

ANNUAL PERFORMANCE REPORT 2012



SRI LANKA CUSTOMS



Annual Performance Report - 2012

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Sri Lanka Customs

2012

PRINCIPAL OFFICIALS

Dr. N. Goonewardena

Director General of Customs

Mr. R. Semasinghe

Additional Director General of Customs (Human Resources)

Mr. S.D.S. Gunathunga

Additional Director General of Customs (Corporate)

Mr. K.L.G.T. Perera

Actg. Additional Director General of Customs (Provincial)

Mr. M. Puviharan

Actg. Additional Director General of Customs (Revenue & Services)

Mr. W.L.D.R.A. Kumaratilake

Actg. Additional Director General of Customs (Enforcement)

Mr. K. Ranjan

Director of Customs (Preventive)

Mr. G.A.L. Gamini

Director of Customs (Social Protection)

Mr. S. Rajendran

Director of Customs (Post Clearance Audit)

Mr. D.A.I. Daranagama

Director of Customs (Central Investigations)

Mr. K. Premnath

Actg. Director of Customs (Legal Affairs)

Mr. C.N. Rajaratnam

Director of Customs (Central Intelligence)

Mr. J.H. Kodikara

Director of Customs (Declarations)

Mr. B.J.P. Perera

Director of Customs (Industries and Services)

Mr. L.M. Nelson

Director of Customs (Cargo Examinations)

Mr. M. Puviharan

Director of Customs (Passenger Services - Colombo)

Mr. K.L.G.T. Perera

Director of Customs (Passenger Services – Katunayake)

Mr. R. Dharmapala

Director of Customs (Revenue & Services – Katunayake)

Mr. R.P.D.T. Seneviratne

Director of Customs (Policy, Planning and Research)

Mr. S. Nethkunanathan

Director of Customs (ICT)

Mr. N.K. Sivakumar.

Director of Customs (Central Valuation)

Mr. A. Kulendran

Director of Customs (Specialized Services)

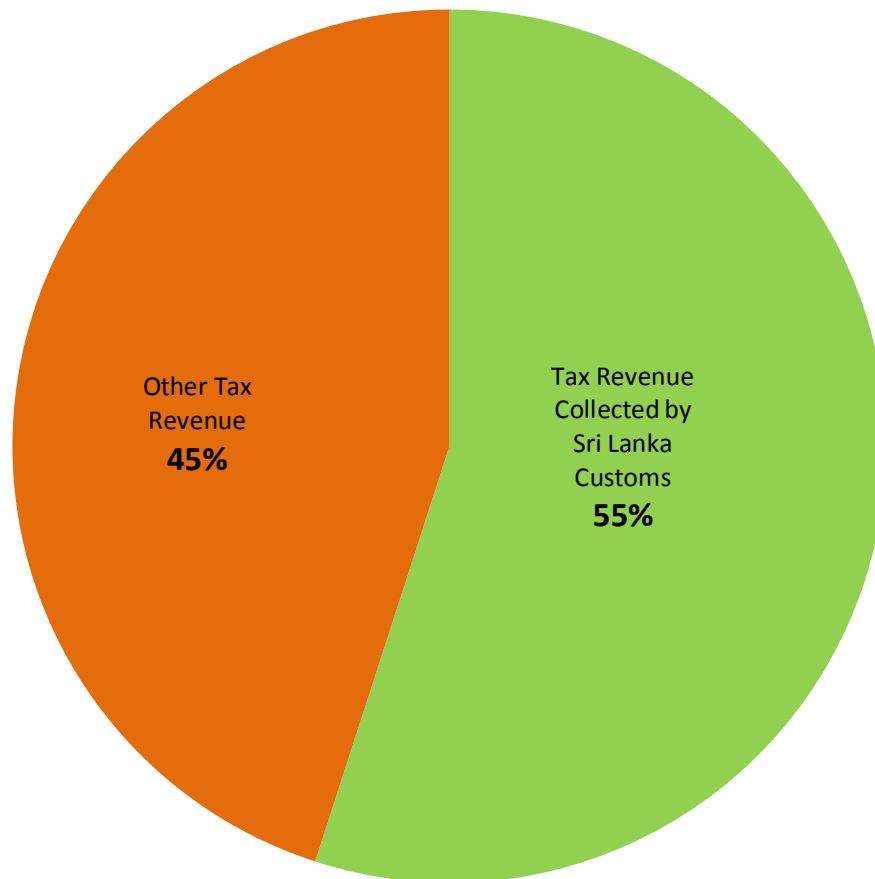
Mr. P.B.S.C. Nonis
Director of Customs (Logistics)
Mr. W.L.D.R.A. Kumarathilaka
Director of Customs (Human Resource Management)
Mrs. Ishani J. Abeyratne
Director of Customs (Human Resource Development)
Mr. Pradeep Kumara
Actg. Director of Customs (Employee Services)
Mr. K.K. Balachandra
Director of Customs (Industries and Services - Provincial)
Mr. Jagath Dias
Director of Customs (Revenue & Services - Provincial)
Mr. B.M.L. Piyasena
Actg. Director of Customs (Special Tasks and Vigilance)
Mr. P.T.G. Gunathilaka
Chief Accountant

Mrs. P.K. Weerasooriya
Director (Systems and Procedures Compliance Audit)
Mr. Jude Nilukshan
Act. Director (Excise)
Mr. U.S. Wanapushpa
Deputy Director (Statistics)

Overall Performance 2012

REVENUE COLLECTION - 2012

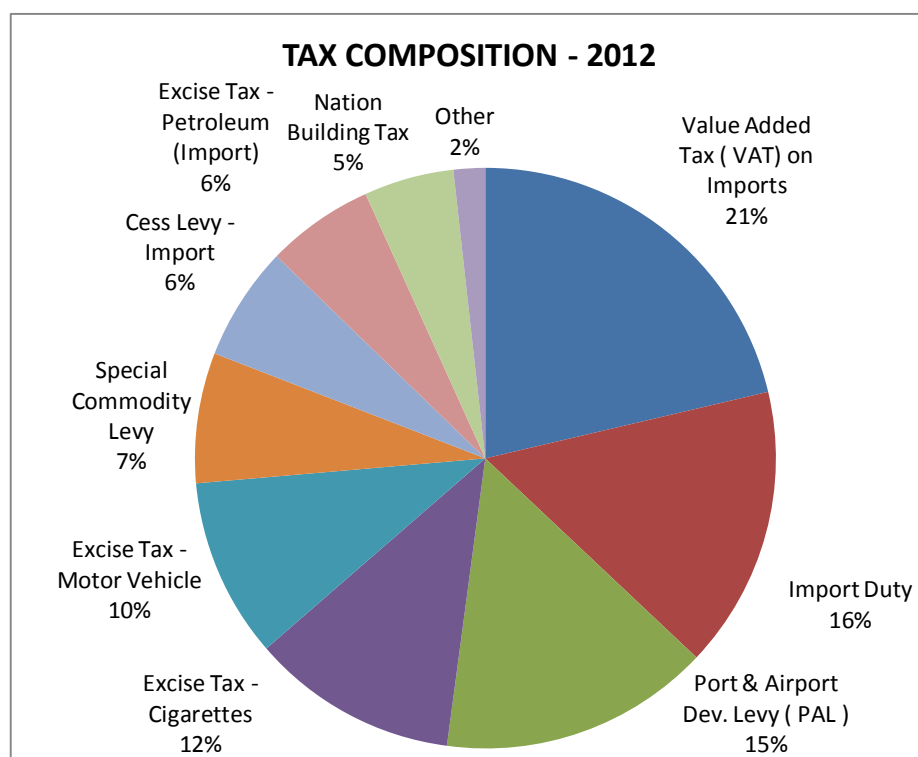
As a Percentage of National Tax Revenue*



* *Provisional Data*

REVENUE COLLECTION – 2012: TAX COMPOSITION

CATEGORY	(Rs Millions)	As a % of Total
Value Added Tax (VAT) on Imports	99071.893	21.31579233
Import Duty	73130.544	15.73438683
Port & Airport Dev. Levy (PAL)	69965.009	15.05330682
Excise Tax - Cigarettes	53528.691	11.51695427
Excise Tax - Motor Vehicle	46485.089	10.00148956
Special Commodity Levy	33665.836	7.243365873
Cess Levy - Import	29579.227	6.364112372
Excise Tax - Petroleum (Import)	27863.982	5.995069194
Nation Building Tax	23298.450	5.012773116
Cess Levy - Export	3136.461	0.674824608
Excise Tax - Others - Import	2533.480	0.545090357
Sundries	919.084	0.197745325
Excise Tax - Others- Local	802.608	0.172684956
Excise Tax - Petroleum (Local)	628.577	0.135241352
Sale of Garments	104.688	0.022524125
Excise Tax - Liquor	39.080	0.008408335
Export Duty	20.863	0.004488774
Regional Infrastructure Dev. Levy (RIDL)	6.802	0.001463483
Social Responsibility Levy (SRL)	1.294	0.000278324



REVENUE COLLECTION

Rs. Millions

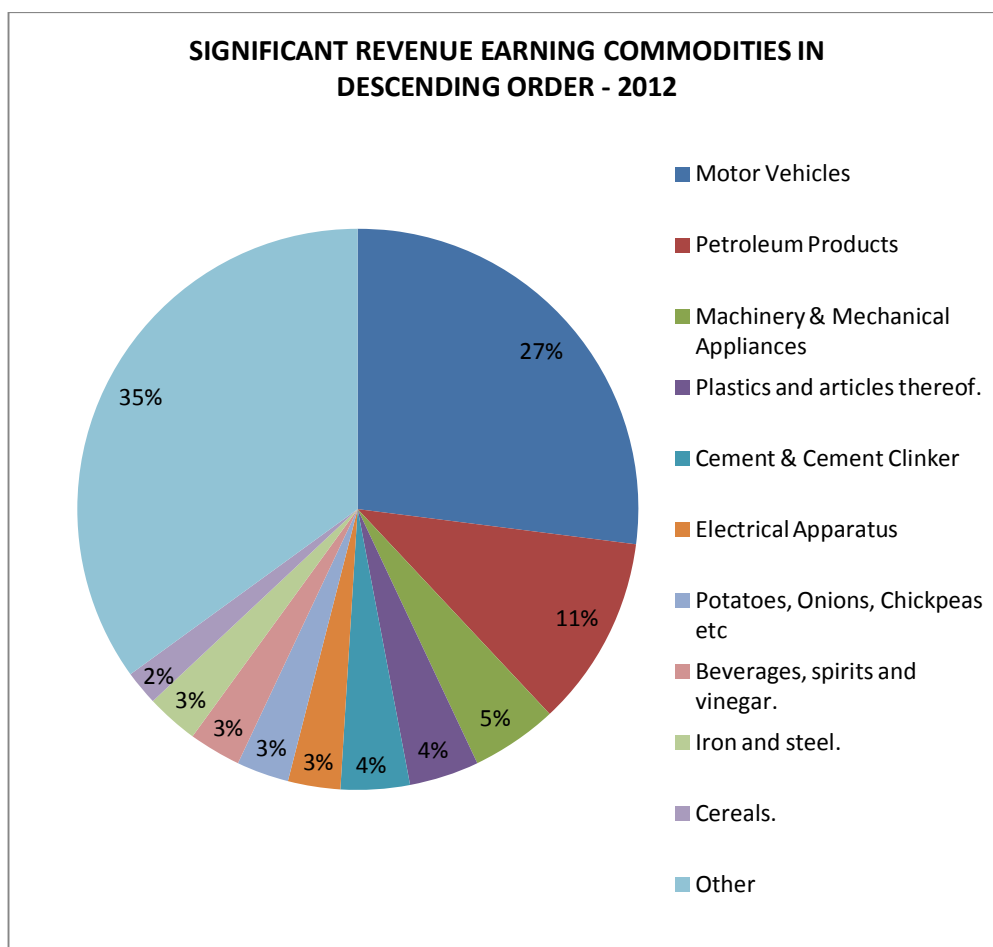
Revenue Code	Description	Revised Target 2012	Progress up to end of Dec. 2012			Comparison of up to end of Dec. 2011 & 2012		
			Target	Actual	Deviation	2011	2012	Deviation
1001.01.00	Import Duty	76,830	76,830	73,131	(3,699)	76,010	73,130.54	(2,880)
1001.02.00	Export Duty	20	20	21	1	17	20.86	4
1001.04.00	Port & Airport Dev. Levy (PAL)	75,211	75,211	69,965	(5,246)	66,030	69,965.01	3,935
1001.05.01	Cess Levy - Import	29,287	29,287	29,579	292	26,773	29,579.23	2,806
1001.06.00	Motor Vehicle Concessionary Levy	-	-	-	-	-	-	-
1001.07.00	Regional Infrastructure Dev. Levy (RIDL)	-	-	7	7	6	6.80	1
1001.05.02	Cess Levy - Export	3,120	3,120	3,136	16	2,897	3,136.46	240
1001.08.00	Special Commodity Levy	36,608	36,608	33,666	(2,942)	15,622	33,665.84	18,044
	Total Customs Tax Revenue	221,076	221,076	209,505	(11,571)	187,356	209,504.74	22,149
1002.05.01	Excise Tax - Cigarettes	54,924	54,924	53,529	(1,395)	49,589	53,528.69	3,939
1002.05.02	Excise Tax - Liquor	-	-	39	39	-	39.08	39
1002.05.03	Excise Tax - Petroleum	23,000	23,000	28,493	5,493	22,470	28,492.56	6,023
	<i>Excise Tax - Petroleum (Import)</i>	<i>20,000</i>	<i>20,000</i>	<i>27,864</i>	<i>7,864</i>	<i>21,828</i>	<i>27,863.98</i>	<i>6,036</i>
	<i>Excise Tax - Petroleum (Local)</i>	<i>3,000</i>	<i>3,000</i>	<i>629</i>	<i>(2,371)</i>	<i>642</i>	<i>628.58</i>	<i>(13)</i>
1002.05.04	Excise Tax - Motor Vehicle	57,510	57,510	46,485	(11,025)	52,840	46,485.09	(6,355)
1002.05.09	Excise Tax - Others	5,132	5,132	3,336	(1,796)	5,796	3,336.09	(2,460)
	<i>Excise Tax - Others - Import</i>	<i>3,632</i>	<i>3,632</i>	<i>2,533</i>	<i>(1,099)</i>	<i>5,246</i>	<i>2,533.48</i>	<i>(2,713)</i>
	<i>Excise Tax - Others - Local</i>	<i>1,500</i>	<i>1,500</i>	<i>803</i>	<i>(697)</i>	<i>550</i>	<i>802.61</i>	<i>253</i>
	Total Excise Tax Revenue	140,566	140,566	131,882	(8,684)	130,696	131,881.51	1,186
1002.01.04	Value Added Tax (VAT) on Imports	109,487	109,487	99,072	(10,415)	112,310	99,071.89	(13,238)
1003.10.00	Social Responsibility Levy (SRL)	-	-	1	1	7	1.29	(6)
	<i>Social Responsibility Levy (SRL) -Import</i>	<i>-</i>	<i>-</i>	<i>1</i>	<i>1</i>	<i>7</i>	<i>1.29</i>	<i>(6)</i>
	<i>Social Responsibility Levy (SRL)-Local</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
1002.12.03	Nation Building Tax	18,823	18,823	23,298	4,475	24,467	23,298.45	(1,169)
	Total Other Tax Revenue	128,310	128,310	122,372	(5,938)	136,784	122,371.64	(14,413)
	Total Tax Revenue*	489,952	489,952	463,758	(26,194)	454,836	463,757.89	8,922
2003.02.17	Sale of Garments	100	100	105	5	94	104.69	11
2003.03.00								
2003.90.00	Sundries	15,700	15,700	919	(14,781)	5,413	919.08	
2003.02.99								
	Total Non Tax Revenue	15,800	15,800	1,024	5	5,506	1,023.77	11
	Total Revenue (Tax & Non Tax)	505,752	505,752	464,782	(26,189)	460,342	464,781.66	8,933
	Net Deposits			-	-	(2,578)	-	2,578
	Total Revenue with Deposits	505,752	505,752	464,782	(26,189)	457,764	464,781.66	7,018

TOP FIFTY REVENUE EARNING COMMODITIES (HS CHAPTER-WISE)

Rank	HS Chapter	Description	Total Tax (Rs.)
1	87	Motor Vehicles	98,530,285,141
2	27	Petroleum Products	39,556,442,179
3	84	Machinery & Mechanical Appliances	20,213,386,160
4	39	Plastics and articles thereof.	14,401,301,491
5	25	Cement & Cement Clinker	13,939,823,766
6	85	Electrical Apparatus	11,828,890,683
7	7	Potatoes, Onions, Chickpeas etc	11,728,689,275
8	22	Beverages, spirits and vinegar.	11,609,961,250
9	72	Iron and steel.	9,377,751,668
10	10	Cereals.	9,010,925,253
11	4	Dairy produce.	8,894,618,401
12	17	Sugars and sugar confectionery.	8,772,827,776
13	48	Paper and paperboard.	8,268,996,472
14	15	Palm Oil & Palm Stearin & Margarine	7,482,653,662
15	73	Articles of iron or steel.	7,146,792,272
16	40	Rubber and articles thereof.	6,789,214,683
17	69	Ceramic products.	6,783,042,840
18	38	Miscellaneous chemical products.	4,447,918,081
19	33	Mixtures of Odoriferous Substances	3,601,879,381
20	62	Articles of apparel and clothing accessories not knitted or crocheted.	3,599,074,353
21	8	Edible fruit and nuts; peel of citrus fruit or melons.	3,292,722,762
22	19	Preparations of cereals, flour, starch or milk; pastry cooks' products.	2,860,531,664
23	9	Coffee, tea, mate and spices.	2,755,560,018
24	3	Fish and crustaceans, molluscs and other aquatic invertebrates.	2,500,085,950
25	70	Glass and glassware.	2,446,423,274
26	32	Tanning or dyeing extracts (pigments and other colouring matter)	2,398,652,835
27	29	Organic chemicals.	2,356,973,805
28	94	Furniture	2,252,112,944
29	83	Miscellaneous articles of base metal.	2,160,881,415
30	31	Fertilizers.	1,955,637,721
31	55	Man-made staple fibers.	1,896,815,353
32	76	Aluminium and articles thereof.	1,860,514,918
33	21	Miscellaneous edible preparations.	1,815,419,229
34	23	Residues and waste from the food industries	1,738,723,743
35	28	Inorganic chemicals	1,630,989,962
36	74	Copper and articles thereof.	1,628,208,248
37	16	Preparations of meat, of fish or of crustaceans	1,618,990,922
38	20	Preparations of vegetables, fruit, nuts or other parts of plants.	1,610,129,911
39	34	Soap, organic surface-active agents, washing preparations	1,609,345,054
40	64	Footwear, gaiters and the like; parts of such articles.	1,590,426,756
41	52	Cotton.	1,561,788,576
42	44	Wood and articles of wood; wood charcoal.	1,445,935,617
43	68	Articles of stone, plaster, cement, asbestos, mica or similar materials.	1,360,914,333
44	82	Tools, implements, cutlery, spoons and forks, of base metal	1,237,913,229
45	90	Optical, photographic, cinematographic, or medical instruments and apparatus	1,216,900,169
46	11	Products of the milling industry	1,086,014,537
47	61	Articles of apparel and clothing accessories knitted or crocheted.	1,014,757,521
48	18	Cocoa and cocoa preparations.	935,234,106
49	96	Miscellaneous manufactured articles.	934,048,249
50	14	Vegetable plaiting materials	761,854,555

SIGNIFICANT REVENUE EARNING COMMODITIES IN DESCENDING ORDER - 2012

Description	Total Tax (Rs.)	As a Percentage Against Total Revenue (%)
Motor Vehicles	98,530,285,141	27%
Petroleum Products	39,556,442,179	11%
Machinery & Mechanical Appliances	20,213,386,160	5%
Plastics and articles thereof.	14,401,301,491	4%
Cement & Cement Clinker	13,939,823,766	4%
Electrical Apparatus	11,828,890,683	3%
Potatoes, Onions, Chickpeas etc	11,728,689,275	3%
Beverages, spirits and vinegar.	11,609,961,250	3%
Iron and steel.	9,377,751,668	3%
Cereals.	9,010,925,253	2%
Other	128,414,629,366	35%
	368,613,086,232	100%

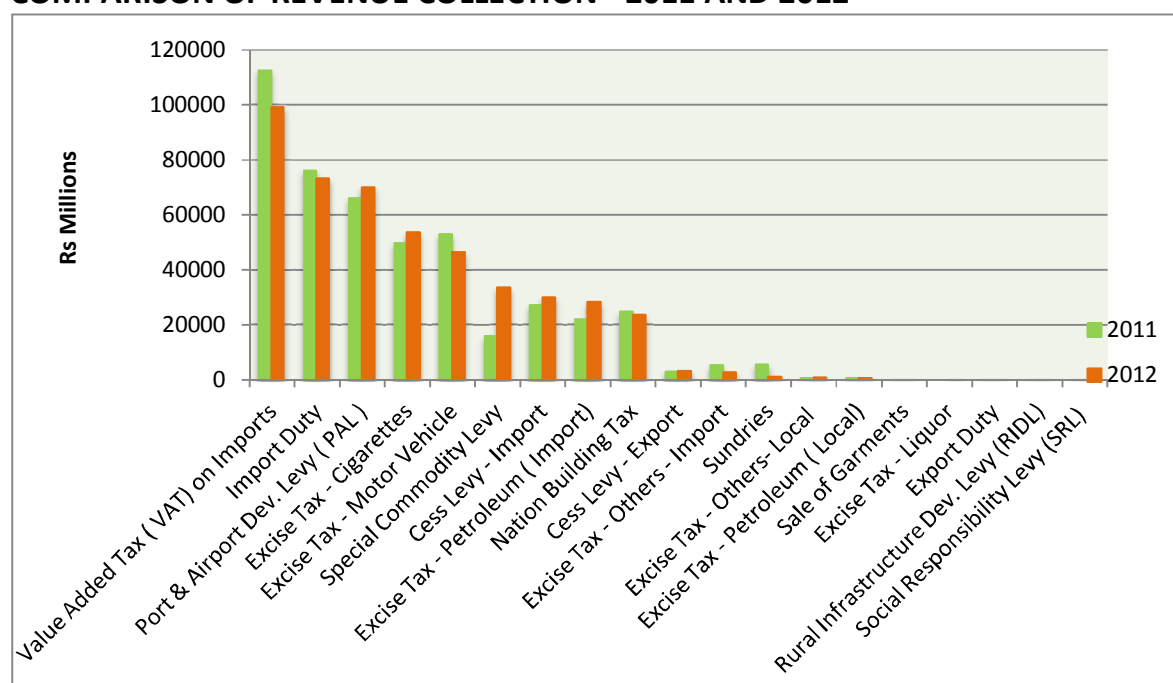


COMPARISON OF REVENUE COLLECTION - 2011 AND 2012

(Rs. Millions)

CATEGORY	2011	2012	DEVIATION
Import Duty	76,010.16	73,130.54	-2,879.62
Export Duty	16.76	20.86	4.10
Port & Airport Dev. Levy (PAL)	66,030.28	69,965.01	3,934.73
Cess Levy - Import	26,773.48	29,579.23	2,805.74
Regional Infrastructure Dev. Levy (RIDL)	6.14	6.80	0.66
Cess Levy - Export	2,896.75	3,136.46	239.71
Special Commodity Levy	15,622.14	33,665.84	18,043.70
Excise Tax - Cigarettes	49,589.47	53,528.69	3,939.22
Excise Tax - Liquor	0.00	39.08	39.08
Excise Tax - Petroleum (Import)	21,827.77	27,863.98	6,036.21
Excise Tax - Petroleum (Local)	642.00	628.58	-13.42
Excise Tax - Motor Vehicle	52,840.22	46,485.09	-6,355.13
Excise Tax - Others - Import	5,246.47	2,533.48	-2,712.99
Excise Tax - Others- Local	550.00	802.61	252.61
Value Added Tax (VAT) on Imports	112,309.96	99,071.89	-13,238.07
Social Responsibility Levy (SRL)	7.37	1.29	-6.07
Nation Building Tax	24,466.96	23,298.45	-1,168.51
Sale of Garments	93.83	104.69	10.86
Sundries	5,412.63	919.08	-4,493.54
Total	462353.372	466793.658	4439.286

COMPARISON OF REVENUE COLLECTION - 2011 AND 2012

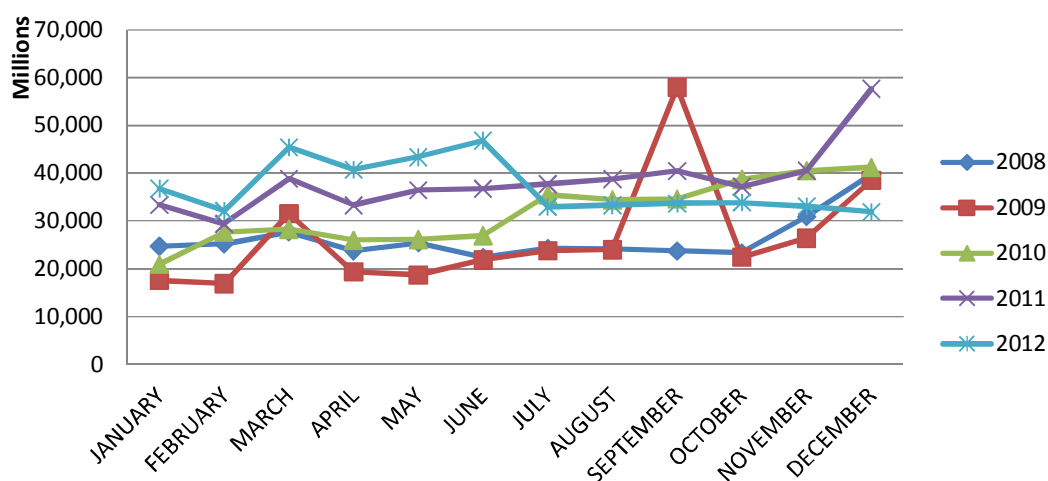


COMPARISON OF TOTAL CUSTOMS REVENUE - YEARLY & MONTHLY

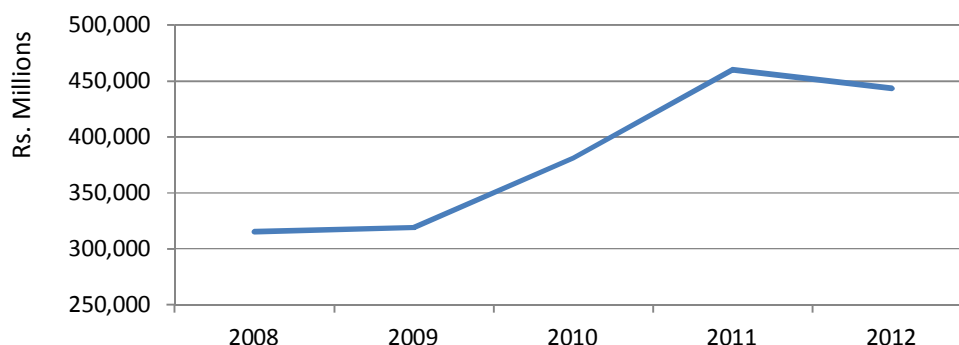
(Rs. Millions)

MONTH	2008	2009	2010	2011	2012
JANUARY	24,709.04	17,582.40	20,973.27	33,334.19	36,759.31
FEBRUARY	25,197.60	16,886.08	27,635.19	29,384.19	32,070.67
MARCH	27,700.50	31,520.28	28,276.06	38,853.43	45,402.23
APRIL	23,732.06	19,401.08	25,968.24	33,264.14	40,701.41
MAY	25,432.59	18,665.66	26,127.32	36,450.54	43,343.16
JUNE	22,369.97	21,855.94	26,949.02	36,742.92	46,809.47
JULY	24,279.09	23,787.96	35,493.85	37,725.20	32,940.12
AUGUST	24,080.10	23,963.84	34,428.66	38,762.76	33,309.60
SEPTEMBER	23,714.15	57,971.03	34,620.10	40,481.87	33,642.72
OCTOBER	23,326.79	22,423.56	38,703.04	37,155.78	33,890.26
NOVEMBER	30,922.61	26,380.16	40,526.99	40,537.47	33,072.75
DECEMBER	39,771.53	38,544.51	41,201.04	57,650.03	31,916.01
TOTAL	315,236.03	318,982.50	380,902.78	460,342.51	443,857.70

COMPARISON OF TOTAL CUSTOMS REVENUE YEARLY & MONTHLY



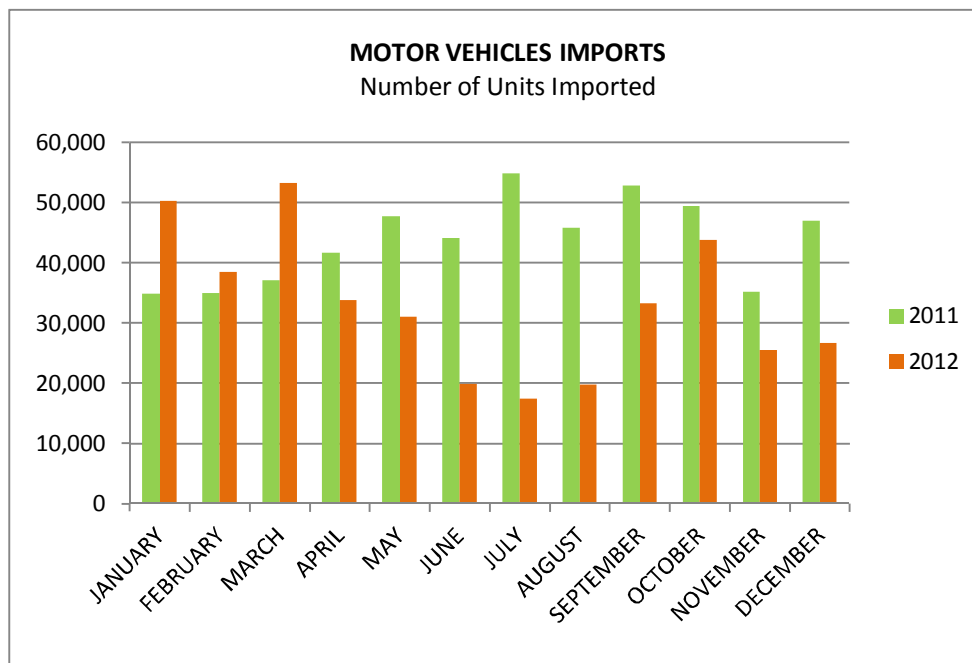
COMPARISON OF TOTAL CUSTOMS REVENUE - YEARLY



MOTOR VEHICLES IMPORTS

Number of Units Imported

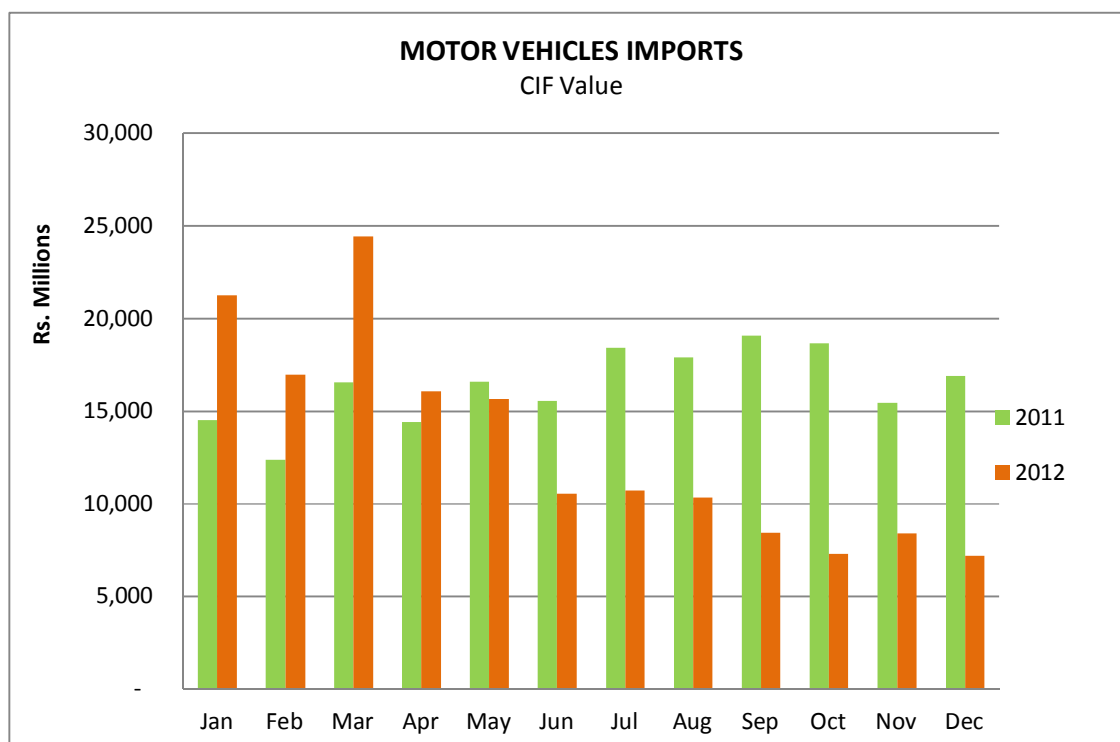
MONTH	UNITS	
	2011	2012
JANUARY	34,883	50,311
FEBRUARY	34,985	38,477
MARCH	37,126	53,228
APRIL	41,712	33,767
MAY	47,794	31,080
JUNE	44,178	19,862
JULY	54,851	17,519
AUGUST	45,842	19,800
SEPTEMBER	52,843	33,313
OCTOBER	49,480	43,758
NOVEMBER	35,192	25,505
DECEMBER	47,022	26,668
TOTAL	525,908	393,288



MOTOR VEHICLES IMPORTS

CIF Value

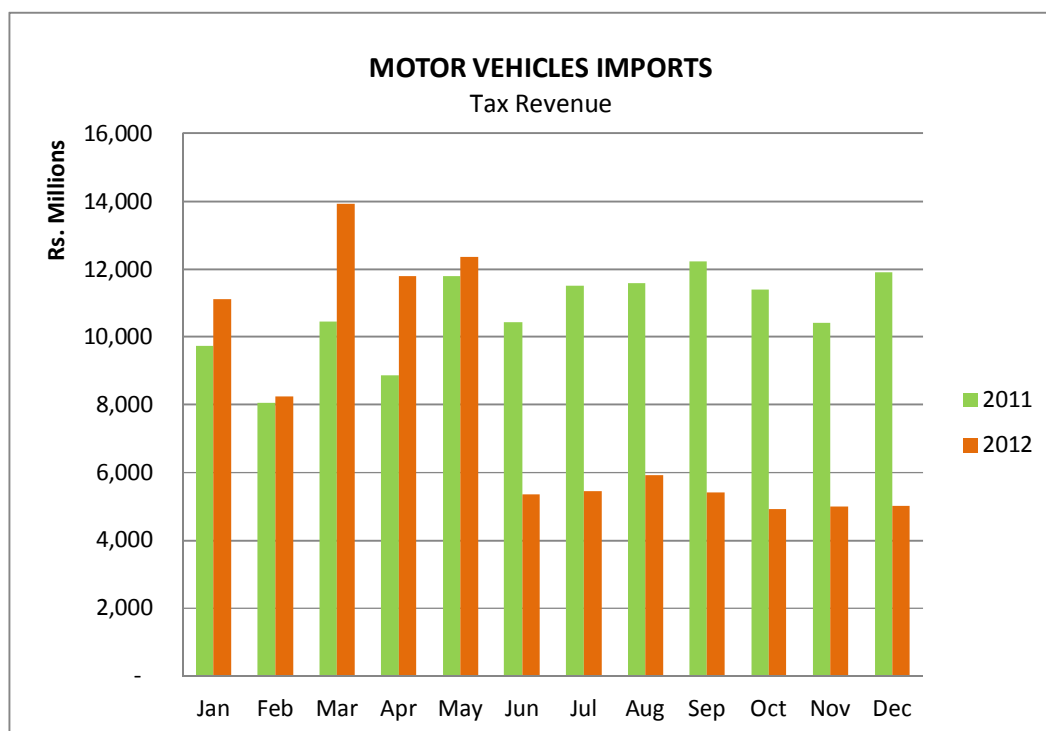
MONTH	CIF (Rs.)	
	2011	2012
JANUARY	14,523,722,878	21,256,336,140
FEBRUARY	12,373,845,242	16,954,170,840
MARCH	16,554,923,978	24,426,409,258
APRIL	14,428,851,903	16,083,149,987
MAY	16,615,696,882	15,659,343,418
JUNE	15,565,149,707	10,556,027,168
JULY	18,429,774,777	10,720,764,216
AUGUST	17,907,567,940	10,329,151,341
SEPTEMBER	19,059,350,081	8,438,231,519
OCTOBER	18,640,067,761	7,275,261,435
NOVEMBER	15,474,611,733	8,406,879,450
DECEMBER	16,909,220,753	7,179,033,205
TOTAL	196,482,783,635	157,284,757,977



MOTOR VEHICLES IMPORTS

Tax Revenue

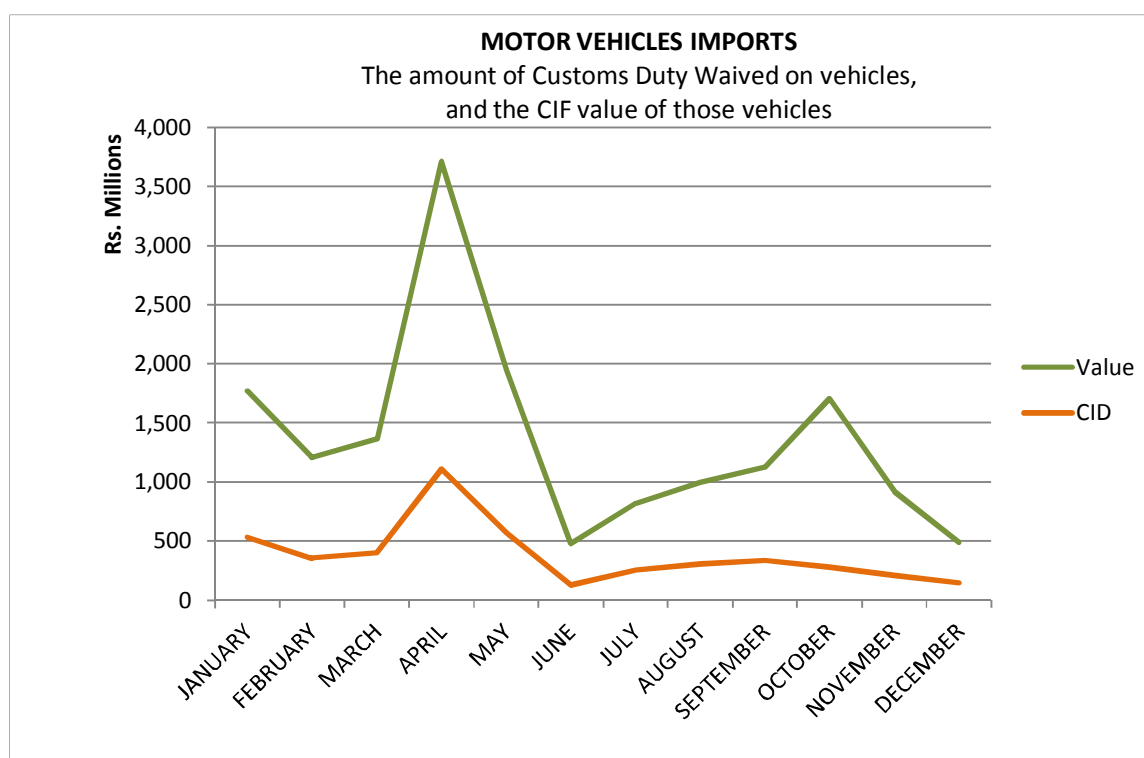
MONTH	REVENUE (Rs.)	
	2011	2012
JANUARY	9,725,110,365	11,109,844,511
FEBRUARY	8,069,640,783	8,233,046,108
MARCH	10,464,242,348	13,911,906,605
APRIL	8,868,923,698	11,783,621,944
MAY	11,783,367,142	12,364,583,772
JUNE	10,444,041,904	5,354,183,367
JULY	11,506,136,845	5,455,760,513
AUGUST	11,578,660,244	5,918,646,790
SEPTEMBER	12,229,833,942	5,413,904,828
OCTOBER	11,398,540,101	4,922,883,651
NOVEMBER	10,424,804,707	4,996,455,008
DECEMBER	11,923,432,615	5,008,196,732
TOTAL	128,416,734,694	94,473,033,829



MOTOR VEHICLES IMPORTS

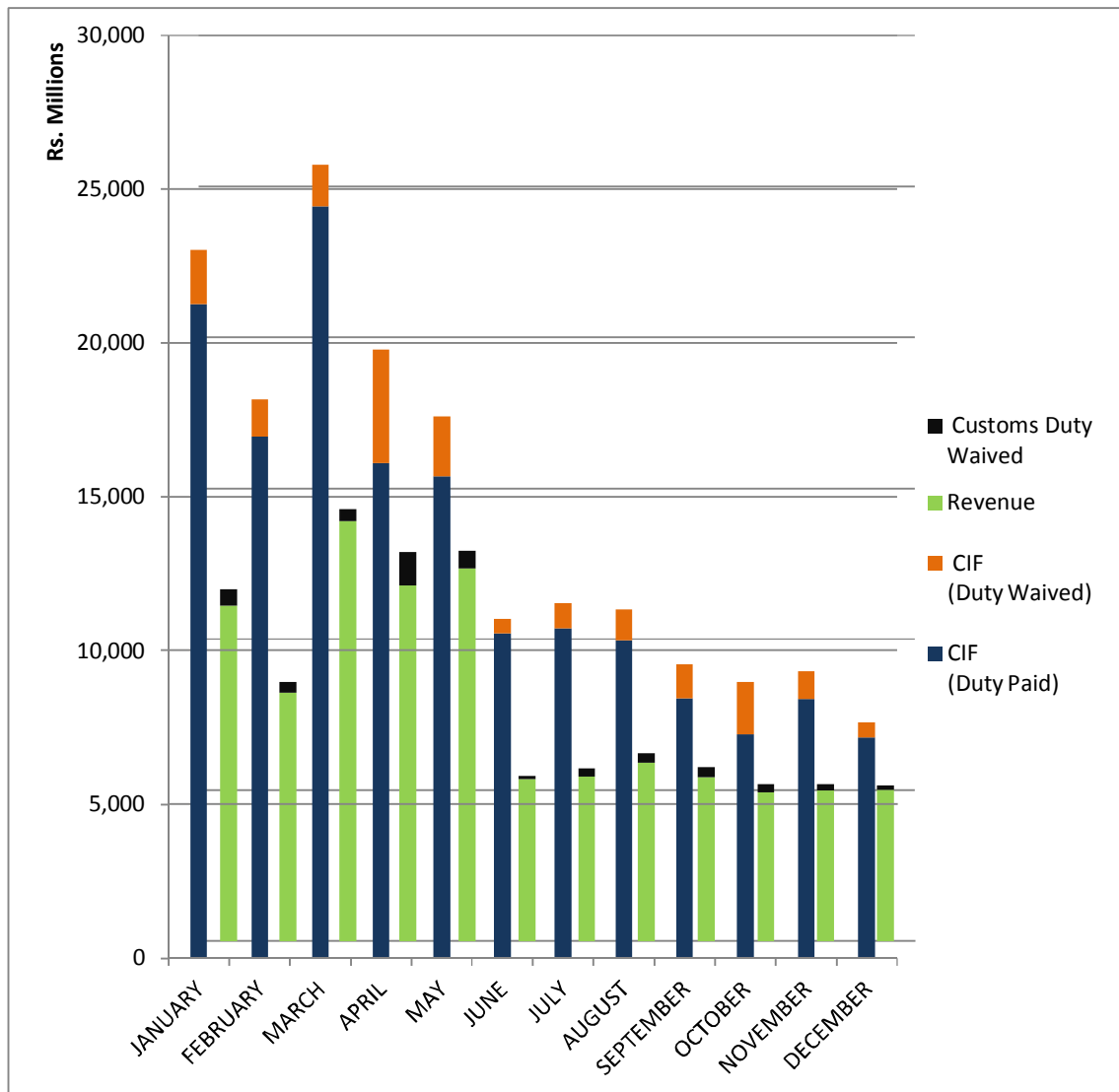
Customs Duty waived on vehicles

MONTH	CIF VALUE (Rs.) of the vehicles on which Duty was waived	CUSTOMS DUTY WAIVED (Rs.)
JANUARY	1,767,645,523	530,642,962
FEBRUARY	1,208,605,316	354,475,682
MARCH	1,365,704,963	404,307,141
APRIL	3,710,720,650	1,109,027,819
MAY	1,942,572,634	568,554,961
JUNE	476,510,293	127,446,153
JULY	821,107,209	255,599,874
AUGUST	997,839,407	306,745,364
SEPTEMBER	1,123,532,467	337,370,893
OCTOBER	1,705,668,281	282,494,886
NOVEMBER	917,994,172	207,473,850
DECEMBER	487,379,090	148,328,334



MOTOR VEHICLE IMPORTS

Revenue (Collected and Waived) against CIF value



DUTY WAIVED ON SPECIAL PROJECTS

PROJECT	VALUE (Rs.)	CUSTOMS DUTY (Rs.)
Colombo Katunayake Express Way Project	724,570,276	87,708,763
Outer Colombo Highway, Kaduwela-Kottawa Project	25,989,016	6,079,804
Port Development Project - HAMBANTHOTA	432,352,420	24,242,352
Uma Oya Multipurpose Development Project	1,591,746,367	93,135,803
TOTAL	2,774,658,079	211,166,722

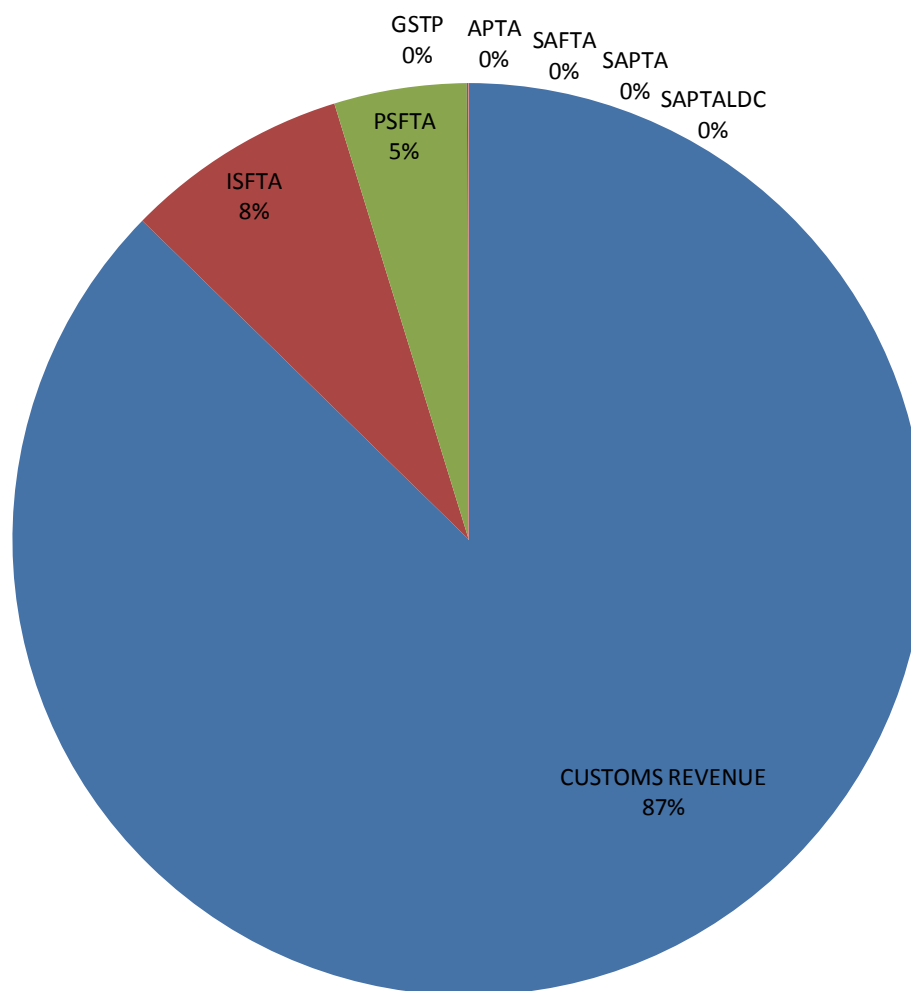
IMPORTS UNDER PREFERENTIAL TRADE AGREEMENTS - YEAR 2012

TRADE AGREEMENT	NUMBER OF CusDecs	NET MASS (kg)	VALUE (Rs.)	TOTAL TAXES (Rs.)
APTA	379	4,921,643	1,248,627,742	862,061,543
GSTP	272	7,744,291	6,478,659,698	74,812,981,670
ISFTA	19,354	1,602,232,282	49,755,323,145	101,942,642,519
PSFTA	1,231	945,852,243	13,948,734,136	6,160,535,350
SAFTA	156	740,989	139,950,516	244,849,239
SAPTA	89	429,793	86,093,393	46,170,486
SAPTALDC	27	84,210	52,877,354	26,185,264
TOTAL	21,508	2,562,005,452	71,710,265,984	184,095,426,071

APTA	For Imports under the Asia-Pacific Trade Agreement
GSTP	For Imports under the Agreement on Global System of Trade Preference
ISFTA	For Imports under Indo-Sri Lanka Free Trade Agreement
PSFTA	For Imports under Pakistan-Sri Lanka Free Trade Agreement
SAFTA	For Imports under the on South Asian Free Trade Agreement
SAPTA	For Imports under South Asian Preferential Trade Agreement
SAPTA-LDC	For Imports under South Asian Preferential Trade Agreement for Least Developed Countries

NET MASS OF IMPORTS UNDER PREFERENTIAL TRADE AGREEMENTS

As a percentage of total imports





ENFORCEMENT CLUSTER

PREVENTIVE DIRECTORATE

Introduction

Preventive Directorate is the main law enforcement arm of Sri Lanka Customs, having surveillance overall operational areas of Customs, particularly the seaports, waterfronts, waterways and the 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, 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 Rajapaksa International Airport.
7. Control of vessels movement and border operations.
8. Disposal of goods forfeited by Sri Lanka Customs.

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

The main office of the Preventive Directorate is known as the "Fort-Preventive Office", and is located inside the Colombo Seaport. 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.

From the beginning of year 2012, Preventive Officers are stationed at Hambantota seaport and the Mahinda Rajapaksa International Airport as well, carrying out the assigned duties.

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

Several enforcement activities initiated on such information during the year 2012 had resulted in successful detections.

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.

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.

It is proposed to obtain technical assistance for developing a proper Risk Management Program enabling Customs Enforcement Units to enhance the effectiveness of the scarce human resources. Further, it is necessary to conduct capacity building programs for the Enforcement Officers.

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.

While the Departmental Post-clearance Audit Directorate is conducting audits on post-clearance basis to detect such offenders, the very presence of the Preventive Directorate, and active policing by the Preventive Officers have become a major deterrent to such fraudsters. Due to timely interventions by the Preventive Directorate, those miscreants were brought to book and duly penalized for under-declaration of imported goods, and additional levies had been recovered for under-valuation. In that manner, during the year of 2012, Preventive Directorate was able to collect a sum of Rs.135.87million as penalties and forfeitures, and a sum of Rs. 119.29million as additional levies.

Total number of cases initiated during the year of 2012 was 1309 by all the branches of Preventive Directorate. When compared with the number of cases initiated by the Preventive Directorate during the previous year, there is a significant increase in the penalties, forfeitures and additional levies collected in the year 2012.

The details of the cases conducted by the preventive division during the year 2012 are as follows.

Number of cases registered	2,221
Number of cases completed	1,309
Number of cases where offences established and forfeitures/penalties imposed	293
Total amount of penalties, forfeitures collected (Rs. Mil)	135.87
Total amount collected as A/E (Rs. Mil)	119.29
Total duty amount collected (Local sales) (Rs. Mil)	861.55
Total overtime or other recoveries (Rs. Mil)	17.91
Total collection in millions (Rs. Mil)	1,134.64

During the year of 2012 Preventive Directorate was able to detect several commercial frauds and instances of smuggling of goods; some of those investigations are not yet finalized hence not included in the above, but described below.

Case Number	Consignee	Fraud	Value of goods
PREV/FPO/905/2012	Withheld to safeguard confidentiality	Undeclared goods	Over 20 million
PREV/FPO/1658/2012	Withheld to safeguard confidentiality	Smuggled goods (Not even a Cusdec)	Over 50 million
PREV/FPO/1826/2012	Withheld to safeguard confidentiality	Smuggled goods	Over 03 million
PREV/FPO/2210/2012	Withheld to safeguard confidentiality	Smuggled goods (including Cigarettes)	Over 30 million

In addition to the above fraudulent imports, Preventive Directorate was able to detect eleven (11) shipments on the verge of being exported from Sri Lanka.

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.

6. Control of vessels 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

During the reforms of the Customs Department, a distinct Directorate was established for social protection activities, by amalgamating allied units that operated under different Directorates in the Customs for the same purpose. Accordingly,

- Narcotic Control Division,
- Consumer and Environment Protection Division and
- Biodiversity, Cultural & National Heritage Protection Division

were brought under the Social Protection Directorate.

Major Functions

The first and foremost duty of the Social Protection Directorate is to take necessary preventive measures to protect the -

The environment and the biodiversity,
Cultural and National Heritage and
Consumer rights

Other functions of the directorate include prevention/interdiction of smuggling of narcotic drugs and psychotropic substances.

Narcotic Control Division

Narcotic Control Division is established mainly to prevent smuggling of narcotic drugs and psychotropic substances through legitimate Customs channels(imports, exports, gifts, postal articles, courier services, passengers and passenger's baggage), and further, for safeguarding socio economic, health and cultural interests of the country, through enforcing the Customs law and the related laws.

Major Functions

1. 24 hours surveillance at Airport.
2. Random surveillance at Air Cargo, Sea Cargo, Mail and Couriers etc.
3. Identification and prevention of smuggling of narcotic drugs and psychotropic substances through the commercial imports and exports by air and sea.
4. Investigating on reliable information.
5. Conducting awareness and capacity building programs.
6. Be vigilant for precursor chemical imports, transshipments and exports.
7. Carrying out joint operations with Police Narcotics Bureau (PNB).

Narcotic Detections for the year 2012

Description	Quantity (g)	Value (Rs)
Cocaine	3300	4,500,000/-
Heroin	720	6,000,000/-
Cannabis	24067.9	3,572,000/-
Hashish	366.07	55,000/-
Methamphetamine	1710	20,100,000/-

Detections other than Narcotics

Month	Description	Value (Rs)
January	Gold Jewelry - 2126g	12,543,400/-
	Pang Parag - 54kg	540,000/-
March	Gold Jewelry, Gold Biscuits - 1740g	11,052,000/-
April	Hans - 144kg	1,200,000/-
May	Cigarettes - 285 ctns	712,500/-
July	Cigarettes - 266 ctns	543,000/-
October	Abortion pills	794,000/-
	Gold Dust	6,467,500/-
November	Abortion pills	650,000/-

Details of a few detections in brief

★ **Date: 12.03.2012**

time: 05.30a.m.



A male passenger was stopped for checking at the Bandaranaike International Airport Green channel Arrival Terminal. On examination of his hand travel bags, Narcotic Control Unit officers found nothing suspicious. Further examinations revealed 3 packets of gold slabs and jewelry concealed in a knee guard (wearing) and inside a trouser pocket. Total gold slabs & jewelry weighing 1740g valued at Rs.11, 052,000/-.

Preliminary investigation reveals that the passenger is a Sri Lankan and arrived from Singapore.

★ **Date: 01.08.2012**

time: 09.40am



Due to their suspicious behavior, two Iranian male passengers were stopped for checking at the Bandaranaike International Airport's Green Channel Arrival Terminal. On preliminary examination of their travelling bags Narcotic Control Unit officers noticed that the plastic liner of one of the travelling bags was covered with black colour tape. Further examinations revealed that a white colour substance suspected to be Methamphetamine weighing 1340g was concealed inside the plastic liner of the travelling bag and a hair spray can.



While examining the travelling bag of the second passenger, the Narcotic Control Unit officers found a Gillette brand shaving cream can with an abnormal weight. Officers found that another 370grams of Methamphetamine was concealed inside that shaving cream can.



★ **Date: 05.10.2012**

time: 06.45a.m.



A male passenger was stopped for checking at the Bandaranaike International Airport Red Channel Arrival Terminal. On examination of his two luggages, the Narcotic Control Unit officers found some cardamom packets. Further examinations revealed 21 packets of brown color substance suspected to be Cannabis weighing 3900 g, concealed inside the cardamom packets.



Preliminary investigation reveals that the passenger is Sri Lankan who has travelled between Sri Lanka and India frequently.

★ **Date: 20.11.2012**

time: 04.20a.m.



A male passenger was stopped for checking at the Bandaranaike International Airport Red Channel Arrival Terminal. On examination of his two travelling bags, Customs officers found two garment bundles in it. Further examinations revealed 72 packets of brown color substance suspected to be Cannabis weighing 16500 g concealed inside garment bundles.

Preliminary investigation reveals that the passenger is Sri Lankan who has travelled between Sri Lanka and India frequently.

★ **Date: 13.12.2012**

time: 04.45 am



A male passenger was stopped for checking at the Bandaranaike International Airport Green Channel Arrival Terminal. On examination of his black coloured hand-carried bag, the Narcotic Control Unit officers noticed an unusual thickness in the bottom of that bag. Further examination revealed 4 packets of brown color substance suspected to be Cannabis weighing 1879g. Three packets were concealed inside the false bottom of the travelling bag and one packet was concealed inside a pair of denim trousers.

Preliminary investigation reveals that the passenger is a Sri Lankan who has travelled between Sri Lanka and India frequently.

Summary

▪ Number of cases registered in 2012	- 27
▪ Number of Cases completed	- 17
▪ Number of Cases of offences established and forfeitures penalties imposed	- 17
▪ Total Penalties, forfeitures collected	- 1,910,000/-
▪ Total Value of Goods forfeited	- 32,755,727/-
▪ Number of uncompleted cases in 2012	- 10

Biodiversity, Cultural and National Heritage Protection Division

This division is established to protect the country's environment, bio diversity and cultural heritage while combating illegal wild life trade, while facilitating genuine trade.

Major Functions

1. Enforce national and international laws that are applicable in the trans-boundary movement of biodiversity allied products.
2. Check on description, classification and valuation of all biodiversity related imports and exports.
3. Ensuring biodiversity related imports and exports comply with licensing requirements governing the import and export of fauna and flora, and allied products.
4. Facilitate the development programs of the country through imports and sustainable exports of fauna and flora, in a manner that would not harm biological heritage of the country.

Detections by the officers attached to Biodiversity, Cultural and National Heritage Protection (BCNP) Division in the year 2012

Date	Description	Value (Rs)
01/03/2012	Live birds	4,590,000/-
11/05/2012	Dolomite powder, 2050 kg	82,291.08/-
	Dolomite grit, 2400kg	
30/05/2012	Bird's nests, 0.5kg	264,503.40/-
22/08/2012	Hides	13,419,668/-
05/09/2012	Live fish	573,602/-
19/09/2012	Ancient coins	Priceless
21/09/2012	"Kothala Himbutu"	39,000/-
25/10/2012	Rock phosphate	833,048/-
03/11/2012	Live lobsters	394,201.80/-
12/11/2012	Pangolin scales	330,000/-
07/12/2012	Live lobsters	417,233/-
12/12/2012	Sand and clay material	162,769/-

★ Imported live birds forfeited

BCNP Officers uncovered an attempt to smuggle a consignment of live birds in to the country on 10.02.2012.

There were 121 birds found in the consignment. The consignment included species which were vulnerable to avian influenza flue as the birds were imported from the street market of Bangkok; the necessary approvals from the relevant authorities for the consignment were not available. In addition to that, the declared value was \$1130/= (equivalent to Rs.120, 000/=) whereas the actual value of the birds was Rs. 13.6 million, evidencing a valuation fraud as well.

Importing birds in that manner was a violation of Fauna & Flora Protection Ordinance. Further, quarantine approval from the Department of Animal Production & Health had been obtained only for a part of the consignment.

After the Customs formal inquiry, the 121 birds were forfeited, and handed over to the Department of National Zoological Gardens. A penalty of Rs.450, 000/= was imposed on the offender.

★ **Sandalwood trader nabbed**

Attempt to smuggle out "Sandalwood" pieces concealed inside four (04) traveling bags of beetle leaves by a Pakistani national was detected by the BCNP officers at the departure terminal of the Bandaranaike International Airport, Katunayake.

Total weight of the Sandalwood amounted to 128.9 kg and was valued to be Rs. 193,950/=. After the formal Customs Inquiry, the goods were forfeited and a penalty of RS. 100,000/= was imposed on the offender since the said attempt was a violation of Fauna & Flora Protection Ordinance and Forest Ordinance.

★ **Indian Pangolin smuggling attempt intercepted by BCNP officers**

On 12.11.2012, an Indian national who attempted to smuggle out more than 02 kg of Pangolin scales of a rare species of "Indian Pangolin" (*Manis crassicaudata*) to India was nabbed at the Bandaranaike International Airport (BIA) by the Customs BCNP officers.

Investigations revealed that the suspect had traveled between India and Sri Lanka over hundred times during the past two years.

According to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), it is prohibited to trade "Indian Pangolin" or their scales (or any other part) as those were identified to be endangered animals, as that species is included in Appendix I of the Convention.

Indian Pangolin scales were forfeited and a penalty of RS. 50,000/= was imposed on the offender since the said attempt was a violation of the provisions contained in Fauna & Flora Protection Ordinance and Forest Ordinance read with Customs Ordinance.

★ **999 Live Lobsters set free**

On 10.02.2012, at Air Cargo Village, Katunayaka, BCNP Officers intercepted a shipment of live lobsters that was being shipped to Hong Kong without a valid export license issued by the Department of Fisheries and Aquatic Resources. The consignment included 999 live lobsters weighing 486 Kg with a declared value of Rs. 394,201/80, packed in 26 boxes.

As evidenced at the Customs inquiry, about one third of the shipment contained lobsters which were smaller than the size permitted for exportation. Further, there were eggs bearing live lobsters, and those were prohibited from exporting.

As the said shipment violated the Customs Ordinance read with Lobster Fisheries Management Regulations issued under Fisheries and Aquatic Resources Act, the live lobsters were forfeited and released to the sea at the Port of Colombo. Further, the exporter was imposed a penalty of Rs.100,000/=.

★ **Attempts to smuggle items of historical value thwarted**

On four occasions, six Sri Lankans who attempted to smuggle out ancient coins, ornaments, and various other items of historical values belonging to Polonnaruwa reign and the periods of Dutch, Portuguese and British rule, by concealing in their baggage, were arrested on 27.09.2012 at the Bandaranaike International Airport by the Customs authorities. There were 665 coins, antique waist chains, necklaces, rings, brooch-pins used on women's clothes, spoons and several more such items of historic value.

Taking out such items having an archaeological value as determine by the Director General of the Department of Archeology, without a valid license/permit issued by the said authority was an offense in terms of the Customs Ordinance read with the provisions of the Antiquities Ordinance. Therefore, at the end of the Customs Inquiry, those goods were forfeited and a penalty of Rs.10,000/= was imposed on the offenders.

Summary

Number of Cases registered in 2012	12
Number of Cases Completed	10
Number of Cases of Offences established and forfeitures penalties imposed	09
Total Penalties, forfeitures Collected	Rs. 1,334,189/-
Total Value of Goods forfeited	Rs. 6,357,734/-
Number of cases pending in 2012	02

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 SL Customs for enforcing Intellectual Property Rights (IPR) related issues on imported and exported cargo. It also contributes to protect the environment through the enforcement of obligations arising out of international Conventions through collaboration with other related agencies.

Major Functions

1. Enforcing the requirements such as Intellectual Property Act (IPR), Sri Lanka Standard Institute Act (SLSI), Cosmetics Devices and Drugs Act (CDDA), Consumer Affairs Authority Act (CAA), Health Department and Defense Ministry stipulated 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 keeping with regulations of respective authorities.
4. Deploy staff from CPU at examination points whenever if necessary.
5. Review regulations made under the Ordinances and Acts of Customs related laws which have been so far identified.
6. Enforce the law in terms of Customs Ordinance read with other related Acts and Ordinances related to above activities.

Performance

Organized an awareness program for Custom officers on "Quality Water Fittings," in collaboration with NWSDB (Kandy).

Cases handled in 2012

Month	Description	Result
February	Green Tea: 3540Kg	Rs.450,000 penalty recovered
July	Galvanized Steel Pipe: 1349 pipes	Rs.400,000 penalty recovered
July	Ceramic Tile: 22400 Cartons	Rs.350,000 penalty recovered
May	Canned Fish: 800 Cartons	Re - Exported
May	Canned Fish: 800 Cartons	Re - Exported
November	Canned Fish: 3600 Cartons	Rs.900,000 penalty recovered
November	Vacuum Flask & Toothpaste	Rs.750,000 penalty recovered
November	Canned Fish: 920 Cartoons	Re - Exported
October	Canned Fish: 920 Cartoons	Re - Exported
October	Canned Fish: 920 Cartoons	Re - Exported
October	Ceramic Tiles: 11 Pallets	Re - Exported

Performance summary in 2012

Number of cases registered	222
Number of Cases of Offences established and forfeitures penalties imposed	105
Number of cases finalized	140
Total amount of penalties and forfeitures collected	Rs. 9,293,000
Total Number of court cases on IPR	4
Total SLSI entries handled	3206

Post Clearance Audit Directorate

Introduction

In the new organizational structure of Sri Lanka Customs, the Post Clearance Audit Directorate operates within the enforcement cluster. In addition to the function of post-clearance audit, the "Refunds" function also comes under this Directorate.

The provisions of the Customs Ordinance require Customs to **satisfy itself** that the voluntary self-declarations (CusDecs) made by importers in respect of the consignments imported by them are correct in all respects (by comparing the declaration against the actual consignment) prior to granting approval for clearance of those consignments from the Customs premises. Post Clearance Audit (PCA) concept moves that verification function to be after actual clearance of cargo. Having PCA in place makes it possible for Customs Administration to facilitate clearance of genuine consignments. Therefore, it is an indispensable tool in "Risk Management."

PCA is essentially an audit-based Customs control; instead of examining the actual consignment, through PCA, the Customs satisfy itself regarding the accuracy and authenticity of declarations (CusDecs) made by importers, through examination of data/information available in the relevant registers, files, business systems, electronic data bases and other commercial data possessed by persons/companies which are directly or indirectly connected to international trade.

Primary Objectives

1. Ensuring the authenticity and accuracy of the Customs declarations.
2. Ensuring that the due revenue is recovered.
3. Eliminating continuance of Commercial Fraud by detecting such frauds through PCA, and by taking comprehensive punitive and corrective measures.
4. Ensuring greater compliance of Customs Law and Regulations framed there under, and other applicable/related laws and regulations.
5. Minimizing risks in the Customs goods clearance processes by identifying such risks and making recommendations to the management to eliminate such risks from the system, or of possible countermeasures.
6. Maintaining the risk management system at its most effective level by updating the relevant risk profiles.

Major functions

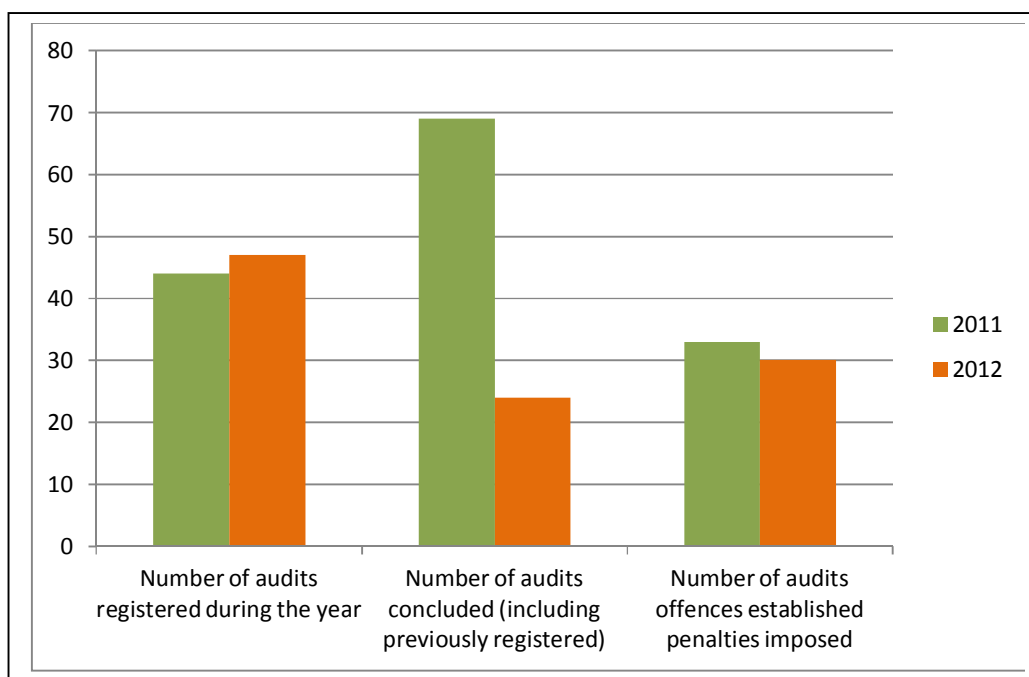
1. Systematical collection, storage and securing of the "Warrant Copies" of all CusDecs.
2. Scrutinizing Warrant Copies and connected documents, and analyzing information/data available in those documents.
3. Selection of potential auditees.
4. Conducting of audits.
5. Taking appropriate follow up actions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

Post Clearance Audits Division

Performance during the year 2012 (compared with 2011)

	2011	2012
Number of audits registered during the year	44	47
Number of audits concluded (including those previously registered)	69	24
Number offences established through audit and penalties imposed	33	24
Total amount of penalties recovered	Rs. 42,439,788	Rs. 165,713,513
Total value of the goods forfeited	NIL	Rs. 278,159,754
Total amount collected as Additional Revenue	Rs. 153,764,042	Rs. 41,223,576

Performance comparison –2011 and 2012



Refunds Division

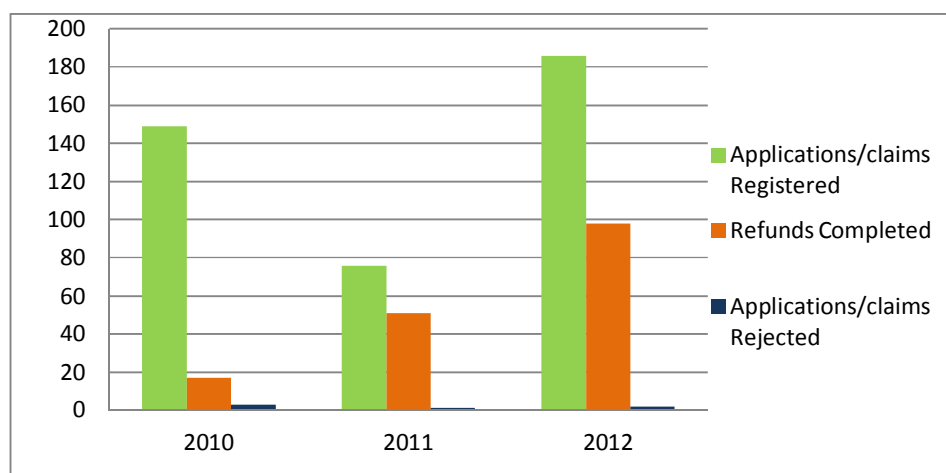
Status of Refund Claims

Comparison with previous years (2010 and 2011)

Year	2010	2011	2012
Applications/claims Registered	149	76	186
Refunds Completed	17	51	98
Applications/claims Rejected	03	01	02

Status of Refund Claims

Comparison with previous years (2010 and 2011)



Amounts refunded, month-wise and tax-wise (year 2012)

Tax Component	Jan	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
CID	143,636	31,400	100,478	7,228,141	6,744,498	46,864	2,498,864	3,948,042	732,480	3,742,687	3,310,555	28,527,645
SURCHARGE												0
SRL			1,507	335	6,089				7,947			15,878
PAL			29,124	8,526	67,446		189,615	169,057	409,460	548,424	10,923,222	12,344,874
VAT												0
NBT			26,125	44,897	316,151	74,412	1,103,424	259,693	495,473	243,695	5,041,490	7,605,361
EIC	21,773		64,073	741,854	2,286,086	3,673,800	120,000	5,072,724	2,097,983	1,343,680	347,100	15,769,073
XID			54,684	14,087	405,849			355,618		96,290		926,528
RDL					191,490							191,490
SCL							2,580,000	11,279,000	2,250,000			16,109,000
XDM									4,069,209			4,069,209
XDL							2,908,935					2,908,935
XDO											443,398	443,398
Export CESS										319,000		319,000

**Tax-wise breakdown of refunds,
comparison with two previous years, in Rupees**

Tax Component	2009	2010	2011	2012
CID	3,685,603	4,966,962	51,094,310	28,527,645
SURCHARGE	440,450	745,043	7,476,196	0.00
SRL		86,010	882,098	15,878
PAL		219,487	2,862,906	12,344,874
VAT	932,328	3,444,068	23,932,731	
NBT			442,608	7,605,361
EIC		16,579,929	10,444,200	15,769,073
XID	1,090,272	88,843	412,490	926,528
RDL		13,919	191,490	191,490
SCL				16,109,000
XDM				4,069,209
XDL				2,908,935
XDO				443,398
Export CESS				319,000
Total	6,148,653	26,144,261	97,739,029	89,230,391

Central Investigations Directorate

Introduction

Prior to establishing the Central Investigations Directorate, almost all the Directorates and Divisions were engaged in investigations, irrespective of whether those units were meant to function as enforcement units or otherwise, and the higher management was unable to check the progress of those investigations. Further, those units were adopting their own norms in investigations, resulting in lack of uniformity and transparency and sometimes in misuse of power. In order to eliminate those negative effects and to monitor the investigations adequately and effectively, the Central Investigations Directorate was established during the administrative reforms.

Therefore, the Central Investigations Directorate is responsible for conducting investigations into violations of Customs Law and other related laws detected on its own, as well as those detected by other **operational** Directorates. Since it takes over only those detected by operational Directorates, it does not handle the detections made by the two enforcement Directorates namely, Preventive Directorate and Special Tasks and Vigilance (ST&V) Directorate.

It is also responsible for maintaining the Central Case Register.

The main objectives of the Directorate are too;

- Centralize all Customs investigations and conduct them in a uniform and professional manner;
- Maintain a Central Case Register for effective monitoring of the progress of cases.
- Centralize distribution of rewards, and do the distributions uniformly, equitably and transparently.

Major Functions

1. Detection and investigation into violations of Customs Law.
2. Investigation into cases detected by other Directorates [other than Special Tasks and Vigilance (ST&V) and Preventive Directorates].
3. Monitor the progress of the investigations conducted by Preventive Directorate and Special Task & Vigilance (ST&V) Directorate.
4. Maintaining and updating the Central Case Register (CCR).
5. Distribute rewards of all finalized cases in the department.

Comparison of performance

Year	2010	2011	2012
Number of cases detected by CIB	23	48	62
Number of cases finalized by CIB	05	21	64
Cases finalized as "NFA"	02	08	03
Penalty recovered (Rs.)	9,315,692/-	66,388,000/-	32,880,000/-
Amount of further forfeitures (Rs.)		8,364,450/-	221,361,350/-
Sales Proceed(Rs.)		6,130,000/-	289,728,263/-
Total(Rs.)	9,315,692/-	80,882,450/-	543,969,613/-
Number of total cases registered in CCR	6096	4210	5828
No of cases updated in CCR	4490	2536	4434
Number of reward lists recommended	168	154	179

Significant performance by the CIB staff in 2012

- a. Ref: CIB/INV/34/2011:
Detected unlawful disposal of knitted fabric imported misusing BOI facilities. Rs.27,300,000/-was recovered as a mitigated forfeiture and Rs. 1,550,000/-was recovered as sales proceeds.
- b. Ref: CIB/INV/16/2012:
Intercepted 42 units of motor vehicles imported in violation of vehicle permits. Rs.38,200,000/- recovered as mitigated forfeiture.
- c. Ref: CIB/INV/36/2011:
Detected unlawful disposal of knitted fabric, imported misusing BOI facilities. Rs.7,250,000/-was recovered as a mitigated forfeiture.
- d. Ref: CIB/INV/045/2012:

Intercepted 2155 M/Ts of sugar (in 160 x 20' containers) imported contravening the exchange control regulations by submitting forged documents. Rs. 35,100,000/-was recovered as a mitigated forfeiture and Rs. 230,768,300/-was recovered as sales proceeds.

Legal Affairs Directorate

Introduction

Legal Affairs Directorate, as the name indicates, is responsible for assisting the Department in "Legal Affairs" by providing legal advice to the higher management and other Directorates, lending its expertise to watch the interests of the Customs Department and the State in general in Court cases – both filed by the Department or by outsiders against the Department, and monitoring the quality of prosecutions in enforcement units.

It is also engaged in the ongoing review of the Customs Ordinance and Regulations made there under.

Major Functions

1. Providing legal advice to the higher management and other Directorates.
2. Seeking Attorney Generals advice on behalf of the Department.
3. Watching the interests of the Customs Department and the State during court cases.
4. Continuous review of the Customs Law.

Number of Cases registered

	2004	2005	2006	2007	2008	2009	2010	2011	2012
District Court Cases	-	-	-	-	-	-	-	01	03
High Court Cases	-	01	-	-	-	-	-	01	06
Court of Appeal Applications	51	89	107	36	43	18	18	20	51
Supreme Court Applications	08	11	06	16	14	10	15	08	09
High Court Applications	-	-	02	02	-	-	-	-	-
Total	59	101	115	54	57	28	33	30	69

Number of Case Finalized

	2004	2005	2006	2007	2008	2009	2010	2011	2012
District Court Cases	-	-	-	-	-	-	-	-	-
High Court Cases	-	01	-	-	-	-	-	01	-
Court of Appeal Applications	03	07	06	102	18	03	28	21	6
Supreme Court Applications	04	04	-	07	02	02	11	10	3
High Court Applications	-	-	-	-	-	-	-	-	-
Total	07	11	06	109	20	05	39	31	9

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. Coordinating examination of consignments selected by Sri Lanka Navy for security purposes.
11. Participating as a member of the Department's Risk Management Committee (RMC).
12. Intercepting high risk cargo consignments based on intelligence, by reviewing cargo manifests, and cause investigations.
13. Conducting Customs inquiries and prosecuting offenders.
14. Maintaining Previous Offenders Database (*POD*).
15. Maintaining CEN Database.
16. Vetting the applications of consignees before registration (Since 2012).
17. Collection of information of clearing agents for maintaining the CHA database and vetting the applications for CHA.

Performance in 2012

Information received and distributed – a comparison with previous years

Description	2010	2011	2012
Number of information received through the PIRD	44	60	60
From other sources (fax, letters, News)	25	44	04
Total	69	104	64
Number of information exchanged with other Branches.	12		
Number of intelligence disseminated to other branches for action.	12	27	26
Number of strategic intelligence assessments furnished to management	-	-	-

Number of Intelligence Alerts Distributed

	2010	2011	2012
CIU Alert	08	06	11
RILO, WCO, CEN Alert	03	01	01

Number of monthly "Intelligence Analysis" reports distributed

	2010	2011	2012
CIU Intelligence Analysis Reports	Nil	Nil	Nil
RILO Monthly Bulletin	08	03	Nil
Number of previous offenders' details (POD) furnished to various branches	2513	1730	2091

Cargo detentions by S.L. Navy, coordinated by Central Intelligence Directorate

	2010	2011	2012
Number of detentions made by Sri Lanka Navy for National Security purpose, (in which Customs Intelligence Directorate had to coordinate examinations).	414	407	392
Number of offences found through Navy detections	Nil	Nil	Nil

Number of CHA & VAT Registrations (Since 26.04.2012)

	2012
Customs House Agents Permit Renewals	2700
SLPA wharf Licenses (A Pass) (approximately)	1500
Importers VAT Registration screening of Documents	1108

Liaison with Local & Foreign Investigation and Intelligence Agencies

Agency	Number of requests			Number of Replies Received			Number of Replies not received		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
RILO- China	05						05		
DRI-India	09	21	16	09	12	07		09	09
Sri Lanka Embassy in Japan	18	14	10	18	14	07			03
Sri Lanka Embassy in UK		03	02		02	01		01	01
HM Customs UK	02	01		02				01	
Australia	01	01	03	01	01				03
Sri Lanka Embassy in Singapore	05	01	01	05	01				01
UAE		01			01				
Japan Customs	01		01	01		01			
New Zealand internal Liaison office	01			01					
Pakistan Customs	01	03		01	03				-
Indonesia Customs									
Maldives Customs		01	01			01		01	
Thailand Customs	02	01	02	02		02		01	
Nepal Customs	01			01					
Iran Customs	01						01		
Malaysia Customs	01						01		
Vietnam Customs	01	01		01			01	01	
ICE ATTACHE US Embassy in New Delhi	01	01					01	01	
Thailand Embassy	01			01					
Japan Embassy									

General Improvements

A. Progress in CSI Program

- | | | |
|---|---|-----|
| a. Number of transit/transshipment containers scanned | - | 185 |
| b. Number of local containers scanned | - | Nil |
| c. Number of containers physically examined | - | Nil |
| d. Number of containers where anomalies found | - | Nil |

B. Enforcement Performance

- | | | |
|---|-------|--------------|
| a. Number of cases initiated | - | 45 |
| b. Number of cases completed | - | 33 |
| c. Amount of penalty recovered | - Rs. | 2,218,473/- |
| d. Amount recovered from sales proceeds | - Rs. | 13,067,084/- |
| e. Amount recovered as A/E | - Rs. | 4,788,134/- |
| f. Value of the goods forfeited | - Rs. | 41,419,055/- |

Significant Performance

A. Significant cases detected by CI staff by developing intelligence

- I. An attempt to export 10,490 kg of aluminum scrap under the guise of 12,000 sheets of natural rubber, by producing a forged export CusDec. Investigation in progress.
- II. An illegal exportation of 47,000 kg of Cast Iron Scrap under the guise of re-exportation of Cotton Dyed Fabric. Investigation in progress.

B. Significant cases detected through information received via PIRD and by developing intelligence at CI

Based on the information received from RILO, a transshipment container (1x20') from Kenya to Dubai via Colombo and declared to contain Plastic Scrap was seized. On examination, it was found to contain 359 pieces of Elephant Tusks valued at USD 2,752,020/=-, concealed among Plastic Scrap. The Elephant is an animal species listed in the Appendix-I of the Convention on the International Trade in Endangered Species (CITES), and protected under the Fauna and Flora Act, hence transshipment of Wild Elephant Tusks is an offence under the CITES as well as local legislation.

**REVENUE
AND
SERVICES
CLUSTER**

Declarations Directorate

Introduction

The Directorate consists of "D" Branch, "Long Room", Motor Vehicles Unit, and Industries and Services Documents Processing Unit.

Declarations Directorate is a new Directorate created during the organizational reforms. Its origin lies in the former "Imports Division," but now it is not confined to handling imports. Rather than defining the parameters by the kind of cargo handled, for example, imports, exports, transshipments, bonding, etc., the new Directorate is known by its principal function, namely, "Processing of declarations."

Customs Ordinance requires the importers and exporters and those who wish to bond the goods to make voluntary declarations of goods so imported, to be exported, or to be bonded, respectively. Such declarations, previously known as Bills of Entries, are now known as Customs Declarations or CusDecs. The Declarations Directorate specializes in receiving, registering, processing and approving such CusDecs for payment of levies (where applicable) and clearance of respective cargo declared in those documents, inwards for home consumption, for shipment for export, or for bonding in the designated bonded warehouses, and so on, as the case may be.

With effect from January 2012, the function of processing CusDecs relating to exports was taken away and entrusted to the Exports Directorate.

Since the automation of the processing, the details of the CusDecs are now captured in the ACCESS (Automated Customs Cargo Entry System for Sri Lanka) and only the commodity classifications aspect is handled manually. ACCESS permits users to lodge their CusDecs, either directly from their offices using the internet connection, or by personally presenting the documents at the Long Room.

As regards the imported goods, the CusDec processing officers are primarily responsible to ensure that the declarant has -

- the authority from the carrier (the ship, airline) to claim clearance of the consignment;
- sufficiently described the consignment using the appropriate codes used in the system;
- correctly classified the goods in the Harmonized System Nomenclature based on which the Customs Imports Tariff is based;
- declared the true transaction value of the consignment;
- declared the values using the applicable kind of currency, at the applicable parity rate (exchange rate);
- transmitted the payment (foreign exchange) for the consignment through the accepted/permitted banking channels;
- processed the declaration under the "Procedure Code" entitled for the consignment entered;
- attached the necessary authorization documents, licenses, permits, etc., as applicable.

If in order in all above respects, the Officers concerned may authorize for payment of levies and clearance of goods.

Officers are required to be mindful of the need to expedite clearance without undue delay, while ensuring that the due revenue is secured, and the "Social Security" obligations are not compromised. Officers have to bear in mind that even after fulfilling all the general requirements and attaching certificates and permits etc., certain kinds of commodities could be obnoxious to some local ethnic groups or religions, in which case, it is the responsibility of the Customs to prevent such commodities from coming into local circulation.

Certain commodities require permits and/or special authorization for inward clearance from authorities like Import and Export Controller, Food and Drugs Authority, Cosmetics, Devices and Drugs Authority, Sri Lanka Standards, Atomic Energy Authority, Telecommunications Regulatory

Authority, just to mention a few. It is estimated that not less than 33 Ordinances, Acts and Enactments have a bearing on imported goods and the Officers are required to have a good knowledge of all such requirements to ensure the consignee had complied with all such legal requirements.

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.

"D" Branch

"D" Branch can be considered as the Secretariat of the Directorate. Historically, when the Comptroller 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, the 'B' 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.

Some of the important and prominent functions handled by the "D" Branch are as follows.

- a) Correspondence with outsiders and within the Department.
- b) Granting permission for,
 - Claiming preferential rates for consignments eligible for such rates as per the country of origin certificates.
 - Claiming duty waivers and exemptions as per the authorization documents issued by the General Treasury.
 - Clearance of goods consigned to government Ministries/Departments etc when revenue is not paid upfront but collected on "Differed Payment" basis.
 - Authorizing clearance of goods consigned to Embassies and Foreign Missions on the strength of certificates issued.
 - Receiving, registering and distributing of cargo manifests to other enforcement and monitoring units.
- c) Monitoring of bulk cargo imports.
- d) Detection of possible instances of violations of Customs Ordinance and related other laws and conducting investigations, prosecution of offenders and conducting inquiries.

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 oriented 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 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 Long Room is the place where the Customs Declarations (known as CusDecs) submitted by importers in respect of all sea cargos, except motor vehicles. Processing CusDecs in respect of motor vehicles is now exclusively entrusted to the motor vehicle unit.

Customs is collecting not only Customs duties but also several other taxes, namely

- Value Added Tax (VAT)
- Port and Airport Development Levy (PAL)
- Nation Building Tax (NBT)
- Special Commodity Levy (SCL)
- Excise (Special Provisions) Duty
- Cess

Section 12, 43 and Schedule 'B' under the ordinance requires the Customs to enforce all the restrictions and prohibitions in force under any other law at the time of importing 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 Vehicles Unit

Processing of CusDecs for all imported motor vehicles is the main function of Motor Vehicles Unit. Considering the fact that Customs collects about 55% of State's tax revenue, and out of that about 27% is obtained by taxing motor vehicles, one can imagine the importance of this single Unit in taxation.

The "ASyCuDa World" software now employed in the ACCESS network enables Customs to link with individual banks to check the foreign exchange remitted in importing the vehicles, and link with the Department of Motor Traffic to facilitate the registration of vehicles so imported, thereby preventing registration of non-customed motor vehicles.

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 Declarations Directorate.

Details of the Cases handled by “D” Branch during the year 2012

1. Number of Cases registered	278
2. Number of Cases completed	186
3. Number of cases finalized, resulting in imposing a penalty/forfeiture	61
4. Total amount of penalties/forfeitures	Rs. 15,719,485
5. Total value of the goods	Rs. 39,738,058
6. Total amount collected through additional recoveries	Rs. 3,391,648
7. Total amount collected from Tender sales	Rs. 33,403,282

Number of CusDecs processed during the year 2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
At Long Room	16,074	11,751	15,122	12,068	13,692	13,026	15,334	14,548	13,393	13,091	15,366	14,279	167,744
At Motor Vehicles Unit	4,474	3,399	4,392	3,185	3,378	1,607	1,417	1,688	1,269	2,396	1,131	1,774	30,110
Through EDI			517										517
CusDecs paid by Vote Debits	65	66	50								5	37	223
Total	20,613	15,216	20,081	15,253	17,070	14,633	16,751	16,236	14,662	15,487	16,502	16,090	198,594

Since the details of revenue collected are given under the “Overall Performance of the Department”, those details are not reproduced

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.”

During the early days, the bonding scheme was mainly aimed at facilitating 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, 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. There had been many improvements in this basic concept, paving the way for many industries to flourish. Now 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

	2010	2011	2012
(a) Total Number of CusDecs at Main Office	82,395	88,096	95,397
(b) Total Number of CusDecs at INFAC	5,885	6,030	4,618

Recoveries at Industries and Services Division

	2010	2011	2012
Revenue Collection (Rs. Millions)	13,875	15,466	15,783
Inspections Charges (Rs. Millions)	7.4	7.0	7.3

Projects Division

Present Status of Customs Bonded Warehouses (2012)

		Public Bonds	Private Bonds	Manufacture-In-Bonds	Sugar Bonds	UPB Bonds
i	Number of Bonds at the beginning of the year	06	49	6	04	08
ii	Number of new Approvals during the year.	-	-	-	01	-
iii	Number of Revocations (De Bonded)	-	-	-	01	-
iv	Number of Bonds at the end of the year.	06	49	06	04	08

		Service Bonds	Feeder Bonds	Duty Free	MCC Bonds	Total
i	Number of Bonds at the beginning of the year	13	75	52	07	220
ii	Number of new Approvals during the year.	-	01	01	-	03
iii	Number of Revocations (De Bonded)	-	-	-	-	01
iv	Number of Bonds at the end of the year.	13	76	53	07	222

Sales details of Duty Free Shops located in BIA

	2010	2011	2012
Sea Trans Duty Free Shop (USD)	817,165	1,349,906	1,144,855
Ceylon Port Services Ltd. (USD)	975,275	647,200	Nil
STC General Trading Co. Ltd. (USD)	1,193,483	703,444	1,161,806
Edison Electrical Duty Free (Pvt.) Ltd.	Nil	Nil	Nil
Total (USD)	2,985,922	2,407,578	2,306,661

Current status of TIEP1, TIEP 4 & IBG Schemes (2012)

I. Operators

	TIEP 1	TIEP 4	IBG
i. Number of operators at the beginning of the year.	863	474	199
ii. Number of operators joined during the year	64	19	16
iii. Number of operators at the end of the year	927	493	215

II. Values of Imports – Direct & Indirect (Rs.)

	TIEP 1	TIEP 4	IBG
Value of Imports	65,054,012,070	2,116,024,978	598,169,706

III. Duty Rebates

	2010	2011	2012
Provision for the year (Rs. Millions)	59.88	300	300
Duty Rebate Payments (Rs. Millions)	41.49	4	14.78
Balance Provision (Rs. Millions)	18.39	20	6.78
Number of claims received	1,777	940	394
Number of claims processed	367	168	261

Monitoring & Refunds Division

Secured Revenue

	2012	
	Number of Guarantees	Value (Rs.)
Bank Guarantees Accepted	1,583	2,091,411,180
Bank Guarantees Demanded	510	887,120,369
Bank Guarantees Settled	1,590	2,346,864,443
Personal Guarantees and Corporate Guarantees Accepted	156	10,038,425,000
Personal Guarantees and Corporate Guarantees Settled	121	9,964,078,000

BOI Industry Co-ordination Division

i. Number of Investors

	2010	2011	2012
Number of Investors at the beginning of the year	189	190	214
New Investors registered during the year	10	24	79
Number of Investors at the end of the year	199	214	293

ii. Number of CusDecs Processed

	2010	2011	2012
Imports	3034	3068	2,215
Exports	2851	2497	2,201

		2011	2012
iii	Revenue from BOI Enterprises (Rs. Millions)	10,013	9,984
iv	Duty recovered from BOI Enterprises due to cancellation of agreements (Rs. Millions)	9.5	37.0

Customs BOI Coordination Unit (CBCU)

	2010	2011	2012
Number of cases at the beginning of the year	51	51	51
Number of cases initiated during the year	4	1	-
Number of inquiries concluded during the year	3	3	-
Number of cases pending investigation	48	48	45
Number of cases pending Inquiry	4	-	1
at the end of the year		-	
Number of the cases filed in courts (at the end of the year)	-	-	-
Recoveries (Rs.)			
Special Deposits (Rs.)	-	-	-
Penalty/ forfeitures (Rs.)	59,115,200/-	88,552,987/-	-
Sales proceeds (Rs.)			527,500/-
Value of the goods forfeited (Rs.)			-
Total (Rs.)	59,115,200/-	88,552,987/-	527,500/-

Bonds Investigations Unit

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

	2010	2011	2012
Number of cases at the beginning of the year	610	619	569
Number of cases initiated during of the year	12	12	29
Number of inquiries concluded during the year	3	62	7
Number of cases pending investigation	619	569	574
Number of cases pending inquiry at the end of the year	4	3	1
Number of cases filed in courts (at the end of the year)	2	2	Nil
Forfeitures /Penalties	Nil	750,000	14,229,764
Value of the goods forfeited	638,986	234,720	37,637,847

Postal Appraising Division

Revenue collected during 2012

Colombo (Rs.)	Kandy (Rs.)	Galle (Rs.)	Trincomalee (Rs.)	Jaffna (Rs.)	Total (Rs.)
81,273,448	4,032,062	3,212,883	1,003,000	1,899,028	91,420,421

	PA	BULK	EMS	TOTAL
Number of POD	30,513	734	14,830	46,077
Number of Parcels	35,318	801	17,850	53,969
Value (Rs.)	187,172,751	2,872,235	331,052,980	521,097,966
Total Taxes (Rs.)	25,309,985	249,908	55,713,555	81,273,448

Cargo Examinations Directorate

Introduction

Examination of Sea Cargo imported into the country for Customs purposes prior to release them to the respective consignee is the main responsibility of the Cargo Examinations Directorate. Inspection and examination are carried out to ensure the recovery of correct revenue on the commodity imported, and also to ensure the strict compliance with restrictions and prohibitions imposed by the Customs Ordinance and other related laws and regulations in force. This is achieved by using new technology and physical validation. In that process, facilitating legitimate trade is a key responsibility of the Directorate.

Major Functions

1. Screening of all import CusDecs to further verify the accuracy of declaration made by the importers.
2. Directing of consignments for examination at different examination yards under different examinations levels.
3. Implementation of Risk Management based cargo selectivity method in examination and release of cargo.
4. Physical examination targeted cargo consignment to ensure the collection of due revenue.
5. Physical examination of cargo to detect and prevent the deliberate non compliance of cargo declaration.
6. Examination of cargo to ensure the application of other boarder control regulations on movement of restricted and prohibited goods.
7. Usage of X-ray scanners to detect concealments and undeclared goods as well as facilitation tool for expeditions clearance.

The scope of "sea cargo" for examinations includes consignments imported for home use as well as those for export oriented industries operating under the

- Board of Investments (BOI),
- Temporary Importation for Export Processing (TIEP) and
- Customs Bonding Scheme.

Sea cargo is imported as loose cargo (known as break bulk cargo) or in containers; when the entire lot of cargo stuffed in the container is consigned to one party, such loads are known as Full Container Loads (FCL); if consigned to several parties, then those are termed as Less Container Loads (LCL).

Two container yards are operated outside the port to examine medium risk and high risk cargo in full container, and third container yard operated to examine low risk cargo. LCL consignments are examined at the two examination points mentioned inside the port and one warehouse situated outside the port. A separate yard is operated to examine cargo imported by enterprises operating under BOI. Two X-ray scanning sites in place are inside the port and one at a yard of outside the port

General Improvements

A full-fledged office has been established deploying a full set of staff at the X Ray Scanner yard situated inside the port to facilitate cargo clearance process and to minimize the delays in the supply chain. The X-Ray scanners are used to inspect targeted high risk cargo containers while on

the other hand it is used as a facilitation tool to release low risk cargo containers speedily with least intervention to the flow of cargo clearance.

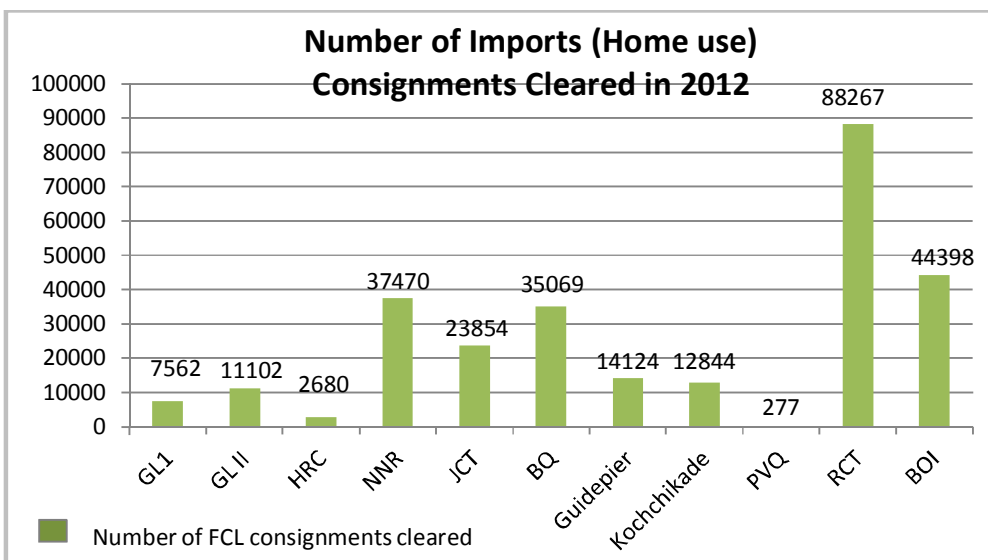
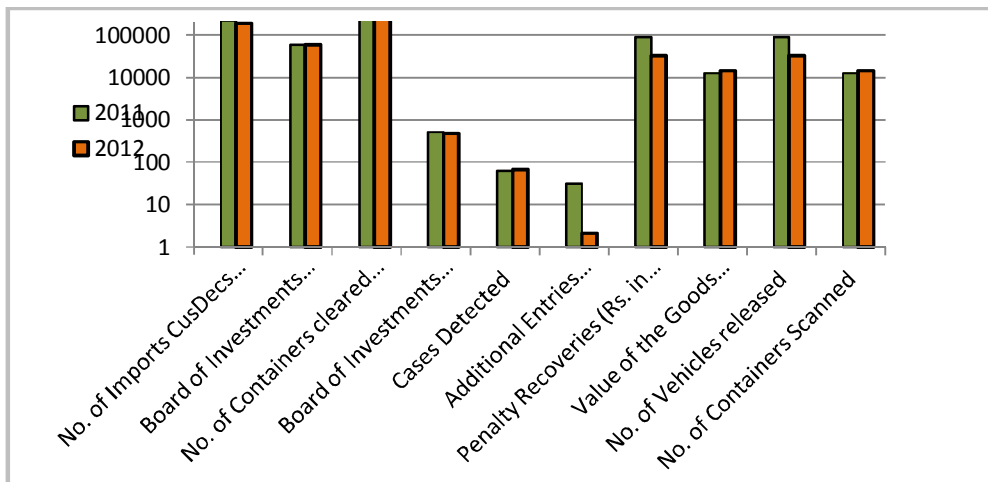
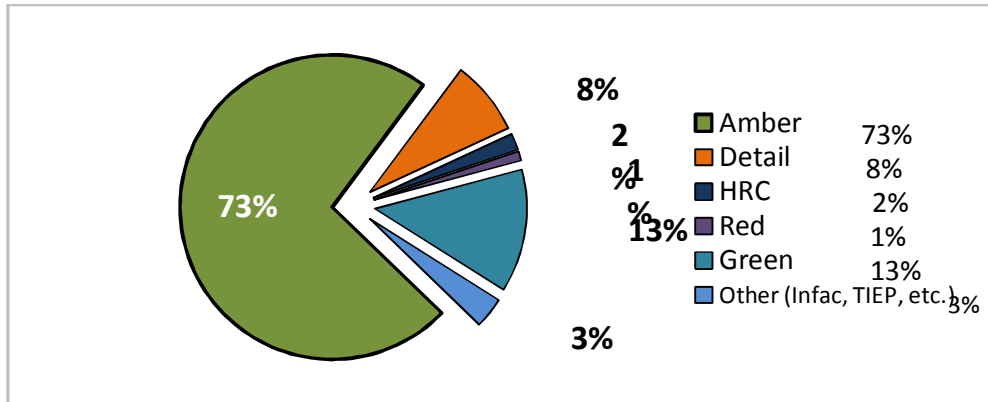
Clearance of sea cargo taking place 24X7 at the Central Verification Terminal (CVT), Orugodawatte to serve the industries operating under Board of Investment (BOI). Also facilities were extended by way of performing examination at the investor's premises, and granting Green Channel clearance to selected companies recommended by the Board of Investment.

Targets were set for the year 2012 to release 36,000 cargo containers imported for home use with low risk commodities under green channel clearance in the endeavour of enhancing the assistance extended to legitimate traders. Eventually exceeding the set target a total number of 49,982 containers have been released during this period.

Performance in 2012

Description		2010	2011	2012
Number of Imports CusDecs (Home use) Registered at Examination points		226,584	222,131	189,617
Type of Examinations	Amber	114,257	153,657	138,360
	Detailed	12,834	12,791	15,036
	HRC	4,416	5,956	3,329
	Red	9,145	1,576	1,868
	Green			24,784
	Other (Infac, TIEP, etc.)	13,725	7,749	6,240
Board of Investments (LCL & FCL) consignments cleared		27,968	58,362	*59,010
Number of Containers cleared (Home use)		200,314	236,103	245,714
Cases Detected		325	436	572
Additional Entries Recoveries (Rs. in millions)		113	506.3	487.0
Penalty Recoveries (Rs. in millions)		55.8	62.4	67
Value of the Goods Forfeited (Rs. in millions)		7.8	30.5	2.1
Number of Vehicles released		39,613	90,771	33,002
Number of Containers Scanned		9,758	12,627	14,238
(* LCL - 40,573 + FCL - 18,437)				

Types of Examination



Passenger Services (Colombo) Directorate

Introduction

Passenger Services (PS) Directorate is responsible for effective control of passenger and baggage both inward and outward at the ports of Colombo.

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.

Total recoveries of the baggage division in the year 2012

	PENALTY	DUTY & LEVIES	TOTAL
BO (Counter)	4,352,859	25,377,029	29,729,888
BO (Sales)	4,924,693	142,499,814	147,424,507
BO (NNR)	3,749,702	53,467,047	57,216,749
Laksiriseva	1,370,672	58,105,485	59,476,157
Transco	1,014,771	37,320,546	38,335,317
Midco	1,304,239	24,113,592	25,417,831
Trico(Colombo)	2,659,683	71,436,542	74,096,225
CSL (Colombo)	2,347,269	60,853,479	63,200,748
Sub Total	21,723,888	473,173,534	494,897,422
Trico (Galle)	461,212	12,472,502	12,933,714
Trico (Kurunegala)	360,700	18,012,145	18,372,845
CSL (Kandy)	426,404	15,245,340	15,671,744
Sub Total	1,248,316	45,729,987	46,978,303
BIA	100,585,834	149,829,790	250,415,624
TOTAL	123,558,038	668,733,311	792,291,349

Exports Directorate

Introduction

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

Major Functions

1. This Directorate attends to all matters related to exports from the country through the Seaport and Airport as well.
2. Dealing with all matters related to exports of all commodities from the country.
3. Examination of export cargo for Customs purposes and for security reasons.
4. Collection of Export duty, Cess, Royalty on commodities exported.
5. Management of Container Freight Stations located in Colombo and suburbs.
6. Maintaining MCC warehouses.
7. Facilitation of temporary importation/exportation through Carnet.
8. Approving the refund claims.
9. Issuing of 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 the private sector.
17. Implementing systems and procedures which strive to continually improve the efficiency and effectiveness of all business processes.
18. Making maximum use of information and communication technology to facilitate the exports trade.

EXPORTS DIRECTORATE													
ANNUAL PROGRESS REPORT FOR 2012													
	January	February	March	April	May	June	July	August	Sep.	Oct.	Nov.	Dec.	Total
No. of CusDcs Processed	12,276	11,251	13,891	11,323	13,286	13,114	13,501	12,093	12,065	12,957	12,456	11,493	149,706
No. of Shipment effected (No. of CusDcs)(Customs + BOI)	29,721	25,818	28,355	21,054	25,265	26,942	23,409	24,093	22,172	23,888	22,564	24,034	297,315
Panel Applications	893	893	1,109	817	917	1,162	1,158	1,160	1,052	1,080	1,110	1,035	12,386
Examination fees Collected	4,397,550	3,951,980	4,644,700	3,023,500	4,222,000	4,450,800	3,996,800	4,286,350	3,580,170	4,061,780	4,048,200	3,995,050	48,658,880
Computer fees collected	2,515,750	2,446,000	2,859,700	2,471,100	2,889,650	2,788,400	3,340,000	3,215,000	3,048,500	3,272,500	3,144,500	2,901,750	34,892,850
Export Levies Collected : I. Export Duty	2,028,148	2,314,507	1,367,172	1,117,218	2,088,671	1,384,793	1,785,614	2,613,443	2,320,252	2,369,491	1,846,422	571,588	21,807,319
II. Royalty	6,729	4,162	4,484	2,208	10,559	3,313	2,223	900	8,987	3,378	4,666	1,823	53,432
III. CESS - a. CC 1	6,418,386	6,568,134	7,112,360	5,609,285	7,475,052	8,975,040	9,831,150	8,484,872	7,415,539	7,930,224	6,477,077	5,261,572	87,558,691
b. TC 1	16,635,194	15,783,017	17,145,576	13,770,709	20,911,931	64,895,048	71,189,910	59,501,901	59,609,332	57,418,492	59,957,478	55,155,325	511,973,313
c. TC 2	13,874	13,794	14,999	12,026	18,283	57,693	62,230	52,033	52,144	50,212	52,496	48,199	447,983
d. RC 1	80	4,904	3,004	287,872	52,923	76,503	308,077	100	4,000	Nil	3,280	Nil	740,743
e. RC 4	Nil	Nil	Nil	Nil	11	3	9	Nil	5,236	279	660	Nil	6,198
f. EEC	72,755,749	84,460,510	114,779,542	78,576,694	88,132,218	180,957,185	200,613,956	184,549,461	175,282,530	203,428,644	192,803,883	170,970,483	1,747,310,855
Air Cargo CC 1	15,435	8,260	11,133	20,385	12,915	16,248	14,960	3,990	11,963	1,580	Nil	Nil	116,869
Extra (Short paid Cess)	1,752	5,233	367	9,740	4,428	3,608	2,467	1,303	61,001	28,681	1,337,322	1,461,110	2,917,012
Over time Charges	3,299,078	3,785,454	3,932,887	3,460,199	3,707,179	3,848,794	4,015,644	3,803,481	3,927,528	3,752,838	3,584,960	3,579,909	44,697,951
Current Accounts i. No. of Current Account holders	45	45	45	45	66	45	46	46	46	46	46	47	568
ii. No. of Current Account operated	44	45	45	45	66	44	45	45	45	39	41	39	543
iii. Deposits during the period	151,685,371	175,173,788	199,059,497	152,346,796	155,028,919	149,539,333	173,647,935	140,173,543	143,988,978	148,943,045	136,355,989	129,005,774	1,854,948,968
iv. Total amount debited during the period -	125,763,359	161,710,622	185,591,780	112,627,480	123,713,161	155,521,486	168,093,490	142,554,460	140,543,756	145,357,762	134,323,006	128,268,466	1,724,068,828
v. No. of entries passed against current accounts -	1,735	1,982	2,350	2,053	1,488	1,488	2,062	2,050	1,908	1,904	1,754	1,630	22,404
No. of FRICC issued on request	57	47	63	49	66	61	49	47	38	52	39	43	611
No. of Shipment certificates issued	44	24	44	55	15	24	42	16	23	40	38	15	380
Shipment/Export Certificate fees collected	12,950	5,250	12,000	15,750	26,400	18,400	10,500	4,000	5,750	10,000	9,500	3,750	134,250
CusDcs amendments / Cancellations (Penalties) /Vessel Amendment	1,049,352	394,238	493,900	418,750	998,500	3,564,927	453,950	613,006	554,950	660,750	623,000	930,533	10,755,856
No. of Vessel/Flight Amendments	531	538	647	650	745	761	768	606	1,501	999	830	792	9,368
Transshipment : Total No. of Deposit (container)	78,841	71,089	85,769	85,482	80,927	99,832	93,256	86,189	76,878	88,339	76,400	79,137	1,002,139
Total No. of Container Re-shipped	75,564	70,016	86,025	81,123	76,816	101,195	96,832	98,495	86,469	90,989	94,204	87,815	1,045,543
Tranship sea to air	39	41	26	46	50	36	42	38	34	45	38	31	466
No of clearance issued (Vessel)	266	249	310	239	278	292	279	277	244	243	255	266	3,198
No. of Outward Flight	1,011	464	1,724	1,908	1,735	1,704	1,696	1,721	1,599	2,008	1,910	1,965	19,445
No. of ships stores received	256	272	316	244	288	278	270	221	208	232	193	223	3,001
No. of Bills of Store	5	11	2	6	20	10	10	5	7	12	39	8	135
No. of Removal out	4	4	3	2	6	3	2	2	Nil	1	4	2	33
No. of manifest	46	66	35	26	7	48	35	26	21	41	58	69	478

Passenger Services (Katunayake) Directorate

Introduction

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

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

Primary Objectives

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

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

Major Functions

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

Performance during year 2012

A. Facilitation the movement - inward and outward passengers and their baggage.

According to the statistics of year 2012, it has shown a significant growth in passenger processing compared to the figures of previous year. Reward number of passengers, in excess of 3.2 million was processed inward and 3.3 million in outward during the year.

The above passengers could be classified in to different categories according to their purpose of visit and categorized as Sri Lankans, tourists of other Nations, transit passengers, dual citizenship holders, delegates of Sri Lankan government as well as other countries, international businessmen, professionals, sportsmen and etc. Accordingly facilitation and services have been rendered in different manner.

B. Safeguarding Socio-economic, Cultural and Ecological interests of the nation

Passenger services directorate has so far been successful in curbing the efforts made by some self-motivated personnel as well as by organized groups who have tarnished Socio Economy, Cultural and Ecological / Environment interest of the nation.

Considering the high diversity of fauna and flora, Sri Lanka is identified as a biodiversity hotspot in the world, and the country is rich with invaluable genetic resources. The cultural heritage and the history of the country indicates about articles with none measureable archeological value. It has been observed that Sri Lanka is already exposed to the international racketeers engaged in smuggling of these kinds of articles with national interest. Since Airport is the border crossing point, Customs officers at BIA perform a significant role in safeguarding of depriving the articles false under the said category being vigilant on the movement of passengers with their baggages through BIA.

As a measure of crackdown such attempts, officers who have been given special training on such areas/fields have been deployed at the departure area.

Some of the land mark cases detected by Customs were;

- Attempt of smuggling of antique coins out of the country.

Customs officers were able to detect an attempt of illegal removal of 278 coins belonging to the prehistoric period by one of Sri Lankan passenger at the departure terminal. At the inquiry it has been revealed that such coins were under the archeologically important and at the inquiry same were forfeited.

- At detection Customs forfeited 128.9 Kg of Sandal wood which were attempted to smuggle out from Sri Lanka.

C. Detection of illicit drugs/Narcotic and precursor chemicals

We have paid our special attention to protect the society by detecting illicit drugs. In this regard eight successful detections were made by our intelligent staff at the Airport as a cross border point.

Remarkable detections were:

- 1340 gms of Methamphetamine valued at Rs. 20.1 million
- 370 gms of Methamphetamine valued at Rs 5.5 million
- 3.3 Kgs of Cocaine

For the above detections, BIA staff was assisted by especially trained officers attached to the Narcotic Control Unit of Sri Lanka Customs.

D. Detection of other prohibited and restricted goods

Items identified under this category are as follows.

- Natural flowers and fruits
- Live plants
- Animals (pets)
- Restricted items which to obtained the approval from CDDA, SLSI, TRC, MOD, Quarantine etc)

During the period of year 2012 such items were brought in to Sri Lanka without proper approval and same were forfeited.

E. Action against money laundering, smuggling of Gold, Gem and jewelry

As a pivotal role of the Customs, the major detections were made on smuggling of foreign currency, gold and precious stones. We have detected 102 million worth of foreign currency from 27 cases, 163 million worth of gold from thirty six cases and 3.9 million worth of precious stones from four cases respectively.

Revenue & Service (Katunayake) Directorate

Introduction:

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

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

Performance in 2012

Performance of Air Cargo

Description	2010	2011	2012
Number of flight inward	15,017	18,856	20,206
Number of packages landed	2,564,433	2,715,340	3,189,413
Number of packages delivered	1,473,996	1,582,629	1,603,793
Number of packages transshipped	1,013,392	1,259,958	1,653,927
Number of UPB & other transferred	15,508	16,831	20,949

Number of Packages as per Mode of Release

Amount of packages landed is raised from 17.45% in 2012 comparatively amount of 2011, 2,715,340 packages and number of packages transshipped by air to air is increased 31.27 % in same duration.

Mode of release	2010	2011	2012
Duty & Other Levy Paid	80,144	85,209	77,215
Bank Guarantee	808	777	140
Personal Guarantee	802	729	307
On Provisional	649	596	209
Bonding, Infac & TIEP	1,465	1,691	2,183
BOI	87,973	93,097	101,561

According to above details, use of BOI facilities under free of taxes and levies has increased from 4.7% in 2012 It can be observed gradually decreasing of goods release under guaranties.

Tax and Duty Collection

Description	2010	2011	2012
Value of Imports (CIF)	53,348,809,905	54,461,785,439	55,188,143,216
Number of Goods(HS item Imported)	3,948	4,056	4,094
Custom Duty	1,666,002,518	1,44,378,446	1,483,179,034
Import Cess	501,149,481	526,659,816	547,700,492
Excise Duty	33,991,908	2,517,363	2,592,413
SRL	24,654,180	23,011	9,510
Special CL	167,769	41,224,255	362,376,364
PAL	2,237,512,006	2,638,445,056	2,604,402,109
Surcharge	112,287,686	35,136	21,450
NBT	1,403,923,778	1,230,439,139	1,215,543,863
VAT	3,509,612,651	2,831,843,809	2,990,508,962
Total	9,489,301,977	8,712,566,031	9,206,334,197

Revenue collected in 2012 amounted to Rs. 9,206 million is showing an increase of 5.07% over 2011 and CIF value of imported goods has increased approximately by 2% in same year.

Significant Case due to false declaration or violation of Exchange Control Act.

I Forfeiture /Penalty	38,002,992
II A/E Recoveries	24,461,329
Total	62,464,321

Top 10 Imports through Revenue & Services (Air Cargo) Directorate – 2012

NSD Code	HS Description	CIF Value	Rank	CID%	CESS%	RIDL%	Excise%	SRL%	SCL%	PAL%	NBT%	VAT%	Revenue
85171220	Other cellular mobile telephones	9,247,820,442	1	-	-	-	-	-	-	5	2	-	673,627,310
90189000	Instruments and apparatus, nes, for medical, surgical... sciences	2,056,781,742	2	-	-	-	-	-	-	5	2	-	150,151,792
84733090	Other parts and accessories of 8471	1,742,898,843	3	-	-	-	-	-	-	5	2	-	126,971,468
84713090	Automate data processing machines, portable (= <10 kg), excl used/reconditioned	1,606,689,430	4	-	-	-	-	-	-	5	2	-	116,461,271
38220000	Diagnostic or lab. reagents on a backing; prepared diagnostic or lab. reagents excl. Ch 30	1,589,215,905	5	-	-	-	-	-	-	5	5	12	334,932,389
85176290	Machines for the reception, conversion & transmission or regenerating of voice etc,	1,453,745,653	6	-	-	-	-	-	-	5	2	-	104,657,841
84717000	Automatic data processing machine storage units	1,116,429,751	7	-	-	-	-	-	-	5	2	-	81,328,427
84099900	Parts for compression-ignition internal combustion engines	1,043,042,003	8	-	-	-	-	-	-	5	2	12	213,510,198
84715090	Processing units excl SHD 847141 & 847149, nes	1,009,559,622	9	-	-	-	-	-	-	5	2	-	73,698,285
85176210	Transmission apparatus with or without reception apparatus	935,666,228	10	-	-	-	-	-	-	5	2	-	68,291,876
Total													1,943,630,857

Above table shows top 10 of imported HS good items in 2012 and it can be seen that most of the items listed above bear low tax and levy rates. It is noticeable that tax collection has been reduced despite of the increase in the value of imports.



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 AND
 - (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 and resolving Tariff related disputes.
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. Implementation of Tariff policy decisions, formulated by the Treasury through departmental orders (DOPLs).
2. Formulation and implementation of Customs policy decisions through departmental orders (DOPLs).
3. Update and maintain the Import Tariff Guide.
4. Publish National Import Tariff Guide in both book form and CD form for the benefit of public and staff.
5. Assist Treasury in creating national subdivisions in the Harmonized System as and when necessary in formulating the tariff policy.
6. Preparation of the Annual Action Plan of the Department.
7. Preparation of Annual Performance Report of the Department by reviewing the progress of the respective Directorates.
8. Act as the contact point for the World Customs Organization (WCO), WCO Asia-Pacific Office, World Trade Organization (WTO), other International organizations and Customs Administrations by attending to correspondence and related matters
9. Attend to matters relating to Customs Corporation and Mutual Administrative Assistance Agreements with other Customs Administrations.
10. Attend to matters related to Preferential Trade Agreements (PTAs) and Free Trade Agreements (FTAs).
11. Attend to Secretarial functions of the Nomenclature Committee, Trade Facilitation Committee and Risk Management Committee and coordinate activities of other technical committees.
12. Conduct research on matters related to tariff, trade and clearance procedures etc.
13. Preparation and updating of Manual of Procedure.
14. Preparation and publishing of Rates of Exchange notifications.
15. Attend to Public Relations and Customs Information Centre.
16. Organize the World Customs Day function annually.

Customs Tariff Guide

Traditionally, Sri Lanka Customs is entrusted with the collection of all the taxes imposed on the international trade. During the year 2012, the Customs Department collected the following on the imported commodities: Import Duty, Export Duty, Excise (Special Provisions) Duty, Import Cesses, Port and Airport Development Levy (PAL), Regional Infrastructure Development Levy (RIDL), Value Added Tax (VAT), Nation Building Tax (NBT), Social Responsibility Levy (SRL). Export Duty and Export Cesses are payable on some of exported goods. In addition to that, Special Commodity Levy (SCL) becomes payable periodically on certain selected essential consumer commodities. As a result of these various levies, each commodity shown in the Customs Tariff carries various assigned taxes hence the Customs tariff has become a complex document. In addition to that, certain selected commodities are assigned with Preferential Duty Rates, applicable for commodities originating from countries with which Sri Lanka has entered into bi-lateral or multi-lateral trade agreements. These preferential rates too contribute to increasing the tariff's complexity. Further, even the general duty rates are two-fold as ad valorem and specific (also known as unit rates). As a result of this complexity, the general public as well as the officers find it extremely difficult to remember all the taxes and rates applicable for any given commodity. Therefore, the Customs Department during the past decade had been publishing an annual Tariff Guide soon after the Budget, incorporating in one book, all the taxes and tax rates payable on commodities.

Departmental Circulars

Departmental circulars are frequently issued, as and when it becomes necessary to convey a policy decision, and the resulting changes occurring in the existing procedures, or to convey new procedures, or changes in the manuals of procedure. As a result, Departmental Circulars represent an important official news channel. Policy concepts originate in respective Directorates and are channeled to the policy, Planning and Research Directorate where at the content is vetted for inconsistencies with existing procedures and circulars, and the final text is prepared and the circular takes the official shape and format. Once it is approved by the Director General, it is printed and circulated. The whole process including the circulation is a time consuming and tedious one, but the Directorate strives to issue the Circulars without delay because in the first instance the circulars become necessary to convey important and urgent directives to the staff.

Revenue Protection Orders (RPOs) are another kind of a circular, that has to be prepared, printed and published within the shortest possible time (normally within the same working day) to convey changes in the taxes and levies, enabling the officers to start collecting the new rates from the effective date and time. Those changes originate from the General Treasury, and those circulars play an essential part in taxation.

Rates of Exchange Circular

The value of almost all the imports is declared in a foreign currency requiring the Customs to convert same to the value in Sri Lankan Rupees. Unlike the ever-changing (floating) parity rates used by the banks and money changers, the Customs Department is applying weekly parity rate applicable for one working week. Since the rates change on each week-end, with a new rate valid from the following Monday, the "Exchange Rates" as decided by the Central Bank are published on Friday each week, and circulated by the Policy, Planning and Research Directorate. That circular is an essential guide for all the officers collecting due revenue as well as the traders paying the taxes.

International Affairs

Although not indicated by its name, the Policy, Planning and Research Directorate is also entrusted with Customs related international affairs. Communicating with the World Customs Organization and its Regional Office for Asia and Pacific is a major function falling in that category. WCO sends frequent communiqués and the Directorate has responded to those suitably. When the Sri Lanka Customs Department 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 to that the Policy, Planning and Research Directorate is responsible for handling Customs Mutual Cooperation clauses coming within the ambit of Regional Bi-lateral and Multi-lateral Trade Agreements. Currently, India is the largest bi-lateral trading partner with Sri Lanka and Pakistan is the second largest. The India-Sri Lanka Bilateral Customs Mutual Assistance activities have now grown into a well established scheme, whereas the cooperation mechanism for fostering mutual cooperation with Pakistan Customs is just beginning to take shape. In addition to the two bilateral agreements with India and Pakistan respectively, Sri Lanka is also actively pursuing the possibility of establishing such Customs Cooperation Mechanisms with Iran, Iraq, Vietnam, Mexico, etc.

International Trade Agreements

APTA	Asia Pacific Traders Agreement (Formerly Bangkok Agreement)
ISFTA	Indo Sri Lanka Free Trade Agreement
MAA	SAARC Agreement on Mutual Administrative Assistance in Customs matters.
MAA	International Convention on Mutual Administrative Assistance in Customs matters. Brussels, 27 June 2003
MAA	International Convention on Mutual Administrative Assistance in Customs matters. For the prevention, investigation and repression of Customs offences - Nairobi 9 June 1997
SL - Mx	Agreement on Mutual Administrative Assistance in Customs matters between Sri Lanka and Mexico.
MAA	Agreement on Mutual Administrative Assistance for the proper application of Customs
SL - It	Agreement between Italian Republic and Sri Lanka on Mutual Administrative Assistance and Co-operation in Customs matters
SL - Pak	Draft Bi-Lateral Agreement Between the Government of the Islamic Republic of Pakistan and the Government of Democratic Socialist Republic of Sri Lanka on Co-operation and Mutual Administrative Assistance in Customs matters
SL - Ir	Bi-lateral Agreement on Mutual Administrative Assistance between Sri Lanka and Iran Customs Administration.
SAARC	Draft SAARC Regional Railways Agreement and Motor Vehicle Agreement.
SAFTA	South Asian Free Trade Agreement (SAFTA)
SAPTA	South Asia Preferential Trade Agreement (SAPTA)
SL - Sg	Economic Partnership Agreement with Singapore (2003) - (CEPASS)
SL - EC	European Commission - Sri Lanka. Joint study on Sri Lanka trade with EU
SL - In	Draft minutes 8th meeting of the Inter Agency Committee on C.E.P.A. between India and Sri Lanka
SL - In	Comprehensive Economic Partnership Agreement (CEPA) between India and Sri Lanka
SL - Ir	Bi-lateral Agreement between Sri Lanka and Iran

SL - Ir	Ninth session of Iran - Sri Lanka Joint Commission for Economic Co-operation from 13th - 15th September 2010 in Colombo
SL - Ir	Economic Co-operation with Iran
SL - Ir	Sri Lanka/ Iran Customs co-operation
SL - Pak	Negotiations of Technical Level on Sri Lanka - Pakistan Free Trade Agreement - September 2002
SL - Pak	Sri Lanka - Pakistan joint commission for Economic Co-operation
SL - Pak	Sri Lanka- Pakistan Joint economic Co-operation
SL - Pak	Pakistan Sri Lanka Free Trade Agreement
SL - Qat	Law and Repression, Investigation and Enforcement of Customs Offences between Qatar and Sri Lanka
SL - Tur	Draft Co-operation agreement between Sri Lanka and Turkey combating serious crimes in particular Terrorism and Organized Crimes
SL - Uk	Agreement between the Cabinet of Ministers of Ukraine and the Government of Sri Lanka
SL - USA	Sri Lanka- US Trade and Investment Framework Agreement (TIFA)
SL - USA	8th joint council meeting (JCM) of the Trade and Investment Framework Agreement (TIFA) (between Sri Lanka and USA)
SL-Vt	Proposed Trade Agreement between Vietnam and Sri Lanka

The Departmental Technical Committees

The Policy, Planning and Research Directorate also has to provide the secretarial and logistical support to two important technical committees – namely

- I. The Customs Nomenclature and Classifications Committee
(Also known as NC Committee) and
- II. Trade Facilitation Committee.

While the NC Committee which convenes each Tuesday deals with all the classification issues and disputes, the Trade Facilitation Committee convening biweekly is mainly entrusted with the implementation of the Revised Kyoto Convention Recommendations relating to trade facilitation, and other trade facilitation issues in the Department.

Planning activities

Reviewing the annual Action Plan and deciding the Action Plan for the next year are two major responsibilities falling in this category. Reviewing the progress of Key Initiatives of the Department and preparing the annual Performance Report is another.

All matters relating to entering in to Memorandum-of-Understanding with other national and international organizations (for example - Customs Organizations of other countries), is also one of the important functions handled by this Directorate.

Research activities

The Directorate is collecting performance reports from other Directorates monthly, and conducts research as needed by the administration.

Performance in 2012

During the year 2012 the Directorate had issued 52 circulars on Exchange Rates, and 56 Departmental Orders.

The composition of the Departmental Orders issued during the year 2012 was as follows:

• Value Added Tax amendments	01
• Excise Tax amendments	05
• Port and Airport Development Levy amendments	02
• Special Commodity Levy amendments	10
• Cess Levy amendments	05
• Revenue Protection Orders	04
• Nations Building Tax amendments	02

In addition to that, the Director and the Deputy Directors had represented the Director General at a large number of Trade and other Negotiations, locally as well as in abroad.

Departmental Orders issued during the year 2012

Date	DOPL	Related Branch	Subject
03.01.2012	572 C		Risk Management Committee (Amendment)
13.01.2012	798	Imports	An amendment to the Special Commodity Levy
08.02.2012	797A	Imports	Errata to DOPL 797 (Exemption of VAT, NBT, CESS & Customs Duty for the imports of Sri Lanka Catering Pvt. Ltd.)
01.03.2012	799	Imports	Order under section 3(C) of Excise (Special Provisions) Act. Number 30 of 1989
16.03.2012	800	Imports	An amendment to the Special Commodity Levy (Potatoes 0701.90)
21.03.2012	801	Imports	Amendments to Special Commodity Levy Rates
02.04.2012	802	Imports	RPO 01/2012 and consequential amendments to the Excise Duty (Special Provisions) rates and Import Control License requirements
10.04.2012	803	Imports	An amendment to the Special Commodity Levy
20.04.2012	804	Imports	Changes in Import Control License Requirements
26.04.2012	805	Imports	Excise (Special Provisions) Act, Number 13 of 1989 – Order under Section 3C
04.05.2012	806	Imports	Waiver on Import Duty for Milk Powder falling in HS:0402.10, 0402.21 and 0402.29
11.05.2012	807	Imports	Amendments to the Special Commodity Levy
14.05.2012	808	Imports	Customs Valuation Regulation Number 01 of 2012 (Determination of Cost of Transport for Customs Valuation, when the Importer Imports his own goods by his own vessel.)
14.05.2012	809	Imports	Customs Valuation Regulation Number 02 of 2012 (Valuation of carrier Media bearing software for data processing equipment)
15.06.2012	810	Imports	Initial instructions on simplification of clearance of Gem parcels at Airport
15.06.2012	811	Export	Imposition of New Cess rates on Export and new units of Granite under HS: 25.16

15.06.2012	812	Imports	Ports & Airports Development Levy Act Number 18 of 2011, order under Section 3
26.06.2012	813	Imports	Polychlorinated biphenyls (PCBS) Contaminated products
22.06.2012	814	Imports	NBT Exemption on Gems & Precious Stones falling under HS Headings 71.02 & 71.03
22.06.2012	815	Imports	Amendments to the Special Commodity Levy on Sugar
27.06.2012	816	Imports	Revision of Export Development Cess Rates (Order made under Section 14 of Sri Lanka Export Development Act, Number 40 of 1979)
28.06.2012	815 A	Imports	Amendments to the SCL on Sugar one moth from 20.06.2012
02.07.2012	562 C	Gen	Amendments to the list of Members of the Technical Committees
05.07.2012	810 A	Imports (Airport)	Instructions on simplification of clearance of Gem parcels at Airport
06.07.2012	817	Imports	Regulations made under Imports & Exports Control Act, Number 01 of 1969 (HS: 10.06)
09.07.2012	816 A	Imports	Revision of Export Development Cess Rates (Order made under Section 14 of SLED Act, Number 40 of 1979) DOPL 816 is rescinded by this DOPL
16.07.2012	818	Imports	Amendments to the Special Commodity Levy
16.07.2012	737A	Imports	Determination of Customs Value for Motor Vehicles
19.07.2012	819	Imports	Amendments to the Special Commodity Levy
19.07.2012	820	Imports	Amendments to the Revenue Protection Act Number 19 of 1962 (HS: 2207.10)
13.08.2012	821	Imports	Amendments to the Special Commodity Levy (HS: 0701.90- Other potatoes & 0703.10.20 – B Onion)
27.08.2012	822	Imports	Concessions/Exemptions granted under the Strategic Development Project Act, Number 14 of 2008
04.09.2012	823	Imports	Order made under Section 14 of SLED Act Number 40 of 1979 (Revision of Export Development Cess Rates)
19.09.2012	824	Imports	Amendments to the Special Commodity Levy
05.10.2012	825	Imports	An Amendment to the Excise duty on cigarettes
26.10.2012	826	Imports	Amendments to the Special Commodity Levy
30.10.2012	827	Import	Issuing of Visitors Temporary License for the Importation of Motor Vehicles under CARNET System
08.11.2012	828	Imports	Special Commodity Levy Budget – 2012
08.11.2012	829	Imports	Revision of Excise Duty Budget – 2013
08.11.2012	830	Imports	RPO 03/2012 - The Tax Rate Changes
08.11.2012	831	Import	Budget 2013 - Revision of Cess Rates of Imports
08.11.2012	832	Exports	Budget 2013 - Revision of Cess Rates on Exports
08.11.2012	833	Imports	Budget 2013 - Waiver on Imports Duty for Milk Products
08.11.2012	831A	Imports	Budget 2013 - Corrections to Import Cess
08.11.2012	834	Import	Budget 2013 - Ports and Airports Development Levy
14.11.2012	830A	Import	Errata to RPO 03/2012
23.11.2012	830B	Imports	Errata #2 to RPO 03/2012
23.11.2012	835	Imports	List of Exemptions and Concessions
29.11.2012	836	Imports	e-Customs – NEW CUSDEC
07.12.2012	836A	Imports	Corrections on DOPL 836
06.12.2012	837	Imports	Regulation Lead Content in Paints imported

10.12.2012	838	Imports	Amendments to the Special Commodity Levy
14.12.2012	562 D	NC	NC Committee
21.12.2012	839	Imports	Amendments to the VAT
21.12.2012	840	Imports	Budget 2013 – NBT Exemption
21.12.2012	839A	Imports	Amendments to the VAT

New departmental subject files opened

Date	PL No:	Description
09.02.2012	697	Draft MOU between Sri Lanka and Russia on the simplified procedure for the stay of warships (Naval Auxiliary) of the Russian Federation at the ports of the Democratic Socialist Republic of Sri Lanka
28.02.2012	698	Releasing of Imported Weighing and Measuring Instruments from Customs
02.03.2012	699	Information Exchange on PCBs Management in Selected Asian Countries
18.04.2012	700	Information & Communication Technology Agency of Sri Lanka (1919) - ICTA
04.05.2012	701	"Hambantota Port"
14.05.2012	702	Advisory Committee on Asia Pacific Trade Facilitation Forum (APFF) - 2012
15.05.2012	703	Customs Valuation Regulations
12.06.2012	704	Simplification of Clearance of Gem Parcels at Airport
15.06.2012	705	Trading Hub
27.07.2012	706	Foreign Currency Account of Sri Lanka Customs
14.08.2012	707	Concession Given Under the Strategic Development Project Act
24.08.2012	708	International Linkages Committee of the Sri Lanka Council for Agricultural Research Policy
28.09.2012	709	China – Sri Lanka Joint Commission on Trade and Economic Cooperation
08.11.2012	710	Implementation of HS 2012 Version
12.11.2012	711	Electronic Customs Bill of Entry Trough ASyCuDA World
29.11.2012	712	The Proposal to Network Sri Lanka Customs (SLC) and Maldivian Customs Service (MCS)

Information & Communication Technology Directorate

Introduction

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

Major Functions

1. Support to achieve organizational goals through Automation.
2. Maintain the systems network , computer peripherals and databases successfully
3. Provide timely and accurate information system and reports to Customs Management, other Customs Divisions, other government agencies and stakeholders
4. Conduct evaluations and effect upgrades to existing systems: 'ASyCuDa', 'Cargo Control system', Motor Control System', and Thineth System', with global advancements
5. Enhance professional quality with the ICT Skills of the staff of the ICT directorate to achieve the desired operational goals.
6. Expand trainings in ICT literacy and operations of the ICT modules to the Department staff Performance in Year 2012

Performance in year 2012

- Provided ASyCuDa World System to the brokers through DTI facility.
- Provided blend sheet facility to tea exporters and the tea board.
- Implemented ASyCuDa World to Customs Export Division and Air cargo export.
- Implemented e-payment facility to Customs Export Division.
- Implemented ASyCuDa World to all BOI offices (Colombo, Katunayake, Biyagama, Koggala and Kandy)
- Implemented ASyCuDa World to Hambantota and introduced a new procedure to clear brand new vehicles quickly using copy documents.
- Implemented ASyCuDa World to Long Room.
- Implemented manifest to CBMV1 and Long room.

Performance of ICT Directorate in 2012		
	ASY++	ASY World
Number of CusDecs Processed	776,706	351,122
Manual	525,017	0
DTI	110,320	351,122
EDI	141,369	0
Imports		
Total CusDecs	472,666	110,567
Import-General (IM4)	276,045	56,079
Import-Motor Vehicles	673	27,330
Import-Facilitation Scheme (IM5, IM6, IM7)	196,621	54,428
Exports		
Export-General	81,477	229,796
Export- Facilitation Scheme	166,742	10,759
Internal (Investigation Units and Other Customs Divisions)	450	
Internal Audit	80	
External (Government departments)	260	
External (Enforcement units like -Police, CID etc	60	
External (Private parties)	636	
Web Publications and amendments		
Exchange Rate		52
Tender Notice		38
HS Amendments		39
Publications		12
Detention made during the year 2012		
Number of Cases Registered during the year 2012		20
Number of Cases Completed		10
Number of Cases where offences established and forfeitures penalties imposed		5
Total Amount of penalties forfeitures collected		Rs. 14,243,152
Total value of goods forfeited		Rs.17,974,390
Total amount collected as A/E		Rs. 599,611
Sales proceeds recovered		-
Total Number of incomplete case files (2012 only)		10

Central Valuation Directorate

Introduction

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

Major Functions

1. Determine values for Customs purposes.
2. Maintain the Valuation Data base (VDB)
3. Implementation of WTO valuation agreement in respect of goods for Customs purposes.

Additional Recoveries by Value Revision

January to December – 2012

Month	Number of Entries Received	Number of Entries V/R	Percentage of Adjustments	Amount Recovered (Rs.)
January	2,160	1,181	54.68%	169,349,817/-
February	1,707	836	48.97%	120,811,606/-
March	2,494	1,165	46.71%	183,426,053/-
April	2,617	986	37.68%	143,328,526/-
May	2,034	1,058	52.02%	181,265,678/-
June	1,886	983	52.12%	161,050,147/-
July	2,347	1,088	46.36%	200,736,053/-
August	3,808	1,166	30.62%	205,605,604/-
September	4,036	1,017	25.20%	161,298,813/-
October	3,995	1,002	25.08%	153,900,590/-
November	2,424	936	38.61%	153,593,077/-
December	2,191	913	41.67%	134,821,397/-
Total	31,699	12,331	38.90%	1,969,187,361/-

Number of CusDecs received	:- 31,699
Number of CusDecs Value Adjusted	:- 12,331
Percentage of Adjustment	:- 38.9%

Progress of VIU

Number of cases registered	: - 71
Number of Cases finalized	: - 37
Penalty imposed	:- Rs. 356,050,000
Penalty recovered	:- Rs. 248,300,000

Specialized Services Directorate

Introduction

This Directorate is one of the facilitation arms and provides services in respect of commodity/goods classification in accordance with Harmonized System, identification, classification and valuation of gem, precious metal and jewellery, registration of importers and exporters and issue of licenses to the Customs House Agents.

Major Function

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

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

Commodity Classification Division

The Commodity Classification unit of the directorate is responsible for determining the appropriate harmonized system code for the commodities Imported/Exported. They provide assistance to Customs staff at various points to overcome the dispute in the classification of goods in the Harmonized commodity Description and coding systems. They also provide classification advice to the Importers/Exporters on submission of an application.

Number of advance classification rulings issued to the
Importers/Exporters in the year 2012. - 312

Number of advance classification rulings issued to the other
branches of the Department in the year 2012. - 550

The Customs Laboratory Division

The Customs Laboratory assist the Department in ascertaining correct description of commodities and provide classification opinion on sample of goods referred to by various other units of the Department. As a technical unit, it would coordinate with other relevant stake holders in implementing various conventions and exiting regulation.

Number of classification opinions given in the year 2012 - 363

Gem, precious metal and jewellery Division

The Gem, precious metal and jewellery division facilitate Importers, Exporters and travelers in the Customs clearance of Gem precious metal and jewellery by valuing them and processing Import/Export documents.

Performance for the year 2012

Number of declaration processed.

Imports	– 3,725
Export	– 6,055
• Value of Imports	
Rough Diamond	– Rs. 37,574,011,213
Cut & polished Diamond	– Rs. 12,058,980,493
Gem	– Rs. 1,176,321,288
Silver	– Rs. 113,017,862
Gold	– Rs. 21,692,735,803
Jewellery & finding	– Rs. 386,547,977
Consumables	– Rs. 67,858,108
Re- imports	– <u>Rs. 4,971,768,019</u>
Total	– <u>Rs. 78,041,230,763</u>
• Value of Exports	
Gem	– Rs. 14,598,956,073
Diamond & Jewellery	– Rs. 324,407,714
Other Jewellery	– Rs. 2,428,149,207
Diamond	– Rs. 52,892,114,867
Geuda & Minerals	– Rs. 222,039,321
Gold Re-Export	– <u>Rs. 1,659,169,905</u>
Total	– <u>Rs. 72,124,837,087</u>

Customs House Agent Unit Division

This unit handles issuing of licenses of the Customs House Agent for transacting business with the Customs relating to entry or clearance of any ship, or of any goods or of any baggage in any of the ports or places in Sri Lanka.

Performance for the year 2012

(1) New Registration	
Customs House Agent	179
Wharf Assistants	163
(2) Renewals	
Customs House Agent	1,562
Wharf Assistants	4,821
(3) Cancellations	
Customs House Agent	14
Wharf Assistants	453

TIN/VAT Registration Division

The registration of the Importers and Exporters in terms of Sec 115 of the Customs Ordinance is done in this unit. No goods shall be imported into or exported out of Sri Lanka except by a registered importer or exporter.

Number of Registrations for the year 2102	
Sole. Proprietor	– 1,193
Partnership	– 1,304
Limited liabilities	– 1,819
Individual Imports	– 9,129
Charities/ N.G.D.S	– <u>10</u>
Total	– <u>13,455</u>

Logistics Directorate

Introduction

Logistics Directorate plays a vital role in the Department to perform the indispensable duty assigned by the Government. The objectives of the Logistics Directorate are to supply all the requisites including the services, productively and transparently to every Directorate of the Department.

Major Functions

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

Performance for the year 2012

The attention on improving the physical resources of the Customs Department was very high during 2012. This responsibility was completely laid upon the Logistics Directorate. Providing supplies and services for the finalizing activities of the new Customs Head Office building was among the top duties for the Directorate. It was an additional pressure fulfilling those requirements in an office environment since the Department moved its activities to the new building in 2011, while the constructions were still beyond completion. However, we were able to complete those supply and services requirements within 2012 as expected.

Other major functions completed during 2012

1. Purchased and distributed necessary computer systems, printers and security applications needed for the application of ASyCuDa World system.
2. Introduced a new computer system for the management of fixed assets and stores control.
3. Implemented the CCTV camera system to improve security.
4. Completed of Customs office facilities at Hambantota port and Customs rest room in Katunayake, renovation of Customs office in Galle and other regional offices and starting work on Customs premises at the Mattala airport.
5. Provided 12 new vehicles to fulfill travelling requirements of the Department.

Activities which were commenced in 2012 and expected to be completed by 2013

1. Coming into agreement with the contractors finalizing the relevant procurements to install new furniture in order to replace old furniture at the new building.
2. Commencing procurement to supply foods in restaurants.
3. Providing facilities to establish the proposed Customs Museum.
4. Finalizing the data processing work to issue Access Control cards to all staff to implement the automated Access Control System.

A summary on how the funds were channeled to perform the above functions is given below.

Recurring expenses (Rs. Millions)

Expense	2012	2013 estimate
Supplies	75.4	86.0
Maintenance	73.0	82.0
Services	163.9	192.2

Capital expenses

1. for the improvement of capital assets (Rs. Millions)

Expense	2012	2011	2012	2013 Estimate
Buildings and constructions	0.02	11.6	18.1	40.0
Machinery	-	-	4.5	6.0
Vehicles	0.4	1.5	1.8	2.5

2. for the purchase of fixed assets (Rs. Millions)

Expense	2012	2011	2012	2013 Estimate
Vehicles	14.9	1.9	-	-
Furniture and office equipment	11.3	1.0	0.9	1.3
Machinery	6.3	9.3	1.8	2.5
Construction of buildings and structures	599.1	1,403.7	875.2	707.0

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

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

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

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

Major functions

To perform the *mission* of the department, the HRM directorate plays a very vital role. It sets strategies and develops policies, standards, systems, and procedures for;

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.

Achievements of the Directorate for 2012

Interviews for recruitments & promotion

Interviewed rank	For the vacancies	Dates
Inspector of Customs, Grade I	50 Chief Inspector of Customs	09.08.2012
Director of Customs	04 Additional Director General of Customs	29.09.2012
Deputy Director of Customs	07 Director of Customs	16.11.2012

Examinations

Examinations	Candidates	No
Efficiency bars	Assistant Superintendent of Customs, Grade II; Inspector of Customs, Grade II.	08

Cases finalized

Case No.	Petitioners	Outcome
SCFR 1427/2012	W.M. Namal Sanjeewa	Observations submitted
HRC 1427/2012	P.G. Priyadarshani	Observations submitted
HRC 1523/2012	Graduate Inspector of Customs Union	Observations submitted

Other activities

Paid incentive of ten months for entire workforce.

Comparison of performance

2008

Number of interviews for promotions.	02 (ASC-I and CI-I.).
Number of promotions and recruitments.	4 DDC, 116 ASC-II, 10 (CIC to ASC-II).
Number of EB examinations requested from Department of Examinations.	Requested 09, Examination Department held 05.
Employee incentive payments	Paid for the whole year.

2009

Filled vacancies of 4 DC, 41 CIC, and 3 IC-I posts. Eight EB examinations requested from Department of Examinations. Paid employee incentive for the whole year.

2010

Number of recruitment examinations and interviews held. And for how many?	Called applications for open examination by gazette notification for - 100 ASC-II, 100 CI-II, and 50 CG.
Number of interviews for promotions.	Five interviews to fill vacancies of - 12 DC, 32 DDC, 107 SC, 376 DSC, and 92 CIC.
Number of promotions and recruitments.	4 ADGC, 12 DC, 76 DDC, 44 ADC, 118 SC, 70 DSC, 92 CIC, and 32 CI-I.
Number of EB examinations requested from Department of Examinations.	08.
Employee incentive payments	Paid for the whole year.

2011

Number of interviews for promotions.	05 (ADGC, DC and ASC-II).
Number of interviews for recruitments.	01 (ASC-II).
Number of promotions and recruitments.	84ASC-I, 09ASC-II (5%), 38ASC-II (15%).
Number of EB examinations requested from Department of Examinations.	Requested 08, Examination Department held 06.
Number of other examinations held by Department of Examinations.	03 (Open competitive), and 01 (Limited competitive).
Employee incentive payments	Paid for the whole year.

Abbreviations used : EB - efficiency bar; ADGC - Additional Director General of Customs; DC - Director of Customs; DDC - Deputy Director of Customs; SC - Superintendent of Customs; ASC - Assistant Superintendent of Customs; DSC - Deputy Superintendent of Customs; ASC-I - Assistant Superintendent of Customs, Grade I; ASC-II - Assistant Superintendent of Customs, Grade II; CIC - Chief Inspect of Customs; IC-I - Inspect of Customs, Grade I; IC-II - Inspect of Customs, Grade II; CG - Customs Guard; CG-III - Customs Guard, Grade III.

Human Resource Development Directorate

Introduction

Human Resources Development Directorate is one of the important Divisions of the Customs Department as it is basically change the attitude & skills of Human Resources for better structure which helps the Departmental Progress.

HRD has 30 years of excellent supportive history and it has effected to employees to think in correct manner in their day to day work.

Vision

To enhance productivity of Human Resources while being the excellent training Division of Customs Department.

Mission

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

Major Functions

Basically, the training of the staff. This can be categorized as Local training, and foreign training which is specially aligned with the scholarships from foreign countries in the realm of Customs matters in transnational nature. Local training is aligned with the competency development and enhancing the knowledge & awareness in the relevant field together with identification of skills and inborn talents. This Directorate is entrusted with developing the training system of the Department and also attended to developing training and related assistance to other organizations while training the Customs House Agents. Moreover, it is highlighted the following facts among the facilities provided by HRD.

- Library facilities are being provided for the Customs staff.
- Formulating and implementing training policies systems and procedures.
- And also training for Customs House Agents is available at HRD with its examination at length.
- Assessing the training needs of the Department prioritizing the training requirement formulating and implementing the training plan.
- For outside participants like that of Army, Navy & Police officers are provided with necessary training as and when required.
- Preparing for course circulars development and the monitoring of training programs, seminars & workshops by local and foreign training providers.
- Whenever outside establishments are looking for resource persons from our Department we have to arrange them for delivering lectures in the realm of Customs matters.
- Provide necessary training to the staff in Customs and related activities.
- Enhance knowledge skills and attitude of the Customs staff and persuade their career development.
- Processing of correspondence relating to information on training Opportunities.
- Evaluation of training.

- It is important that in addition to all these duties, auditorium facilities are freely available to any academic purposes inclusive of welfare matters or else holding of AGM by various intakes of Customs officers too.

Main objectives of the Directorate

- To prepare a dynamic forward looking group of officers to enhance the quality and productivity of the Department.
- To enhance the competencies and confidence of the staff by providing effective local and foreign learning opportunities for their improved performance in a changing context.
- To promote the enhancement of the Customs Department by sharing and transferring knowledge.
- To provide facilities, including financial assistance, for the Customs staff to pursue their higher studies.
- To provide training for outside Institutions and stake holders on their requirements.
- To improve quality and efficiency of the service of the staff through positive attitude and thinking while using good PR.

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

Grade	Approved Carder	Available at present
DC	01	01
DDC	02	01
SC	03	03
DSC	08	03
ASC	08	05
PMA	03	02
Total	25	15

Achievements of the Directorate in 2012

In accordance with the training plan 2012 we have conducted 28 Local Training Programs and 107 Foreign Training Programs. We have trained nearly 1200 participants under these programs.

Participation in training events in 2012

Table 01: Grade wise

Grades	Local	Foreign
Director General of Customs	1	00
Additional Director General of Customs	-	02
Director of Customs	2	12
Deputy Director of Customs	3	24
Superintendent of Customs	140	18
Deputy Superintendent of Customs	200	12
Assistant Superintendent of Customs	578	21
Others	176	-
Total	1100	89

Table 02 : Details of Training Events

Local Training events conducted	Total : 28 Programmes																																
Foreign Training Programmes attended to	Total : 107 Programmes																																
Local																																	
<table><tr><th>Grade</th><th>Number of programmes</th></tr><tr><td>SCC and above</td><td>08</td></tr><tr><td>ASCC and above</td><td>23</td></tr><tr><td>Others</td><td>05</td></tr><tr><td>Total participation</td><td>1050</td></tr></table>	Grade	Number of programmes	SCC and above	08	ASCC and above	23	Others	05	Total participation	1050																							
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<table><tr><th rowspan="2">Programmes conducted</th><th colspan="2">Number of programmes</th></tr><tr><th>Scheduled</th><th>Actual</th></tr><tr><td>Seminars</td><td>15</td><td>18</td></tr><tr><td>Workshops</td><td>20</td><td>22</td></tr><tr><td>Programmes</td><td>11</td><td>11</td></tr><tr><td>Training Courses</td><td>16</td><td>16</td></tr><tr><td>Meetings</td><td>09</td><td>10</td></tr><tr><td>Post Degree Programmes</td><td>09</td><td>11</td></tr><tr><td>Conferences</td><td>14</td><td>14</td></tr><tr><td>Others</td><td>03</td><td>05</td></tr><tr><td>Total</td><td>97</td><td>107</td></tr></table>	Programmes conducted	Number of programmes		Scheduled	Actual	Seminars	15	18	Workshops	20	22	Programmes	11	11	Training Courses	16	16	Meetings	09	10	Post Degree Programmes	09	11	Conferences	14	14	Others	03	05	Total	97	107	
Programmes conducted		Number of programmes																															
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Programmes	11	11																															
Training Courses	16	16																															
Meetings	09	10																															
Post Degree Programmes	09	11																															
Conferences	14	14																															
Others	03	05																															
Total	97	107																															

Customs Library

The Customs Library, an important tool for Human Resource Development, was established on 26.01.2005 and same was established under the purview of Director HRD as an affiliated unit. The Library has received unexpected positive response from the staff and presently the membership has reached 1124 and the number of books has increased up to 5885. The funds allocated by the Customs Officers Management and Compensation Fund facilities the purchase of books for the library.

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

Though there is no permanent Librarian, the functions of the library is being smoothly managed. It has been observed that the membership of the library is been increased so that it is required to provide more facilities for the library (Table 03) such as.

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

Table 03 :

Library Service

(Number of members 1124)

Description	2011	2012
Number of new members	81	223
Number of Books purchased	-	479
Number of Books received as donation	-	39
Number of Lending	2,830	5,980

Even the resources are limited in Customs Library it has been became much popular section among the users.

Employee Services Directorate

Introduction

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

Major Functions

1. Conduct preliminary investigation and Disciplinary inquiries if charges available against the officers concerned.
2. Conduct awareness program on productivity improvement teams (PIT) for the staff at each level in the Customs in consultation with National Productivity Secretariat.
3. Establish PIT in each unit of the Customs towards achieving ISO standards.
4. Hold regular discussions with Trade Unions recognized to build up a rapport.
5. Identifying employee issues and hold negotiation for a settlement.
6. Establish Negotiation Committees to take decisions on disputed matters.
7. Handling grievances to foster satisfactions and minimizing dissatisfaction among employees over the management.
8. Identifying all welfare amenities currently being provided and their current standards to take steps to render a quality welfare service.
9. Devise and implement welfare plans in consultation with employees at all levels.
10. Implementation of Code of Ethics incorporating in the disciplinary procedure of the Customs.
11. Monitor that employee follow the Code of Ethics though normal staff supervision mechanism, head of directors and supervisors.
12. Make the implementation, of Code of Ethics effective by using disciplinary procedure as for as possible against those who breach the Code of Ethics.

Performance

Disciplinary

Number of Disciplinary inquiries held	Number of Disciplinary inquiries competed	Number of Disciplinary inquiries remaining
03	01	02

Productivity

In the with the government policy to improve productivity in the public sector, arrangements have been made with assistance from the National Productivity Secretariat to introduce a systematic approach to enhance efficiency and effectiveness of the officers, systems and procedures shifting Sri Lanka Customs towards one of the best practice Customs administration in the world. Towards that, it has been decided to commence the Productivity Improvement Project of the Department covering all the Directorates. Three Committees namely Steering Committee headed by Director General, Operational Committee headed by Additional Director General and Implementing Teams headed by Directors have been formulated and four sessions on productivity concept and 5S were conducted to aware and train the office.

PROVINCIAL CLUSTER

Revenue and Services (Provincial) Directorate

Introduction

Revenue and Services (Provincial) Directorate is responsible for managing all Customs related functions of out-ports to namely Galle, Jaffna Trincomalee and Magampura is 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

Revenue collected

1000 x Rs.

Region	Galle		Hambantota		Trincomalee		Jaffna		TOTAL
	Duty	Other Charges	Duty	Other Charges	Duty	Other Charges	Duty	Other Charges	
January	4,143	1,882	-	-	88	852	261	166	7,392
February	1,900	1,987	-	-	96	1,732	115	82	5,912
March	3,059	2,294	-	-	66	1,206	250	123	6,998
April	2,614	1,732	-	-	38	1,841	199	118	6,542
May	4,493	1,873	-	-	81	1,527	142	152	8,268
June	1,732	1,775	280	69	33	1,020	90	48	5,047
July	3,658	1,733	159	167	106	2,257	96	127	8,303
August	2,282	1,827	639	127	172	946	144	91	6,228
September	3,049	2,001	494	63	131	1,161	137	199	7,235
October	2,091	2,049	601	62	105	1,110	161	-	6,179
November	1,745	1,719	-	120	76	1,206	178	141	5,185
December	1,701	1,912	175	44	110	1,951	94	106	6,093
Sub Total	32,467	22,784	2,348	652	1,102	16,809	1,867	1,353	79,382
Total	55,251		3,000		17,911		3,220		79,382

Magam Ruhunupura Mahinda Rajapaksha Port, Hambantota

Number of Vehicle Carriers arrived	32
Number of Vehicle Carriers departed	32
Number of Vehicles(Local) arrived	6,555
Number of Vehicles(Local) delivered	6,298
Number of Vehicles(Transshipment) arrived	2,181
Number of Vehicles(Transshipment) delivered	2,181

**DIRECTORATES
DIRECTLY
UNDER
DIRECTOR
GENERAL OF
CUSTOMS**

System and Procedure Compliance Audit Directorate

Introduction

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

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

Major Functions

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

Performance

System and Procedure Compliance Audit Directorate has conducted and successfully completed 78 audits during the year 2012

Finance Directorate

Introduction

Department of Customs is one of the major tax revenue collecting Department in the island. Accordingly it has been given a target for tax revenue collection annually by the annual estimate approved by the Parliament. The Financial Directorate is playing a major roll to assist the Director General of Custom to achieve this objective by performing under mentioned functions.

Major Functions

1. Preparing of Annual Budgetary Estimates of Expenditure and Tax Revenue.
2. Collecting, Recording and Reporting of tax revenue and Expenditure.
3. Managing Expenditure as per the allocated Provision by the annual Budgetary Estimate.
4. Render Expenditure and other financial reports to Treasury, Auditor for General and other authorities when required.
5. Administration of Deposit Account, Seized and Forfeited goods Account and Public officers Advance Accounts.
6. Preparing and render annual Appropriation Account, Revenue Accounts, Seized and Forfeited goods Account and Public officers Advance Accounts.

Functions above mentioned are performed by the Financial Directorates headed by the Director, Finance (SLAccS) through below mentioned 6 Divisions established under the supervision of the 4 Deputy Directors (SLAccS) and with Assistance of 100 Public Management Assistant and Shroffs.

- Revenue Division.
- Payments Division.
- Salaries and Pensions Division.
- Overtime Payments Division.
- Deposit Account and Fund Accounts Management Division.

Director Finance has been entrusted the Supervision, Coordination and Administration of overall financial Management function of the Department and is responsible for issuance and monitoring of Bank Guaranties Computing and Recovering of Payee Tax and Assist Human Resource Directorate in General Administration matters which affect the officials employed in the Financial Directorate.

Table 1: Details of issuance of Bank Guaranties and Payment of Payee Tax

	2011		2012	
Description	Number of companies	Amount (Rs. Millions)	Number of companies	Amount (Rs. Millions)
Bank Guaranties issued	83	421	86	289
From 2011-04-01 To 2012-03-31 (TAX YEAR)				
Description	Number of Employees	Amount (Rs. Millions)		
Payee Tax	2,866	23,110,502		

Revenue Division

Revenue Division is responsible for the collection of revenue through 41 Collection centers by operating 11 sub Collection Bank Accounts linked with main revenue account maintained at Bank of Ceylon -Taprobane Branch. Further, collected revenue is transfers daily to Deputy Secretary to the Treasury account, enabling Treasury to fulfill the funds requirements of the ministries, Departments and other Government Organizations.

Table 2: Summary of Collection of Taxes in Year – 2011 & 2012

Description	2011		2012	
	Target (Rs. Millions)	Actual (Rs. Millions)	Target (Rs. Millions)	Actual (Rs. Millions)
Import Duty	80,252	76,010	76,830	73,489
Export duty	30	17	20	21
Ports & Airport Levy	65,032	66,030	75,211	70,111
Cess Levy - Import	26,366	26,885	29,287	29,604
Regional Infrastructure Development Levy	-	6	-	7
Cess Levy -Export	3,000	2,785	3,120	3,136
Special commodity Levy	14,711	15,622	36,608	33,666
Total	189,391	187,355	221,076	210,034

Payment Division

Payment Division is responsible for making all payments under the provision made in Annual Expenditure Estimate, payments under the Public officers Advance Account and Payment under the Funds Accounts.

Table 3: Comparison of Expenditure in year 2011 & 2012

Description	2011		2012	
	Estimated (Rs. Millions)	Actual (Rs. Millions)	Estimated (Rs. Millions)	Actual (Rs. Millions)
Recurrent	1,325	1,251	1,393	1,392
Capital	1,465	1,429	903	903
Festival Advance	2011		2012	
	Number of Employees	Amount (Rs. Millions)	Number of Employees	Amount (Rs. Millions)
Festival Advance	383	1.91	360	1.8
Distress Loan	398	22.22	474	37.76
Special and Bicycle Loan			35	0.1

Salaries and Pensions Payment Division

Salaries and Pension Payment Division is responsible for the payment of salaries and payment of pension.

Table 4: comparison of Salaries & Pension Payment in year 2011 & 2012

Description	2011		2012	
	Number of Employees	Amount (Rs. Millions)	Number of Employees	Amount (Rs. Millions)
Total Payment of Salaries	1,868	864	2,092	1,007
Total Payment of Pension	100	44.2	88	35.54

Overtime Payments Division

Over Time Payment Division is responsible for Collection of overtime payment from clients who requested services of the Department after normal office hour and payment of over time to Department employers under the Custom overtime Fund.

Further this Division has been assigned to prepare and render Annual Estimates and Final Accounts, pertaining to below mentioned funds accounts.

1. Customs Overtime Fund Account.
2. Cargo Examination Fee Fund Account.

Table 5: Comparison of Customs Over Time Payment Fund in Year 2011 & 2012

Description	2011		2012	
	Received (Rs. Millions)	Paid (Rs. Millions)	Received (Rs. Millions)	Paid (Rs. Millions)
Total Payment of Overtime	598	422	583	431
Cargo Examination Fee Fund	223	341	201	162

Deposit Account and Fund Accounts Management Division

This Division is responsible for recording of receiving, certifying of payment vouchers, recoding of payments, preparing of annual estimate and annual final accounts in accordance with the public sector accounts standards of the below mentioned funds accounts.

1. Deposit account (Panel Payment Bank Guarantees, and miscellaneous)
2. Seized and Forfeited Good and Advance Account.

Table 6: Comparison of Performance of Deposit Accounts and Fund Accounts in year 2011 & 2012

Description	2011		2012	
	Received Amount (Rs. Millions)	Paid Amount (Rs. Millions)	Received Amount (Rs. Millions)	Paid Amount (Rs. Millions)
Seized and Forfeited Good Advance Accounts	2.5	3.5	2.5	3.4

Rendering of Annual Accounts

Financial Directorate is responsible for rendering below mentioned Annual Accounts to the Auditor General and the Treasury on or before 31.03.2013

- Annual Appropriation Accounts
- Annual Revenue Accounts
- Seized and Forfeited Goods and Advances Accounts and other Funds Accounts mentioned paragraph of additional responsibilities assigned to Financial Directorate.

Additional Responsibilities Assigned to Financial Directorate.

Responsibilities of Funds Accounts established under the Customs ordinance has been assigned to the Financial Directorate are as follows.

1. Manage below mentioned Funds Accounts.
 - Customs officers Reward Fund.
 - Customs officers' management and Compensation Fund.
2. Recording of receiving, certifying of payments vouchers, recording of payments, preparing of annual estimates of above mentioned Funds Accounts.

Table 7: Comparison of Performance of Advance Fund Accounts in year 2011 & 2012

Description	2011		2012	
	Received Amount (Rs. Millions)	Paid Amount (Rs. Millions)	Received Amount (Rs. Millions)	Paid Amount (Rs. Millions)
Custom Officers Reward Fund	873	816	1,078	1,009
Custom Officers Managements and Compensation Accounts	282	49	362	97

Special Tasks and Vigilance Directorate

Introduction

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

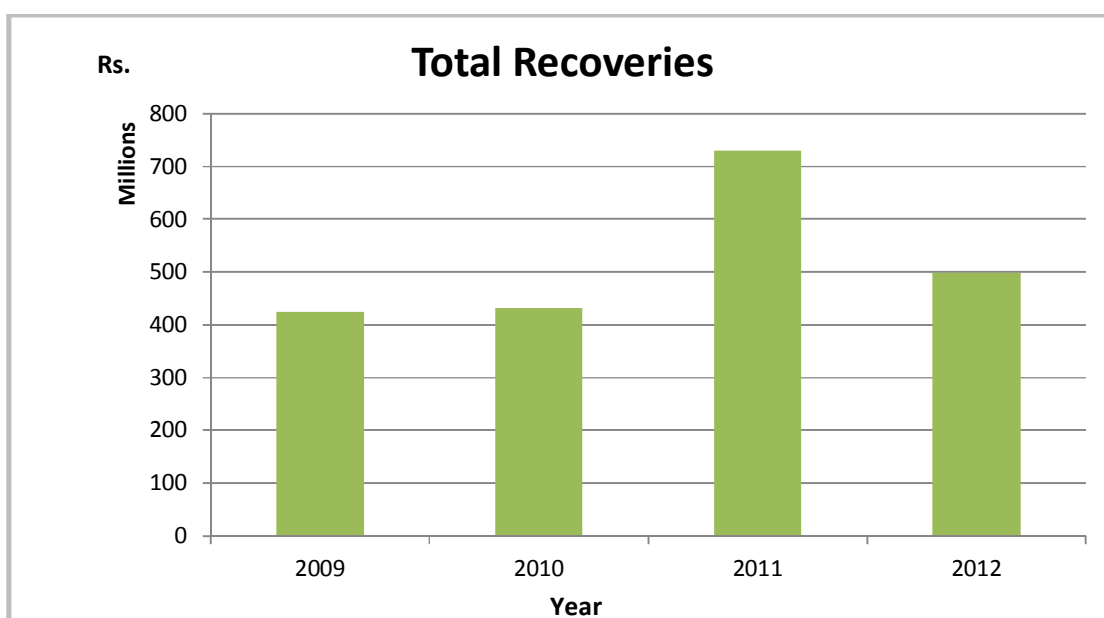
Maintain vigilance over the clearance of goods in the parcel post, courier services and other special procedures for clearance of goods.

Major functions

1. 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 reexamine any goods imported or exported and verification of the correctness of the procedures followed.
5. Intercept or search passengers or 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.

Total Recoveries at STVD in 2009, 2010, 2011 and 2012

	2009 (Rs)	2010 (Rs)	2011 (Rs)	2012 (Rs)
Penalty, AE and Duty & Other Levies	354,417,921	392,152,071	671,474,362	407,821,431
Sales Proceeds	70,179,646	39,451,881	58,642,363	91,004,686
Total Recoveries	424,597,567	431,603,952	730,116,725	498,826,117



	2009	2010	2011	2012
Commercial Imports(Sea Freight & Air Freight) - FCL & LCL	827	1,114	1,196	1,235
Unaccompanied Passenger Baggage(UPB)	622	978	991	1,058
Accompanied Passenger Baggage(BIA)	1,000	24	70	40
Total	2,449	2,116	2,257	2,333

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. Collection of revenue accurately through supervision and control of cigarettes and other manufacturing institutions.
2. Acting as the law enforcement authority in respect of the Excise (Special Provision) Act, and all thereby collection of excise duty from imported and locally manufactured excisable articles.
3. Engage in activities pertaining to the imposition of Excise Duty.

Mission and Objectives

The mission of the Excise (Special Provisions) Division is to collect excise revenue efficiently which has been imposed on articles manufactured within Sri Lanka or imported into Sri Lanka, and there by contribute to the national development process.

The objectives of the Excise (Special Provisions) Division can be broadly identified as follows:-

- A. Implementation of Excise (Special Provisions) Act No.13 of 1989.
- B. The collection and protection of revenue from articles come under the Excise such as petroleum, L.P. gas, Cigarettes, Soft drinks, race publications, and vehicle Imports, locally assembled vehicles, paints, polythene and other excisable articles.

Systems and Procedures

From the inception of this Division, Gazette Notifications which included series of the regulations and orders made under the Act, have been issued from time to time. The structure of excise Duty was also implemented according to above regulations and orders.

The Excisable articles and the revenue (Local) collected during the year 2009

	Rs. Millions
Cigarettes	37,670.16
Petroleum	7,854.18
Motor vehicles (Locally assembled)	0.11
Soft drinks	750.31
Race publication	9.14
Electrical Items (Local)others	171.16
Electrical items (CusDec) payment	-
Liquor Tax	-
S.R.L. (Local)	710.70
Paints & polythene	277.49
Court Cases	27.29
L.P. Gas	526.34
TOTAL	47,996.88

The Excisable articles and the revenue (Local) collected during the year 2010

	Rs. Millions
Cigarettes	42,132.32
Petroleum	5,650.66
Motor vehicles (Locally assembled)	15.78
Soft drinks	949.56
Race publication	9.31
Electrical Items(Local) others	284.68
Electrical items(CusDecs) payment	-
Liquor Tax	-
S.R.L.(Local)	564.33
L.P. Gas	1.65
TOTAL	49,608.29

The Excisable articles and the revenue (Local) collected during the year 2011

	Rs. Millions
Cigarettes	49,925.30
Petroleum	7,163.20
Motor vehicles (Locally assembled)	21.60
Soft drinks	1345.90
Race publication	9.40
Electrical Items(Local)others	166.00
Electrical items(CusDecs) payment	
Liquor Tax	
S.R.L.(Local)	
Paints & polythene	
Court	
L.P. Gas	
TOTAL	58,631.40

Expenditure incurred during the year

The Excisable articles and the revenue (Local) collected during the year 2012

	Rs. Millions
Cigarettes	54,241.38
Petroleum	6,900.63
Motor vehicles (Local assembled)	56.9
Soft drinks	1,668.77
Race publication	9.49
Electrical Items(Local)others	133.54
TOTAL	63,010.74

*Excise duty outstanding (Rs) 7,486,997,687.00

There is no separate expenditure scheme from 2010 all financial activities done by the departmental vote.

Legal Activities

Steps have been taken to recover penalties instituting legal actions under the Excise (Special Provisions) Act against the institutions who have deflated payment of Excise duty. Details are given below.

Number of courts appeared	20
Number of cases carried forward	279
Number cases filed during the year	Nil
No of cases finalized during the year	Nil
Recovered amount during the year	Nil