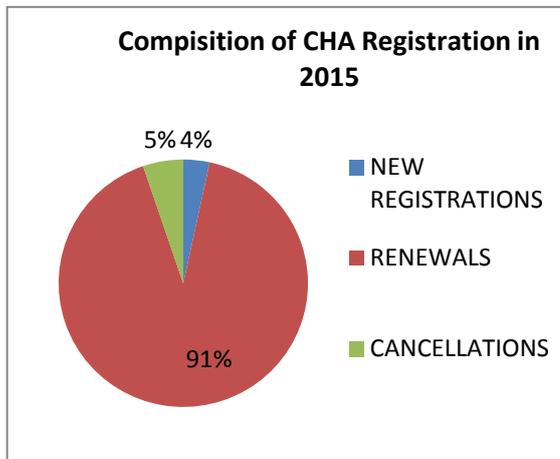
CHA/TIN VAT Registration Branch

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 licenses to act as Customs House Agents to such persons who satisfy the requirements. Only the licensed 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 license is valid for one year period and may be renewed at the end of the period.

CHA Registration Unit

- Performance for the year 2015 Progress Report of CHA Unit for the year 2015

MONTH	NEW REGISTRATIONS		RENEWALS		CANCELLATIONS		Temporary Passes Issued
	Customs House Agent	Wharf Assistants	Customs House Agent	Wharf Assistants	Customs House Agent	Wharf Assistants	
January	11	9	138	424	18	1	28
February	7	9	91	307	21	0	24
March	14	17	155	572	22	3	38
April	7	9	72	245	22	1	24
May	6	6	143	304	0	21	21
June	7	14	32	65	0	11	12
July	6	12	78	153	0	10	14
August	7	8	78	196	0	20	21
September	9	5	78	238	6	44	25
October	11	6	145	439	3	34	33
November	4	2	138	396	0	30	27
December	7	6	213	648	2	37	29
TOTAL	96	103	1361	3987	94	212	296



TIN/VAT Registration Unit

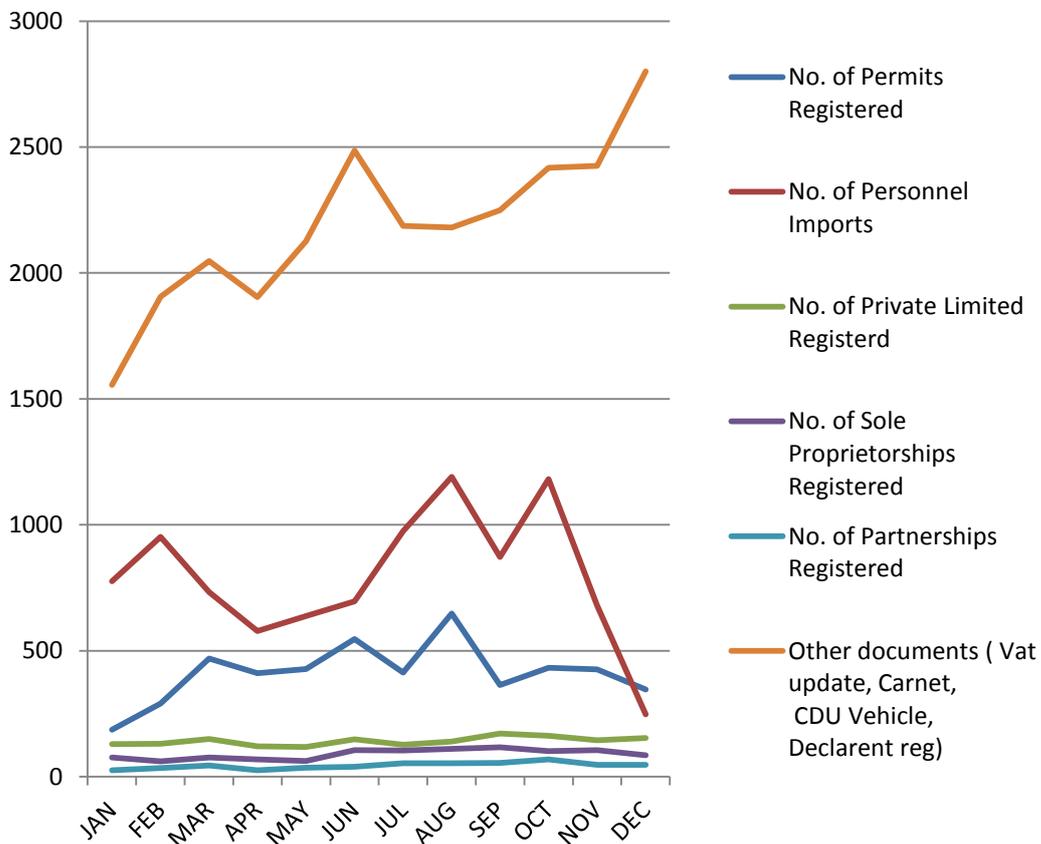
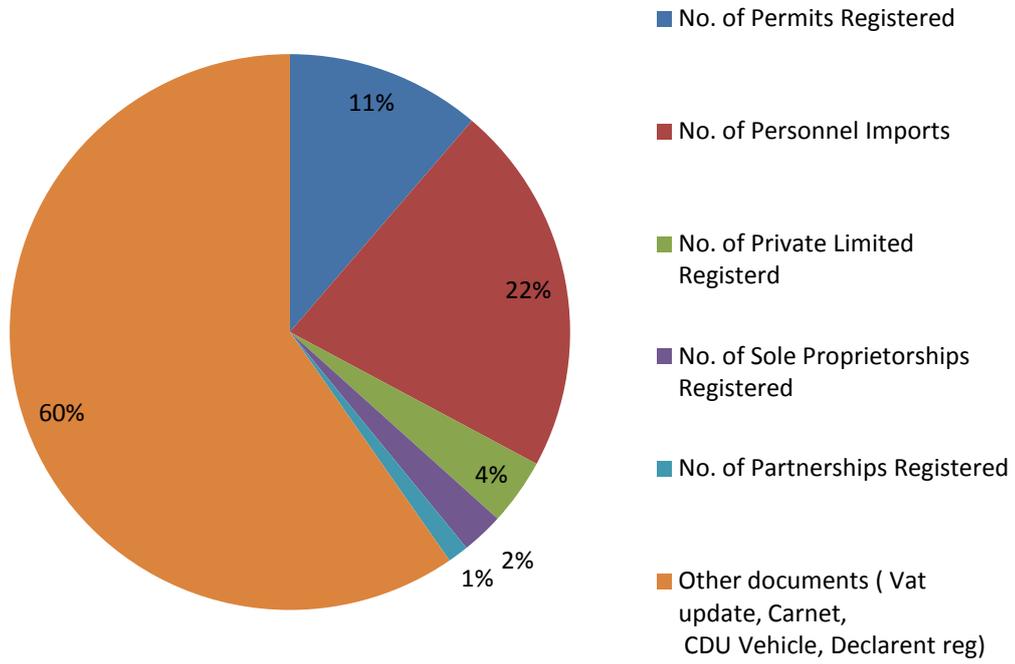
In terms of section 115A of the Customs Ordinance no goods shall be imported into or exported out of Sri Lanka except by a registered Importer or Exporter. Importer or Exporter should submit duly filled application form along with the required documents at this unit in order to register them. The application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

TIN/VAT Performance for the year 2015

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1	No. of Permits Registered	187	290	469	411	428	546	413	648	364	433	426	346	4961
2	No. of Personnel Imports	776	952	733	578	638	696	975	1191	872	1181	679	248	9519
3	No. of Private Limited Registered	130	131	150	121	118	148	127	140	171	162	145	153	1696
4	No. of Sole Proprietorships Registered	76	61	76	69	62	106	104	110	117	101	106	85	1073
5	No. of Partnerships Registered	26	34	44	25	36	40	54	54	55	69	47	47	531
6	Other documents (VAT update, Carnet, CDU Vehicle, Declarant Reg.)	1555	1905	2048	1904	2126	2486	2187	2180	2249	2417	2425	2801	26283
7	Total No. of Documents Received	2750	3373	3520	3108	3408	4022	3860	4323	3828	4363	3828	3680	44063

No. of Permits Registered	4961
No. of Personnel Imports	9519
No. of Private Limited Registered	1696
No. of Sole Proprietorships Registered	1073
No. of Partnerships Registered	531
Other documents (VAT update, Carnet, CDU Vehicle, Declarant Reg.)	26283
Total No. of Documents Received	44063

Composition of Documents Received in 2015





**HUMAN
RESOURCES
CLUSTER**

Human Resource Management Directorate

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 achieving these objectives, 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) and the Ministry of Public Administration stipulates the guidelines and grant approval when and where necessary 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 and the Ministry of Public Administration 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
Complete Performance Appraisal of 2014			
1. Complete both midterm & final evaluation	Complete by 1 st quarter	Completed by the 1 st quarter	
Preparing Human Resource Plan			

1. Conduct human resources need analysis	Complete by 2 nd & 4 th quarters	Completed by the 2 nd quarter	
2. Preparing human resources plan	Complete by 2 nd & 4 th quarters	Amended the targets	Having considered the prevailed conditions, it had been decided to amend the target.
3. Establishing & maintaining human resources information database	Throughout the year		The study was redirected to evaluate & revisited the exiting work points in the HRM directorate. Identified required changes & finalized the framework for restructuring the HRM.
Complete Performance Appraisal of 2015 (Midterm Appraisal)			
1. Complete midterm evaluation	Complete by 3 rd quarter	Completed by the 3 rd quarter	
Recruiting 269 Assistant Superintendent of Customs, 137 Inspectors of Customs and 100 Customs Guards			
1. Hold examination for Customs Guards	Complete by 1 st quarter	Completed by the 2 nd quarter	Due to the time schedule, fixed by Dept. of examinations
2. Recruit 269 ASC - II & 137 IC - II	Complete by 2 nd quarter	13 ASCs recruited through merit stream in January	Though there was a very slight delay, expected targets have been achieved. In open stream for both ASC & IC recruitments, expected numbers of candidates were unable to qualify.
		41 ASCs recruited through limited stream in April	
		77 ICs recruited open stream in June	
		83 ASCs recruited through open stream in July	
3. Recruit 100 Customs Guards	Complete by 4 th quarter	<ul style="list-style-type: none"> Examination was held in May. Exam Results were released in December 	Recruitment will be able to complete in the 1 st quarter of 2016.

4. Hold efficiency bar examination for ASC & IC	Throughout the year	<ul style="list-style-type: none"> • 3 exams were held for ASCs • 3 exams were held for ICs • 2 exams were held for CGs 	<ul style="list-style-type: none"> • Exams were held under old & new syllabuses. • Another 4 exams were scheduled to be held in January 2016 • Need to adapt exam schedules, fixed by the Dept. of Examinations
Streaming Promotions			
1. Prepare & maintain a promotion list	Throughout the year	Completed as planned	
2. Hold interviews for the promotional level concerned & recommended to PSC	Throughout the year	In March, DSC promotion-interviews were completed & made the relevant recommendations to the PSC.	
		In April, DDC promotion-interviews & SC promotion-interviews were completed & made the relevant recommendations to the PSC.	

Human Resource Development Directorate

Objectives

- To prepare a dynamic forward looking group of officers to enhance the quality and productivity of the Department
- To improve officers Skills, Knowledge to meet the future challenges according to the Departmental requirements
- Collaborates with local and international bodies including WCO and WTO in providing most up to date training for the employees
- Facilitate officials to identify appropriate training opportunities
- To provide facilitation including financial assistance for the customs staff to pursue their higher studies
- To Provide training for outside institutions & stakeholders on their requirements
- Formulation and deliverance of specific training programs to meet the Departmental aspirations
- Conduct Customs House Agents training Program to introduce skillful, disciplined Customs House Agents

Comparison of Performance with the Action Plan for 2015;

Key Action	Target	Actual	If not achieved, the reasons
1. Conduct in House & External training Programs	1475 (officers)	1407 (officers)	Target almost achieved
2. Provide Foreign Training Opportunities	Depend on number of training opportunities	142 programmes	N/A
3. Conduct Customs House Agent Program	200 Candidates	197 Candidates	Target achieved

Key Activity 1: Conduct In house & External Training Programs					
Main Steps	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Target achieved/ Or not
1.1 Awareness Program on Investigation Valuation, Classification, Post Auditing Plant and Animal Quarantine	X	X	X	X	Target achieved
1.2 Skill Development Program for Appraisers	X			X	do
1.3 Role of the Newly Appointed ACOO		X		X	do
1.4 New Technique in Changing Functions in Preventive Division		X		X	do

2) Key activities under Revenue objectives

Key Activity: Conduct In house & External Training Programs					Target achieved/ Or not
Main Steps	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	
1.5 Programme Global Shield			X		Target achieved
1.6 Computer Forensics			X		Programme not offered by WCO
1.7 Risk Management		X			Target achieved

Key Activity: Conduct Customs House Agent Program					
Main Steps	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Target achieved/ Or not
1.8 Introduction to HS System and Essence of HS Convention	X	X	X	X	Target achieved
1.9 Diploma In Gemology Course		X	X	X	do
1.10 Criminology Course				X	Programme not Offered by Central Bank
1.11 Awareness Programme for ICC	X	X	X	X	do
1.12 Awareness Programme on Modern Customs activities			X	X	do
1.13 Self Defence Course for Customs Officers, ICC, Customs Guards	X	X	X	X	do
1.14 Body Language and Micro expression			X		do
1.15 Induction Training for Newly Appointed ASCC			X		do
1.16 Introduction Training for Newly Appointed ICC		X			Target achieved
1.17 Introduction Training for Newly Appointed Customs Guard		X			Not recruited during the year
1.18 Awareness program for Bio Diversity & Cultural Heritage		X		X	Target achieved
1.19 Awareness program for Staff officers on Customs Inquiry Procedure			X	X	Target achieved
1.20 Language class	X	X	X	X	Target achieved

HUMAN RESOURCES DEVELOPMENT

Key Action 2 Upgrading/Further developing the library by procuring more reference materials and books					
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Target achieved or not
2.1 Appealing to staff (In serving as well as retired) to donate reference materials	X	X	X	X	66 books received as donation
2.2 Finding sources from where Reference materials can be obtained and Applying for such materials	X	X	X	X	In progress
2.3 Lending materials purchasing	X	X	X	X	653 books purchased
2.4 Subscribing for valuable periodicals Like Riders Digest, National Geographic etc.	X	X	X	X	In progress

Key Action 3 Provide Foreign Training Opportunities					
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Target achieved or not
1. Foreign seminars, workshops , programs, training course, meetings, post degree programs, conferences and others	X	X	X	X	226 officers participated in 142 foreign programs

Key Action 4 Customs House Agent Program					
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Target achieved or not
		X	X		Out of 197 candidates 176 qualified as CHA

Employee Services Directorate

Objectives

To provide an enabling environment for the employees 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.

V. 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

Key Action	Target	Actual	If not achieved , the reasons
1. Answering Government Audit queries	1 st to 4 th Quarters	1 st to 4 th Quarters	
2. Implementation of Productivity Improvement Program:			
I. Re-appointing the Implementing, Auditing and Training committee members and Quality Circles	1 st Quarter	1 st Quarter	
II. Preparation of 5S manual of the Department	1 st Quarter	1 st and 2 nd Quarters	Progress constrained due practical difficulties.

	III. Setting up of filing system	1 st and 2 nd Quarters		Progress constrained due practical difficulties.
	IV. Preparation of name boards, block direction, welcome boards etc.,	1 st and 2 nd Quarters	1 st to 4 th Quarters	Delayed due to supply issues.
	V. Numbering and arranging furniture in order	2 nd Quarter	2 nd to 4 th Quarters	Delayed due to practical issues.
	VI. Applying for the National Productivity Award	1 st Quarter		Progress constrained due practical difficulties.
	VII. Conduct training programs and implementation of Green Productivity and Total Productivity Management	3 rd Quarter		Progress constrained due to non completion of above activities.
3.	Conduct preliminary investigations and disciplinary inquires as per the regulations under Establishment Code	1 st to 4 th Quarters	1 st to 4 th Quarters	

Logistics Directorate

Introduction

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

Major Functions

1. Provision of supply and services to the required directorates 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. Ensuring the implementation of the proper premises management plan.
6. Ensuring the appropriate steps in maintaining the motor vehicle fleet of the Department with optimum running condition.

The following table shows the key action of the directorate in the year 2015.

Key Action	Target	Actual	If not achieved, The reasons
Purchase of required goods works and services	Purchase of goods works and services	80% completed	-
Maintenance activities of the Headquarters Building	Clean and clear environment for staff of the department	100% completed	-
Develop the proper stores control and assets management system	Monitoring and maintaining all inventory items through the system	80% completed	Ongoing
Annual verification of goods for 2015	Maintain proper assets management	50% completed	Ongoing
Procurement of container scanning system	Scan all import and export containers properly	50% completed	Procurement process
Maintaining the motor vehicle fleet of the Department	Monitoring all the vehicles in good running condition by servicing regularly, dispose all uneconomical and outdated vehicles and requested new vehicles from Minister of Finance	95% completed	-



**REGIONAL
CLUSTER**

Passenger Services (Katunayake) Directorate

Objectives

- Ensure protection of government revenue and social responsibilities while facilitating the free movement of bona-fide air passengers
- Conduct enforcement activities entrusted under a Customs Ordinance and other related laws.
- Regulate and monitor the border control 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 into Customs by other Acts and Regulations of other authorities and institutions such as Ministry of Defense, TRC, SLSI, CDDA, Department of Import & Export Control, Department of Exchange Control, National Gem and Jewelry Authority etc.
- Maintain an effective communication with other government institutions & other agencies within the airport premises such as Department of Immigration and Emigration, Airport and Aviation Services, Quarantine Department, CID, Police Narcotic Bureau & airlines etc.

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

Major Function

1. Facilitate the movement of inward and outward bona-fide passengers and their baggage without difficulties.
2. Facilitation of VIP and VVIP 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 on misusing of such facility.
5. Release goods on ATA Carnet, Guarantees and special deposits, when required
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 as authorized persons to clear the unaccompanied baggage after the departure of the passenger.
9. Examination of accompanied baggage on suspicion or when required.
10. Conduct personal searches when necessary.
 - Detect offences and conduct investigations and inquiries into the detected Customs cases
 - Issue clearance to the outgoing Air Crafts.
 - Collecting duty and other levies from the passengers who bring the goods in commercial nature

Key Activity 1:
Expedition the clearance of bona fide passengers along with their baggage and to enhance the targeting of suspicious travelers for narcotics and other Customs offences.

Key Action	Target	Actual	If not achieved, the reason
(1) Commence redesigning Green Channel and heavy luggage examination areas by relocating scanners and counters as necessary.	Prepare a new layout and start the operation	Prepared a new plan and new proposal handed over to Airport Aviation Sri Lanka Pvt Ltd (AASL)	Several requests made to AASL, but still do not provide necessary facilities by them
(2) Design and maintain the electronic database program to store data of suspects related to the cases detected at BIA.	All suspects detected by cases at BIA are stored in a database	Enter details manually in a Excel sheet	No initiative has taken by ICT directorate
(3) Procure dual view baggage scanners to detect contraband in the baggage which will minimize the waiting time of the passengers in Customs area.	Purchasing more sophisticated, reliable and fast baggage scanners which include multiple view	Informed to Logistics Directorate about the requirement	No initiative has taken by Logistics Directorate
(4) Procure body scanners to detect narcotic and precious metal concealed in passenger's body enabling minimum personal searches.	Purchasing walk through passenger detection portals	NIL	No initiative has taken in place
(5) Evaluate outcomes of the systems and correct shortcomings if any.	Measure effectiveness and efficiency of the system	NIL	No initiative has taken in place
(6) Prepare instructions for the staff on new procedures.	Prepared a Manual of Procedure for the Directorate	NIL	Time to time instructions are given but not as a manual

Key Activity 2:
Introduce effective and efficiency mechanism to ensure proper examination of goods of commercial quantities brought about by the passengers and to collect due revenues if any.

Key Action	Target	Actual	If not achieved, the reason
(1) Set up a separate line/way to the passengers with goods of commercial nature and direct them to heavy luggage area for examination.	Prepare a new layout and initiate the construction of examine area for goods of commercial nature	Customs examination area has been divided into three areas with movable partitions (Green, Red, Heavy baggage)	Achieved
(2) Prepare plans for the constructions of new examination area for the goods in commercial nature and officers.	Prepare new plans	New proposal has been handed over to AASL	No initiating has been taken by AASL
(3) Construct the examination area and required offices.	New lines are to be demarcated and constructed	Lines were demarcated but constructions were not done	Constructions should be done by AASL

Key Activity 3:
Implement an effective targeting system for the examination of suspicious departing travelers and their baggage

Key Action	Target	Actual	If not achieved, the reason
(1) Prepare the draft floor plan for the Customs examination area of the outward passengers and their baggage	Prepare a floor plan	Achieved	Achieved
(2) Discuss with AASL officials about the proposed Customs examination area and required infrastructure.	Conduct several discussions with AASL to get required infrastructure	Held discussions with AASL and informed required infrastructure to them	Constructions have been commenced
(3) Negotiate with AASL for the construction of a separate Customs examination area free from AASL security inference for effective targeting suspicious travelers.	Conduct several negotiation meetings with AASL for getting a separate Customs area at Departure	Held negotiation meeting with AASL and they agreed to provide a new examination area for us	Constructions have been commenced
(4) Construct the proposed Customs examination area.	Complete the proposed Customs examination area	Construction started	Constructions should be done by AASL
(5) Commence operations.	Started the operation in new Customs area	NIL	Constructions not yet finished

Key Activity 4:
Install a CCTV system operated by Customs personnel to monitor the activities of passengers and other users of Airport.

Key Action	Target	Actual	If not achieved, the reason
(1) Preparation of tender documents and obtaining relevant approvals from procurement authority for purchasing goods, work and services which already approved by the DGC.	Get approval and Prepared all documents related to the procurement	Got approval and Proposals handed over to Logistics Division	Achieved
(2) Install the CCTV system.	Complete the installation of CCTV system	NIL	AASL agreed to install the CCTV system on our cost. Quotations were given. But AASL has proposed a plan for a new CCTV system for whole Airport which Customs did not agree with
(3) Test the system and correct any short-coming.	Test the system for three months period and rectify the issues	NIL	Because of no installation of the CCTV system yet
(4) Operate the system.	CCTV are operated at all Customs areas in BIA	NIL	Because of no installation of the CCTV system yet

Key Activity 5:
Implement the 5S system at the BIA Customs office to achieve service excellence.

Key Action	Target	Actual	If not achieved, the reason
(1) Set up the quality circles.	Formed quality circles	Quality circle formed	Achieved
(2) Awareness programme on 5S for all officers.	Conduct awareness programme for whole staff	Conducted awareness programmes	Achieved
(3) Identify the loopholes of Customs operations at BIA arrival and departure.	Obtaining ideas and suggestions for quality circles	NIL	Because of transfer of staff by six months the members of quality circles have changed
(4) Make use of 5S process/procedure in day to day operation.	Elements of 5S are used in day today operation	<ul style="list-style-type: none"> • Cleared unnecessary items of stores. • Send goods which were forfeited or detained for baggage office on time • Lunch room renovated 	Ongoing process

Revenue & Services 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 Customs 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.

Revenue collected for the year 2015 (Rs.)

	Duty & Other Levies	Other Charges	Total
Air Cargo	10,511,275,462	43,197,046	10,554,472,508
DHL	1,047,126,980	22,393,180	1,069,520,160
Colombo Cargo	593,407,767	3,276,819	596,684,586
Total	12,151,810,209	68,867,045	12,220,677,254

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 5th 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

Summary of Revenue collected for the year 2015 (Rs)

Region	Duty and Other Levies	Other Charges	Total
Galle	3,608,105	32,203,157	35,811,262
Trincomalee	2,127,192	15,372,286	17,499,478
Hambantota	956,846	11,307,860	12,264,706
Mattala	14,626,110	36,250	14,662,360
Jaffna	4,003,662	940,044	4,943,706
Total	25,321,915	59,859,597	85,181,511

Summary of collection of taxes, other levies and other charges for the year 2015 (Rs)

Duty and Other Levies	Galle	Trincomalee	Hambantota	Mattala	Jaffna	Total
Import Duty (CID)	792,356	83,993	309,725	334,177	54,607	1,574,858
Value Added Tax (VAT)	447,109	143,221	426,149	370,390	63,743	1,450,611
Ports & Airport Develop. Levy	126,056	629,953	106,700	8,737,945	1,262,919	10,863,572
Excise Duty (EXD)	14,189	16,473	-	-	-	30,662
Nation Building Tax (NBT)	79,857	363,048	65,237	4,037,673	620,229	5,166,044
Import Cess (EDB) (EIC)	2,148,539	890,505	49,035	658,705	2,002,164	5,748,948
Special Commodity Levy	-	-	-	487,220	-	487,220
Total (Duty & other Levies)	3,608,105	2,127,192	956,846	14,626,110	4,003,662	25,321,915

Other Charges						
Computer Fees (COM)	5,950	-	-	6,750	-	12,700
Examination Fees (EXM)	50,350	28,000	600	8,100	-	87,050
SR Charges	12,797,525	7,000	19,697	-	-	12,824,222
Over time Charges	18,922,632	13,279,848	1,308,678	8,400	935,044	34,454,602
Documentation Charges	-	-	-	-	-	-
Photocopy Charges/Others	600	-	-	-	-	600
Penalty	-	-	-	13,000	5,000	18,000
Special Deposit	-	-	-	-	-	-
Other Charges	426,100	2,057,438	9,978,885	-	-	12,462,423
Total (Other Charges)	32,203,157	15,372,286	11,307,860	36,250	940,044	59,859,597
Grand Total for the Year	35,811,262	17,499,478	12,264,706	14,662,360	4,943,706	85,181,511

Passenger Service (Provincial) Directorate

Major Functions

- Facilitate the movement of inward outward passengers and their baggage.
- Facilitate the clearance of unaccompanied personal baggage (UPB).
- 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 leakage/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 and impose penalties wherever necessary.

Total recoveries (Rs) – 2015 on Monthly basis

Month	UPB -TRICO Kurunegala	UPB-TRICO Galle	UPB-CSL Kandy	MRIA Mattala	Total
January	1,130,885.00	793,828.00	909,345.00	117,504.00	2,951,562.00
February	830,331.00	797,170.00	1,084,000.00		2,711, 501.00
March	1,284,992.00	1,422,528.00	1,059,230.00	12,660.00	3,779,410.00
April	1,644,861.00	1,531,456.00	815,323.00		3,991,640.00
May	1,734,329.00	1,660,370.00	741,759.00	10,549.00	4,147,007.00
June	1,635,695.00	2,350,393.00	706,882.00		4,692,970.00
July	1,695,937.00	1,355,182.00	786,022.00		3,837,141.00
August	1,346,303.00	587,106.33	493,698.00		2,427,107.33
September	1,695,937.00	714,388.00	776,425.00		3,186,750.00
October	2,587,721.00	555,525.00	726,819.00		3,870,065.00
November	3,046,804.00	476,094.00	952,895.00		4,475,793.00
December	2,999,039.00	380,725.00	1,367,028.00		4,746,792.00
Total	21,632,934.00	12,624,765.33	10,419,426.00	140,713.00	44,817,838.33

Mattala Details of Flights and Passengers Arrivals and Departures Year 2015

	No. of flights Arrived		No. of passengers Arriv.		No. of flights dep.		No. of passengers Dep.	
			Int.	Domes.			Int'l	Domes.
<i>Jan</i>	81			1,273	81			1,366
<i>Feb</i>	32		110	515	32		100	557
<i>Mar</i>	34			80	34			139
<i>Apr</i>	30			37	30			81
<i>May</i>	33			96	33			110
<i>Jun</i>	32			85	32			102
<i>Jul</i>	32			103	32			151
<i>Aug</i>	33			164	33			74
<i>Sep</i>	42			81	42			161
<i>Oct</i>	38			87	38			123
<i>Nov</i>	35			51	35			81
<i>Dec</i>	41			62	41			91
Total	463	0	110	2634	463	0	100	3036

Total Recoveries of Passenger Services – Provincial Directorate Year 2015 (Rs.)

DIV	DUTY	PAL	CESS	EXD	VAT	SEAL CGs	SR CGs	Penalty	NBT	Com.Fees	TOTAL	OT CGs
<i>UPB Kurunagala</i>	6,665,255.00	2,503,225.00	4,632,354.00	576,457.00	5,395,485.00	139,000.00	6,650.00	330,875.00	1,383,633.00		21,632,934.00	9,344,817.00
<i>UPB Galle</i>	2,674,454.00	1,575,335.00	4,220,744.00	207,533.33	2,559,814.00	173,750.00	8,445.00	381,000.00	823,690.00		12,624,765.33	2,914,240.00
<i>UPB Kandy</i>	1,614,653.00	1,408,642.00	4,084,413.00	887,741.00	1,516,741.00	46,600.00	27,300.00	23,650.00	809,686.00		10,419,426.00	4,648,987.50
<i>Mattala Airport</i>	10,325.00	14,182.00	24,600.00	-	12,110.00	-	-	68,063.00	7,183.00	4,250.00	140,713.00	-
Total	10,964,687.00	5,501,384.00	12,962,111.00	1,671,731.33	9,484,150.00	359,350.00	42,395.00	803,588.00	3,024,192.00	4,250.00	44,817,838.33	16,908,044.50

**DIRECTORATES
DIRECTLY
UNDER
DIRECTOR
GENERAL OF
CUSTOMS**

System and Procedure Compliance Audit Directorate

Objectives

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

Comparison of Performance with the Action Plan 2015

Key Action	Target	Actual	If not achieved, the reasons
1.Collection of maximum revenue in line with government expectations	40	39	<p>Overall Performance</p> <p>is</p> <p>90%</p>
2.Ensure proper enforcement of the customs law and other related laws and rules concerning revenue, social and environmental protection whilst facilitating trade	13	10	
3.Enhance performance/productivity of the staff and change of attitudes to create positive working environment	09	07	
4.Timely provision of required assistance including technical support and guidance in order to smooth functioning of total customs processes with technological solution	03	02	
5.Control over the expenditure in line with Annual Budget Estimates and effective management of various funds	07	07	
Total	72	65	

Finance Directorate

Introduction

Department of Sri Lanka Customs is the main breadwinner of the Government that contributes more than 49% of the total Revenue of the Government. The Finance Directorate is responsible for the following key areas in respect of the financial operations for achieving the objectives of the department.

Major Functions

- a. Preparing of Annual Budgetary Estimates of Expenditure and Tax Revenue.
- b. Collecting, Recording and Reporting of tax revenue and expenditure.
- c. Manage the expenditure within the approved Budget.
- d. Furnish financial information to the General Treasury, the Auditor General and other interested parties as per the time frames given.
- e. Administration of the Customs Deposit Account, Customs Reward Fund, Customs Overtime Fund, External Examinations fees Fund, Information and Communication Fees Fund the Custom officers Compensation and Management fund, Seized & Forfeited Goods Advance Account and the Public Officers Advance Account.
- f. Preparation of rendering of the Annual Appropriation Act, the Revenue Account, the Customs Deposit Account, Customs Reward Fund, Customs Overtime Fund, External Examinations fees Fund, Information and Communication Fees Fund, the Custom officers Compensation and Management fund, Seized & Forfeited Goods Advance Account and the Public Officers Advance Account.

Furthermore, the finance directorate is responsible for the issuing and monitoring of guarantees and administration of PAYEE Tax System on behalf of the Employees of the department.

During the year under review, the post of Chief Finance officer which was vacant for a long time was filled by appointing Mr. D.U.S. Wickramarachchi, Special Grade officer of Sri Lanka Accountants service and he was assigned the responsibility of strategic financial management of the department while the Director of Finance (Chief Accountant) has been entrusted with the supervision, Coordination and administration of financial management functions of the department.

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

2. Performance

2.1 Revenue

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 year as compared with that of budgeted revenue and with the previous is tabulated below.

Performance of Customs Revenue – (SLR Mn)					
Revenue Code	Description	2015		2014	
		Budgeted	Actual	Budgeted	Actual
1001-01-00	Import Duty	92,000	108,116	85,000	77,701
1001-02-00	Export Duty	60	33	25	24
01001-04-00	Port & Airport Dev .Levy	55,000	56,733	80,000	68,625
1001-05-01	Cess Levy-Import	42000	42,467	41,500	35,609
1001-05-02	Cess levy-Export	3,400	2,713	3,500	3,085
1001-08-00	Special Commodity levy	56,000	52,275	65,000	47,953
	Total Customs Tax Revenue			275,025	232,997
1002-05-01	Excise Tax-Cigarettes	80,000	79,981	61,000	57,204
1005-05-02	Excise Tax-Liquor				12
1002-05-03	Excise Tax-Petroleum	34,000	45,092	40,000	
	Excise Tax- Petroleum -Imports				28,732
	Excise Tax- Petroleum- Local				3,087
1002-05-04	Excise Tax -Motor Vehicles	240,000	223,414	70,000	76,435
1002-05-99	Excise Tax Others	10,000	3,812	7,000	
	Excise Tax Others- Import				
	Excise Tax Others-Local				
	Total Excise Tax Revenue			178,000	133,639
1002-01-04	VAT On Imports	136,000	83,726	135,000	102,235
1002-02-17	Nation Building Tax	18,000	15,895	19,000	16,086
	Total Other Tax Revenue				
	Total Tax Revenue			607,025	484,957
2003-02-17	Sale of Garments	94	122		89
2003-02-99					
2003-99-00	Sundry				
2003-03-00					
	Total Revenue			607,025	485,046

2.2 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, seized & 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.

Expenditure Management (LKR Mn.)				
Description	2015		2014	
	Budgeted	Actual	Budgeted	Actual
Recurrent Expenditure	1,871	1,865	1,681	1,659
Capital Expenditure	215	181	398	354
TOTAL	2,085	2,047	2,079	2,013

2.3 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. Accordingly, the financial performance of this division for the year under review is tabulated below.

2.4 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.

Accordingly, the overall financial performance of these fund activities for the year under review is tabulated below.

(a) Customs Overtime Fund

	2015	2014
	(Rs Mn.)	
Receipt of Overtime Income	849.471	706.793
Government Contribution	(84.652)	(65.444)
Overtime Expenditure	(583.668)	(568.192)
Surplus	181.151	73.157
Accumulated Fund	1,448.378	1,276.017

(b). Other Funds**Rs.Mn**

	External Examination Fund		Information and Communication Fund	
	2015	2014	2015	2014
Income	308.184	293.597	14.976	
Payments	308.184	293.597	14.976	

2.5 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.

Accordingly, the overall financial performance of the activities performed by this division during the year under review is summarized below.

Rs.Mn

	Customs Reward Fund		Custom Officers Management & Compensation Fund	
	2015	2014	2015	2014
Income	1630.249	1370.802	653.752	516.224
Expenditure	1551.323	1334.275	103.386	122.427
Surplus	78.927	36.527	550.366	323.796
Fixed Assets	-		128.125	115.457
Fund Balance	634.484	555.557	4,702.744	4,167.242
Rewards Payable	986.225			

3. Other Millstones

3.1. Payment of Rewards

The finance Directorate was 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, pool and panel payments through Banks adopting the SLIP (Sri Lanka Inter Payment) system rather than making such payments through cheques or cash and separate pay slips were began to be issued to the officers. This initiative had benefited both the officers and the finance directorate as well. The employees are not required to visit the shroff or finance division to wasting their valuable time to collect their money or cheques. In addition, the finance directorate was also redeemed from the writing of voluminous of cheques and maintaining lengthy reports on un-presented cheques and un-realized deposits for Bank reconciliations.

Furthermore, it was able to erase the waiting lists for the payment of pool and panel payments and waiting time for the payment of rewards will also be minimized.

3.2 Audit Issues

During the year under review the finance Directorate was able to clear all outstanding audit quarries raised by the Auditor General and the Internal Audit with the assistance of the Human Resources management division. Furthermore, 3 I 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.

3.3 Accounting System

One of the concerns experienced by the department was to delay in submitting the annual financial statements to the Auditor General. The department of Customs is responsible to submit 11 annual financial statements within 4 months time period these accounts consists of the Appropriation Account ,Revenue Account, 2 Deposit Accounts,2 Advance Accounts and 5 Fund Accounts. With the view of expediting the presentation of these Accounts, action was taken to develop computer accounting system for the fund accounts. With the help of this development, the department was able to furnish their annual financial statements in time.

Revenue Task Force

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. RTF 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 long room, warehouses, air cargo, parcel post, courier services and other special procedures for clearance of goods.

Main functions

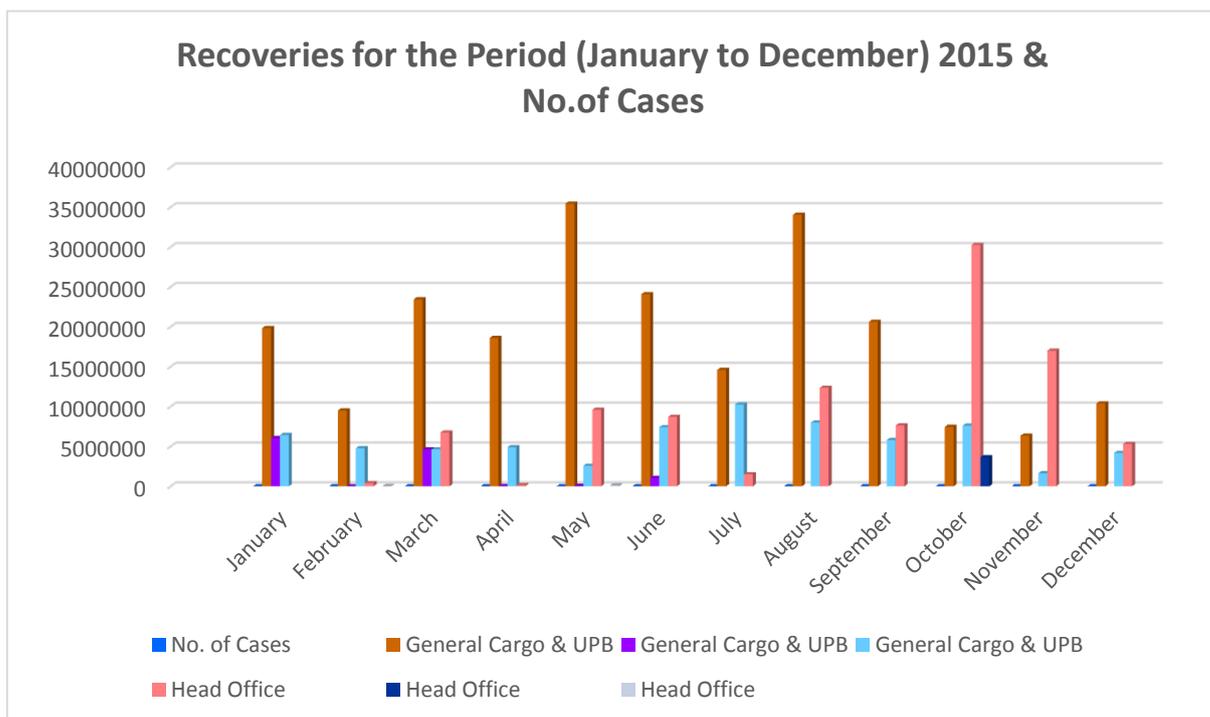
1. Promoting integrity and eliminating irregular practice within the department.
2. Responding promptly in case of complaints and allegations.
3. Assisting DGC to manage crisis situations by mobilizing resources.
4. Intercept and re-examine any goods imported or exported and verification of the correctness of the procedures followed.
5. Intercept or search passengers and passenger baggage at airport or UPB warehouses.
6. Maintain vigilance over the clearance of goods in the parcel post, courier services and other special procedures for clearance of goods.

Performance in 2015

During the calendar year 2015, RTF was able to generate the revenue amounting to Rs. 407.7 Mn., in the forms of customs Duty and other taxes, sales proceeds from forfeited goods and penalties. Recovered revenue shown in tables and charts.

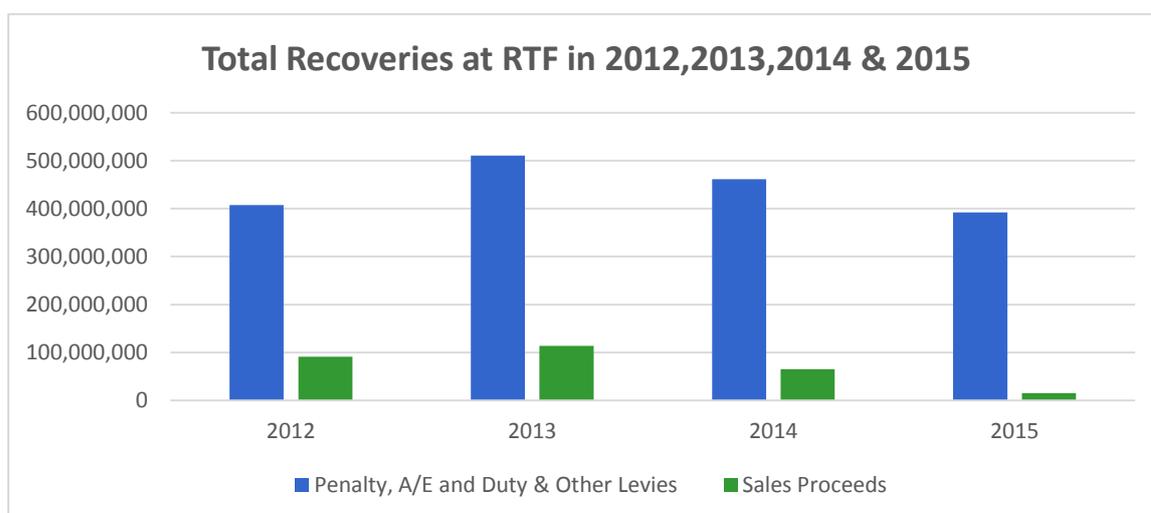
Recoveries (Rs.) for the Period (Jan to Dec) & No. of Cases

Month	No. of Cases	General Cargo & UPB			Head Office			Total
		Penalty	Sales Proceeds	AE & Other Duties	Penalty	Sales Proceeds	AE & Other Duties	
January	230	19,831,620	6,035,302	6,434,044				32,300,966
February	230	9,504,753	-	4,779,506	400,000		20,371	14,704,630
March	231	23,436,124	4,618,564	4638359	6,750,452			39,443,499
April	209	18,592,807	38,808	4,893,774	151,780			23,677,169
May	233	35,443,637	39,641	2563439			120,047	47,758,109
June	288	24,081,846	1,056,321	7406302	9,591,345			41,244,469
July	277	14,590,830		10,255,188	8,700,000			26,346,018
August	320	34,050,377		8,001,136	1,500,000			54,401,513
September	378	20,618,461		5,798,055	12,350,000			34,046,516
October	318	7,447,828		7,596,822	7,630,000	3,632,000		48,930,650
November	313	6,346,125		1,646,972	30,254,000			24,993,097
December	161	10,393,777		4,185,269	17,000,000			19,879,046
Total	3,188	224,338,185	11,788,636	68,198,866	99,627,577	3,632,000	140,418	407,725,682



Total Recoveries at Revenue Task Force in 2012, 2013, 2014 and 2015

	2012	2013	2014	2015
Penalty, A/E and Duty & Other Levies	407,821,431	511,089,957	461,475,705	392,305,046
Sales Proceeds	91,004,686	113,553,285	64,908,466	15,420,636
Total Recoveries	498,826,117	624,643,242	526,384,171	407,725,682



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) Inspection of Company Premises and Check the Production and Issues records.
- (2) Check whether the documents submitted by the Companies with regard to Production Issues and Stocks are correct.
- (3) Compare the tax paid by the Companies with previous and current records.
- (4) Take legal action against the Companies which do not submit the relevant documents.

Comparison of Performance with the Action Plan for 2015:

Key Action	Target (Rs.Mn)	Actual (Rs.)	If not achieved, the reasons
Tobacco	60,000.00	81,154,848,033.00	-
Petroleum (Petrol, Diesel)	38,000.00	6,345,602,769.00	Lesser amount of local production
Local Assembled Vehicles	67,000.00	43,592,023.00	Without Micro Assembled Vehicles
Others(Soft Drinks, Race publications , Electrical Items(local assembled)) & recoveries from Court Cases	3,600.00	2,495,764,027.93	Obtained tax exemptions due to local value addition

Appeals Division

Introduction

Appeals Directorate is a newly formed directorate, after considering the importance of Appeal Procedure indicated in the Revised Kyoto Convention (RKC) of the World Customs Organization (WCO), and the Trade Facilitation Agreement (TFA) of the World Trade Organization (WTO). This directorate functions directly under the Director General of Customs.

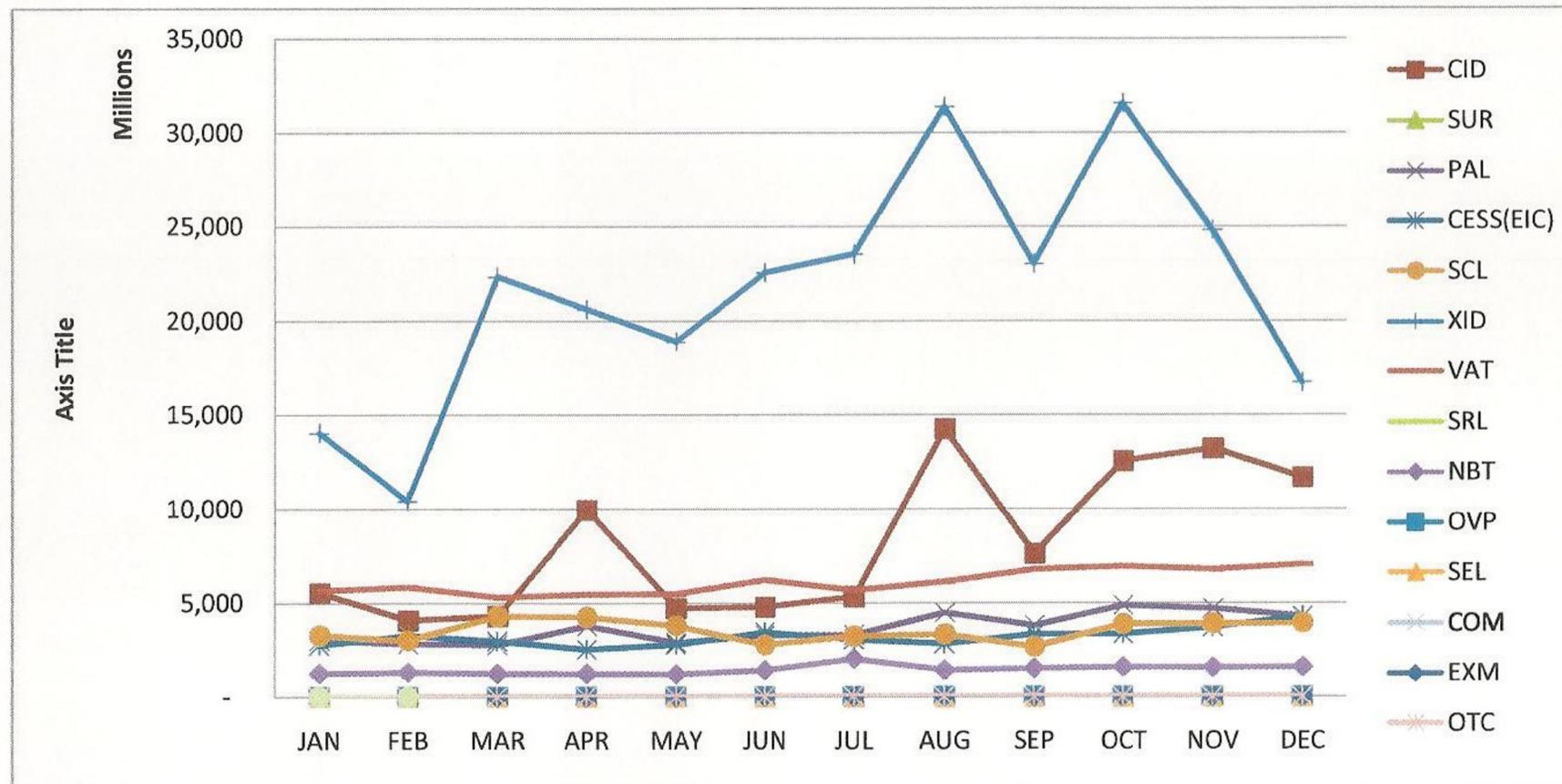
Its objective is to facilitate the trade by considering the appeals lodged in writing to the DGC, make suitable recommendations after having verified the facts, and to take follow up actions.

Performance	2015	2014
Number of cases referred	11	-
Number of cases finalized	11	-

ANNEX

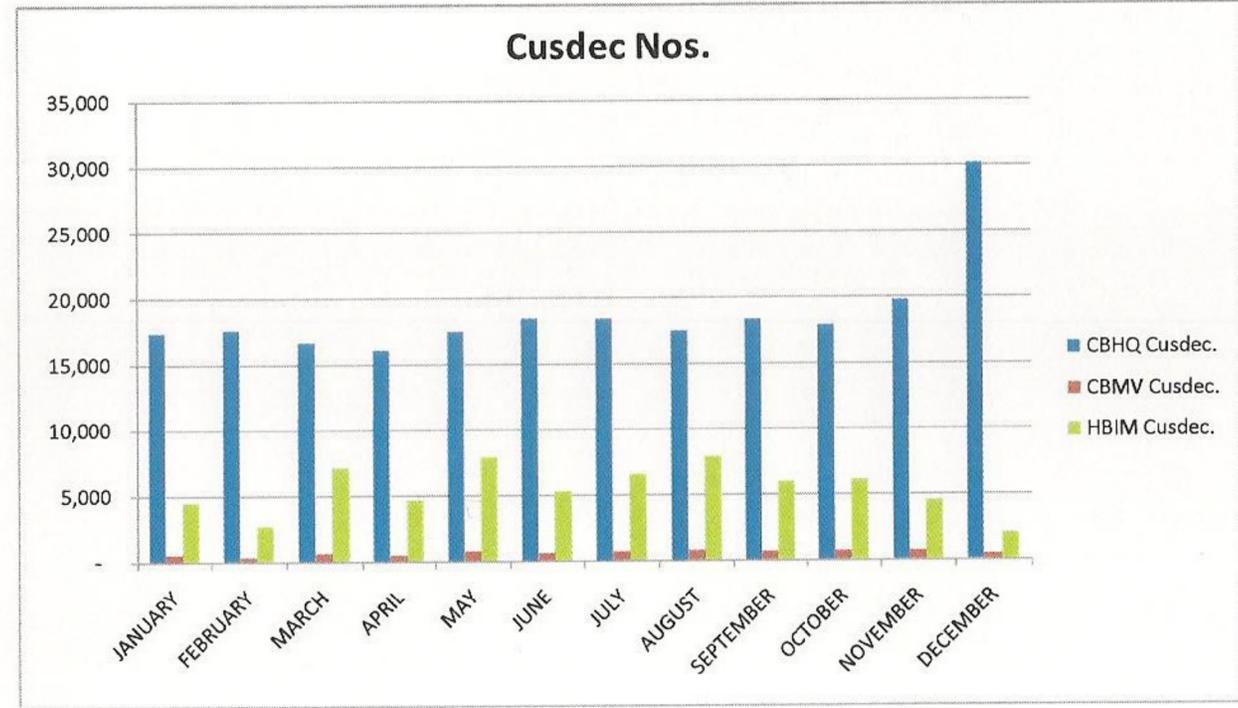
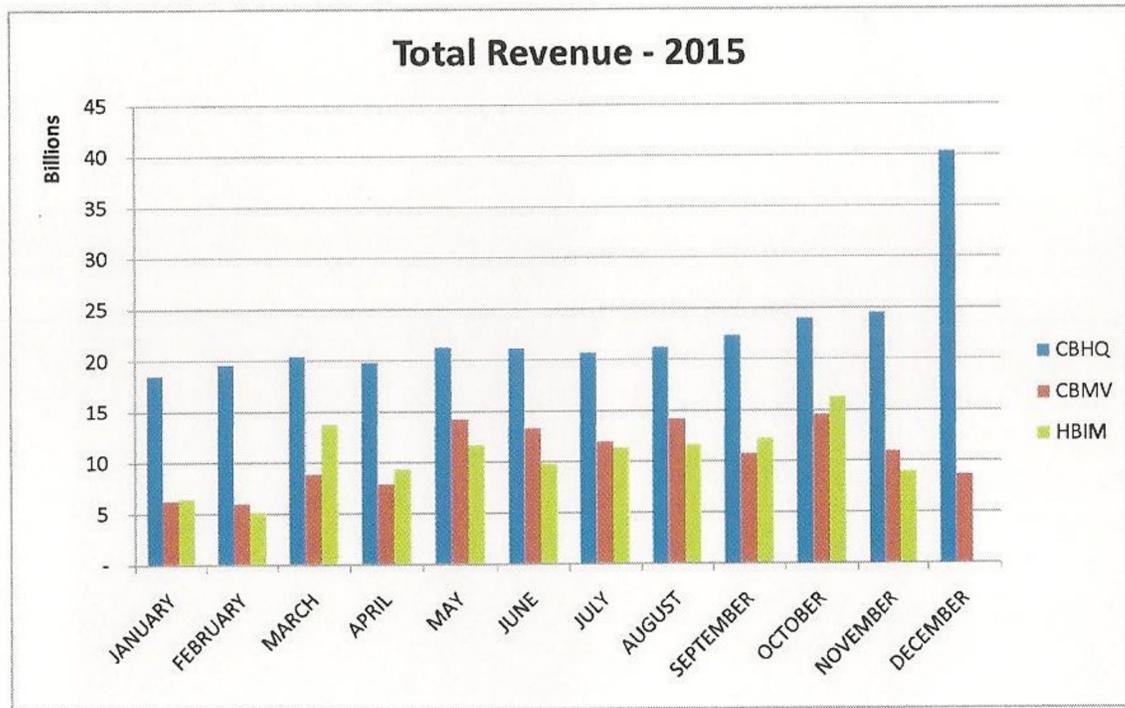
Annex A
REVENUE CLASSIFICATION - LONG ROOM & MOTOR VEHICLE FOR YEAR 2015

MONTH	No of cusdec	CID	SUR	PAL	CESS(EIC)	RDL	SCL	XID	VAT	SRL	NBT	OVP	SEL	COM	EXM	OTC	PTY	TOTAL
JAN	22,584	5,525,021,170	-	3,001,839,132	2,774,540,740	-	3,285,778,867	14,033,647,920	5,644,573,922	-	1,260,553,473	390,424	2,873,500	5,552,000	9,530,700	-	2,182	35,544,304,030
FEB	20,958	4,073,092,477	-	2,831,958,997	3,271,894,585	-	3,021,365,189	10,418,519,036	5,826,018,246	-	1,317,215,771	327,608	2,782,900	4,886,500	8,637,200	11,203,198	2,753,600	30,790,655,307
MAR	24,589	4,300,326,295	-	2,789,359,978	2,987,363,878	-	4,287,514,897	22,350,224,641	5,289,050,474	-	1,249,734,913	269,467	2,667,200	5,969,250	9,846,300	17,424,000		43,289,771,293
APR	21,483	9,945,243,976	-	3,783,535,023	2,546,486,231	-	4,246,779,621	20,618,671,218	5,446,484,331	-	1,242,606,013	338,709	2,470,400	5,253,250	8,756,700	16,662,400		47,863,287,872
MAY	21,462	4,715,742,978		2,885,499,791	2,782,116,036	-	3,791,143,545	18,888,697,241	5,467,145,682	-	1,219,368,769	201,429	2,500,200	5,137,500	8,654,300	16,704,000		39,782,911,471
JUN	24,493	4,772,955,859	6,890	3,274,770,629	3,441,416,931	-	2,766,579,691	22,557,001,780	6,206,153,479	191,785	1,416,885,353	417,593	2,752,900	5,832,500	9,742,600	19,056,440		44,473,764,430
JUL	25,930	5,327,115,252	-	3,288,420,435	3,043,408,300	-	3,245,280,287	23,534,408,869	5,660,898,031	45,713	2,024,163,944	407,710	2,876,100	6,273,500	10,400,700	26,316,000		46,170,014,841
AUG	25,348	14,238,943,993	-	4,490,017,687	2,831,926,200	-	3,335,491,655	31,371,809,992	6,131,060,110	-	1,435,320,316	303,160	2,716,200	6,166,500	10,115,200	26,884,800		63,880,755,813
SEP	25,129	7,622,357,246	1,280,000	3,794,488,891	3,339,795,199	-	2,675,484,027	23,030,117,569	6,773,753,959	-	1,529,874,614	218,460	2,716,600	6,023,250	9,943,900	26,111,600		48,812,165,315
OCT	24,903	12,541,620,319	4,641,400	4,869,016,353	3,350,650,837	-	3,874,983,338	31,576,110,759	6,922,413,471	-	1,598,786,694	327,819	2,693,100	5,960,750	9,846,000	25,887,600		64,782,938,440
NOV	25,007	13,202,557,595	-	4,714,142,305	3,722,229,705	-	3,901,644,038	24,836,827,974	6,760,942,829	-	1,578,509,463	317,492	2,745,900	5,942,500	9,758,800	26,015,600		58,761,634,201
DEC	27,726	11,672,309,251	17,987	4,300,490,422	4,301,549,003	-	3,932,228,574	16,718,958,134	7,028,893,609	721,746	1,604,108,021	317,309	3,137,500	5,688,900	9,739,000	24,531,200		49,602,690,656
Total	289,612	97,937,286,411	5,946,277	44,023,539,643	38,393,377,645	-	42,364,273,729	259,934,995,133	73,157,388,143	959,244	17,477,127,344	3,837,180	32,952,500	68,686,400	114,971,400	236,796,838	2,755,782	573,754,893,669

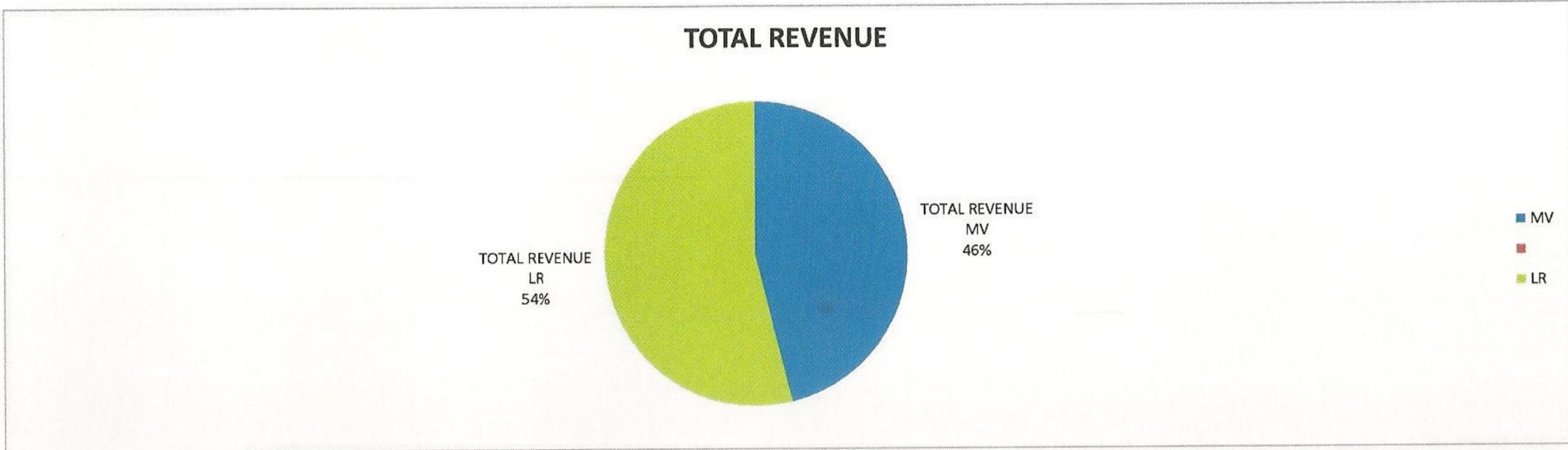


Annex B
TOTAL REVENUE - 2015

MONTH	CBHQ Cusdec.	CBHQ	CBMV Cusdec.	CBMV	HBIM Cusdec.	HBIM	MV TOTAL	TOTAL
JANUARY	17,390	18,597,687,184.00	557	6,224,484,752.00	4,515	6,461,316,579.00	12,685,801,331	31,283,488,515.00
FEBRUARY	17,612	19,587,787,783.00	384	6,007,890,081.00	2,750	5,168,428,611.00	11,176,318,692	30,764,106,475.00
MARCH	16,703	20,465,399,784.00	655	8,848,828,195.00	7,187	13,684,140,852.00	22,532,969,047	42,998,368,831.00
APRIL	16,098	19,798,040,253.00	520	7,853,151,884.00	4,671	9,329,517,054.00	17,182,668,938	36,980,709,191.00
MAY	17,530	21,282,770,032.00	816	14,149,782,986.00	7,933	11,638,518,334.00	25,788,301,320	47,071,071,352.00
JUNE	18,505	21,140,267,734.20	622	13,267,714,941.00	5,321	9,813,686,482.00	23,081,401,423	44,221,669,157.20
JULY	18,480	20,750,015,227.00	763	11,930,486,328.00	6,620	11,359,258,302.00	23,289,744,630	44,039,759,857.00
AUGUST	17,530	21,282,770,032.00	816	14,149,782,986.00	7,933	11,638,518,334.00	25,788,301,320	47,071,071,352.00
SEPTEMBER	18,357	22,386,298,124.00	707	10,755,476,877.00	6,021	12,232,017,424.00	22,987,494,301	45,373,792,425.00
OCTOBER	17,939	24,029,727,562.00	761	14,637,546,923.00	6,139	16,332,641,508.00	30,970,188,431	54,999,915,993.00
NOVEMBER	19,779	24,635,316,761.00	714	10,951,601,418.00	4,542	9,022,231,892.00	19,973,833,310	44,609,150,071.00
DECEMBER	30,164	40,438,438,172.00	483	8,688,682,922.00	2,052	102,639,403.00	8,791,322,325	49,229,760,497.00
TOTAL	226,087	274,394,518,648	7,798	127,465,430,293	65,684	116,782,914,775	244,248,345,068	518,642,863,716



TOTAL REVENUE	MV	LR
	160,953,856,027.00	187,904,924,204.00



Annex C

**MONTHLY PROGRESS REPORT -2015
MOTOR VEHICLE BRANCH**

MONTH	NO OF CUSDECS CBMV1	RECOVERY CBMV1	NO OF CUSDECS HBIM1	RECOVERY HBIM1	TOTAL RECOVERY
JANUARY	557	6,224,484,752.00	4,515	6,461,316,579	6,461,316,579
FEBRUARY	384	6,007,890,081.00	2,750	5,168,428,611	5,168,428,611
MARCH	655	8,848,828,195.00	7,187	13,684,140,852	13,684,140,852
APRIL	520	7,853,151,884.00	4,671	9,329,517,054	9,329,517,054
MAY	816	14,149,782,986.00	7,933	11,638,518,334	11,638,518,334
JUNE	622	13,267,714,941.00	5,321	9,813,686,482	9,813,686,482
JULY	763	11,930,486,328.00	6,620	11,359,258,302	11,359,258,302
AUGUST	816	14,149,782,986.00	7,933	11,638,518,334	11,638,518,334
SEPTEMBER	707	10,755,476,877.00	6,021	12,232,017,424	12,232,017,424
OCTOBER	761	14,637,546,923.00	6,139	16,332,641,508	16,332,641,508
NOVEMBER	714	10,951,601,418.00	4,542	9,022,231,892	9,022,231,892
DECEMBER	483	8,688,682,922.00	2,052	102,639,403	102,639,403
TOTAL	7,798	127,465,430,293	65,684	116,782,914,775	116,782,914,775

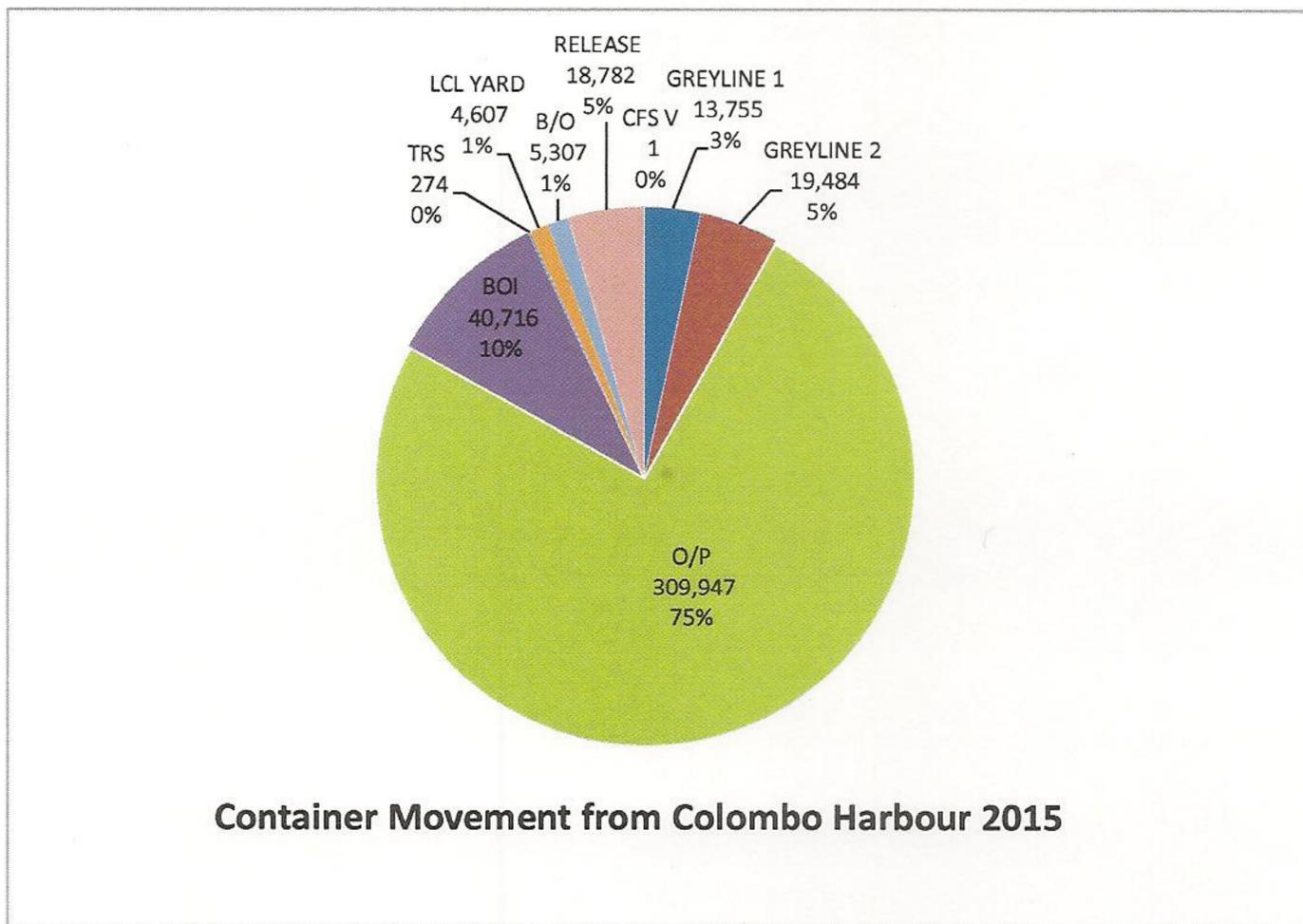
Annex D

**PROGRESS REPORT - 2015
MOTOR VEHICLE BRANCH**

MONTH	NO OF CUSDECS	RECOVERY
JANUARY	5,072	6,461,316,579
FEBRUARY	3,134	5,168,428,611
MARCH	7,842	13,684,140,852
APRIL	5,191	9,329,517,054
MAY	8,749	11,638,518,334
JUNE	5,943	9,813,686,482
JULY	7,383	11,359,258,302
AUGUST	8,749	11,638,518,334
SEPTEMBER	6,728	12,232,017,424
OCTOBER	6,900	16,332,641,508
NOVEMBER	5,256	9,022,231,892
DECEMBER	2,535	102,639,403
TOTAL	73,482	116,782,914,775

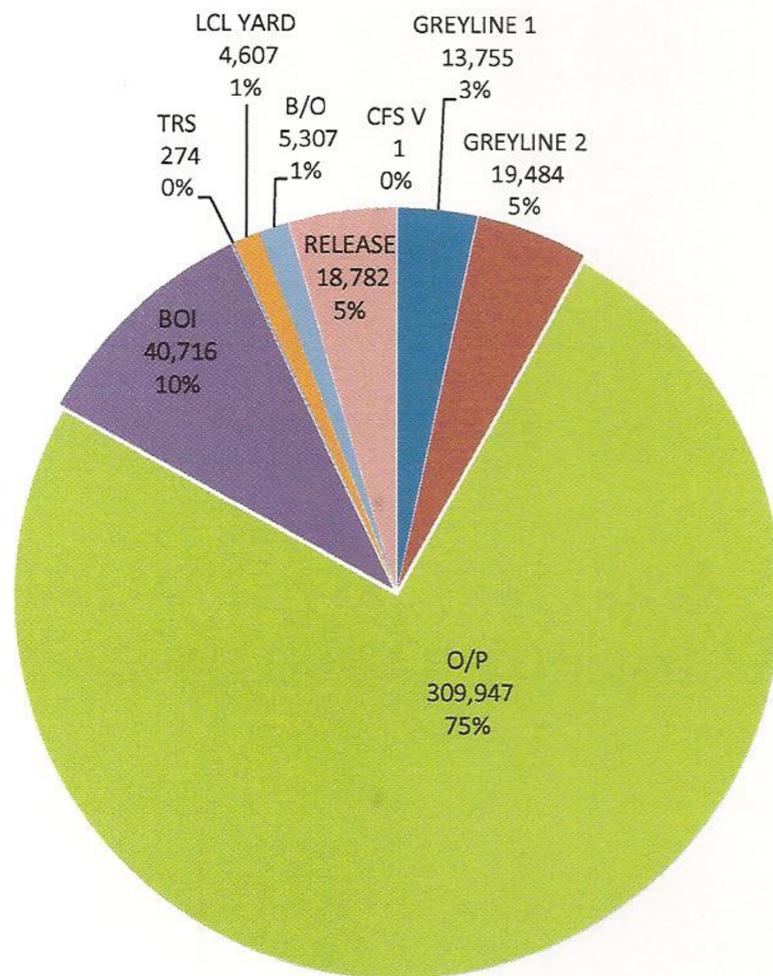
Annex E
PROGRESS REPORT FOR THE YEAR 2015
NUMBER OF GATE PASSES ISSUED (NO.OF CONTAINERS MOVED) TO RESPECTIVE YARDS

MONTH	GREYLINE 1	GREYLINE 2	O/P	BOI	TRS	LCL YARD	B/O	RELEASE	CFS V	TOTAL
JAN	1155	1000	27917	3599	1	312	430	1235		35649
FEB	1100	1407	25919	3117	27	365	283	1196		33414
MAR	979	1154	25962	3253	15	367	411	2047		34188
APR	894	1088	23218	3453	14	410	490	1658		31225
MAY	985	1830	22849	2916	17	415	359	1559		30930
JUN	1162	2096	25435	3271	15	469	516	1507		34471
JUL	965	2048	27554	3800	75	230	494	1400		36566
AUG	1174	1702	24084	5014	31	475	512	1975		34967
SEP	1163	1659	26078	4619	37	496	417	1948		36417
OCT	1291	1587	26191	3166	6	478	300	1465		34484
NOV	1344	1711	24941	724	19	126	616	1093		30574
DEC	1543	2202	29799	3784	17	464	479	1699	1	39988
TOTAL	13,755	19,484	309,947	40,716	274	4,607	5,307	18,782	1	412,873



DOCUMENT CENTRE PROGRESS

CONTAINER MOVEMENT FROM COLOMBO HARBOUR - 2015



Container Movement from Colombo Harbour 2015

Annex F

**MANIFEST AMENDMENTS AND LATE MANIFEST PENALTY
PROGRESS REPORT FOR THE YEAR 2015**

MONTH	NUMBER OF AMENDMENTS	PANELTY RECOVERED
JANUARY	132	3,593,500
FEBRUARY	110	3,848,500
MARCH	112	3,477,500
APRIL	95	3,231,500
MAY	116	3,195,500
JUNE	109	3,538,500
JULY	118	3,518,000
AUGUST	110	2,675,000
SEPTEMBER	121	2,683,500
OCTOBER	107	2,679,250
NOVEMBER	102	1,957,500
DECEMBER	125	2,546,000
TOTAL	1357	36,944,250

Annex G

Revenue Comparison Longroom & Motor Vehicle Unit 2015

Month	Recovery Motor Vehicle	Recovery Long Room	Total Recovery MV and LR
Jan	12,685,801,331.00	18,597,687,184.00	31,283,488,515.00
Feb	11,176,318,692.00	19,587,787,783.00	30,764,106,475.00
Mar	22,532,969,047.00	20,465,399,784.00	42,998,368,831.00
Apr	17,182,668,938.00	19,798,040,253.00	36,980,709,191.00
May	25,788,301,320.00	21,282,770,032.00	47,071,071,352.00
Jun	23,081,401,423.00	21,140,267,734.20	44,221,669,157.20
Jul	23,289,744,630.00	20,750,015,227.00	44,039,759,857.00
Aug	25,788,301,320.00	21,282,770,032.00	47,071,071,352.00
Sep	22,987,494,301.00	22,386,298,124.00	45,373,792,425.00
Oct	30,970,188,431.00	24,029,727,562.00	54,999,915,993.00
Nov	19,973,833,310.00	24,635,316,761.00	44,609,150,071.00
Dec	8,791,322,325.00	40,438,438,172.00	49,229,760,497.00
Total	244,248,345,068.00	274,394,518,648.20	518,642,863,716.20

