



SRI LANKA CUSTOMS ANNUAL PERFORMANCE REPORT 2013

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



Annual Performance Report 2013

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Sri Lanka Customs

2013

PRINCIPAL OFFICIALS

Mr. Jagath P. Wijeweera

Director General of Customs

Mr. A. Senanayaka

Additional Director General of Customs (Human Resources)

Mr.W.L.D.R.A. Kumarathilaka

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. S.Rajendran

Actg. Additional Director General of Customs (Corporate)

Mr.G.A.L.Gamini

Director of Customs (Preventive)

Mr.K.D.Nicolus

Director of Customs (Social Protection)

Mr. S. Rajendran

Director of Customs (Post Clearance Audit)

Mr. M. Dayaparan

Director of Customs (Central Investigation)

Mr. M.I.M.Ismil

Director of Customs (Legal Affairs)

Mr. C.N.Rajaratnam / Mr.U.Liyanage

Director of Customs (Central Intelligence)

Mr.D.A.I.Daranagama

Director of Customs (Declarations)

Mr. B.J.P.Perera

Director of Customs (Industrial Services)

Mr. D.A.P. Domingo / Mr.T.W.A.Senanayake

Director of Customs (Export)

Mr. K.A.D.R.Kristy

Director of Customs (Cargo Examinations)

Mr.S.Sivakumar

Director of Customs (Passenger Services - Colombo)

Mr. P.B.S.C. Nonis

Director of Customs (Passenger Services - Katunayake)

Mr. Jude Nilukshan

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. K.Premnath

Director of Customs (Central Valuation)

Mr. A.Kulenthiran

Director of Customs (Specialized Services)

Mr. S.Gunawardana

Director of Customs (Logistics)

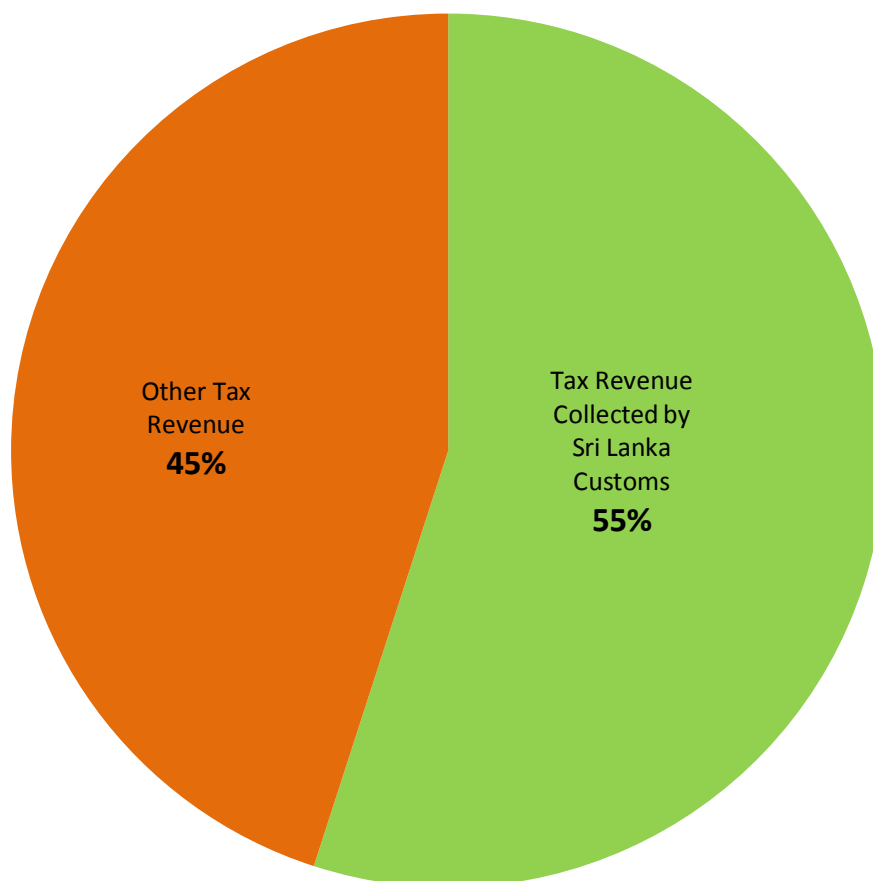
Mr. M.U.S.Perera

Director of Customs (Human Resource Management)
Mrs. I. J. Abeyrathne
Director of Customs (Human Resource Development)
Mr. Pradeep Kumara
Director of Customs (Employee Services)
Mr. Mali Piyasena
Director of Customs (Special Tasks and Vigilance)
Mr. P.T.G. Gunathilaka
Chief Accountant
Mr. Jagath Dias
Director of Customs (Revenue & Services - Provincial)
Mr. K.K. Balachandra
Director of Customs (Industries and Services - Provincial)
Mr. K.K. Vithana
Director of Customs (Passenger Services - Provincial)
Mrs. G.K. Weerasuriya
Director of Customs (Internal Audit)
Mr. U.S. Wanapushpa
Deputy Director (Statistics)
Mr. A.K.N. Wickramasinghe
Deputy Director of Customs (Exercise)

Overall Performance 2013

REVENUE COLLECTION - 2013

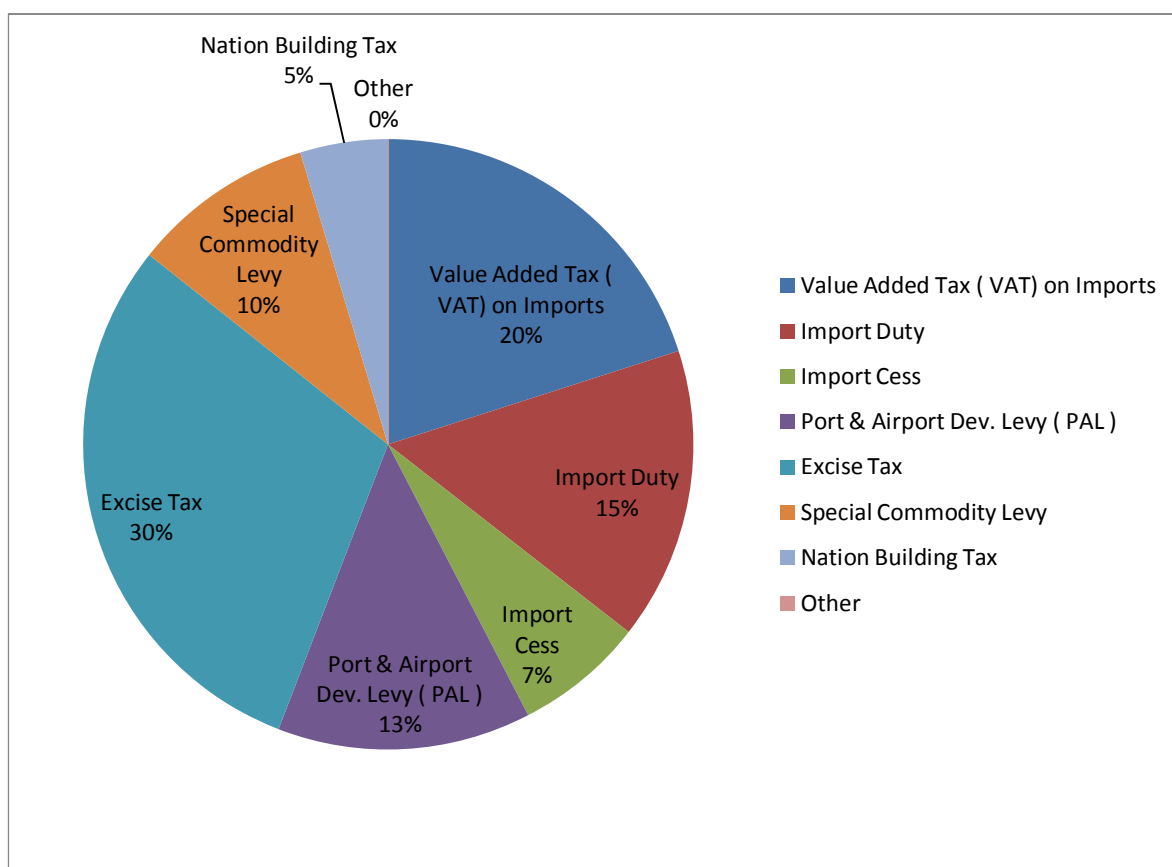
As a Percentage of National Tax Revenue*



* *Provisional Data*

IMPORT REVENUE COLLECTION – 2013: TAX COMPOSITION

CATEGORY	(Rs Millions)	As a % of Total
Value Added Tax (VAT) on Imports	96,591	20
Import Duty	74,766	15
Import Cess	33,011	7
Port & Airport Dev. Levy (PAL)	61,516	13
Excise Tax	143,606	30
Special Commodity Levy	46,705	10
Nation Building Tax	22,443	5
Other	4.47	0
Total	481,866	



Sri Lanka Customs Revenue Collection - 2013

Description		Revised Target 2013	Progress up to end of Dec.			Comparison of up to end of Dec. 2012 & 2013			
Code			Target	Actual	Deviation	2012	2013	Deviation	%
1001.01.00	Import Duty	82,591	82,591	74,766	(7,825)	73,489	74,766	1,277	2
1001.02.00	Export Duty	20	20	22	2	21	22	1	4
1001.04.00	Port & Airport Dev. Levy (PAL)	61,004	61,004	61,516	512	70,111	61,516	(8,595)	(12)
1001.05.01	Cess Levy - Import	37,362	37,362	33,011	(4,351)	29,604	33,011	3,407	12
1001.06.00	Motor Vehicle Concessionary Levy	-	-	-	-	-	-	-	-
1001.07.00	Rural Infrastructure Dev. Levy (RIDL)	-	-	1.346	1	7	1	(5)	(80)
1001.05.02	Cess Levy - Export	3,120	3,120	3,087	(33)	3,136	3,087	(49)	(2)
1001.08.00	Special Commodity Levy	50,106	50,106	46,705	(3,401)	33,666	46,705	13,039	39
Total Custom Tax Revenue		234,203	234,203	219,108	(15,095)	210,033	219,108	9,075	4
1002.05.01	Excise Tax - Cigarettes	58,222	58,222	58,534	312	53,529	58,534	5,006	9
1002.05.02	Excise Tax - Liquor	-	-	0.08	0	39	0	(39)	-
1002.05.03	Excise Tax - Petroleum	35,849	35,849	27,131	(8,719)	28,466	27,131	(1,336)	(5)
	Excise Tax - Petroleum (Import)	32,753	32,753	27,131	(5,623)	27,837	27,131	(707)	(3)
	Excise Tax - Petroleum (Local)	3,096	3,096		(3,096)	629	-	(629)	-
1002.05.04	Excise Tax - Motor Vehicle	71,906	71,906	55,517	(16,389)	46,496	55,517	9,021	19
1002.05.09	Excise Tax - Others	5,347	5,347	2,424	(2,924)	3,336	2,424	(912)	(27)
	Excise Tax - Others - Import	1,477	1,477	1,144	(333)	2,533	1,144	(1,389)	(55)
	Excise Tax - Others- Local	3,870	3,870	1,279	(2,591)	803	1,279	477	-
Total Excise Tax Revenue		171,324	171,325	143,606	(27,719)	131,866	143,606	11,740	9
1002.01.04	Value Added Tax (VAT) on Imports	123,888	123,888	96,591	(27,297)	99,469	96,591	(2,878)	(3)
1003.10.00	Social Responsibility Levy (SRL)	-	-	0	0	1	0	(1)	(82)
	Social Responsibility Levy (SRL) - Import	-		0	0	1	0	(1)	(82)
	Social Responsibility Levy (SRL)- Local	-	-	-	-	-	-	-	-
1002.12.03	Nation Building Tax	19,721	19,721	22,443	2,722	15,667	22,443	6,776	0
Total Other Tax Revenue		143,609	143,609	119,035	(24,574)	115,138	119,035	3,897	3
Total Tax Revenue		549,136	549,136	481,748	(67,388)	457,037	481,748	24,712	5
2003.02.17	Sale of Garments	95	95	91.5	(3)	105	92	(13)	(13)
2003.02.99							-	-	-
2003.99.00	Sundries	859	859	2,142	1,283	5,042	2,142		-
2003.03.00									
	Total Non Tax Revenue	954	954	2,234	(3)	5,147	2,234	(13)	(0)
Total Revenue (Tax & Non Tax)		550,090	550,090	483,982	(67,391)	462,184	483,982	24,698	5
	Net Deposits			1,231	1,231	1,774	1,231	(543)	-
Total Revenue with Deposits		550,090	550,090	485,213	(66,161)	463,958	485,213	21,255	5
						4,767	16,709		
Votes									
Debits									
Accounted but not cash received						(42)	(12)		
Cash Collected						459,233	468,492		

* Provisional figure

* Data Source – Accounts Division - Sri Lanka Customs

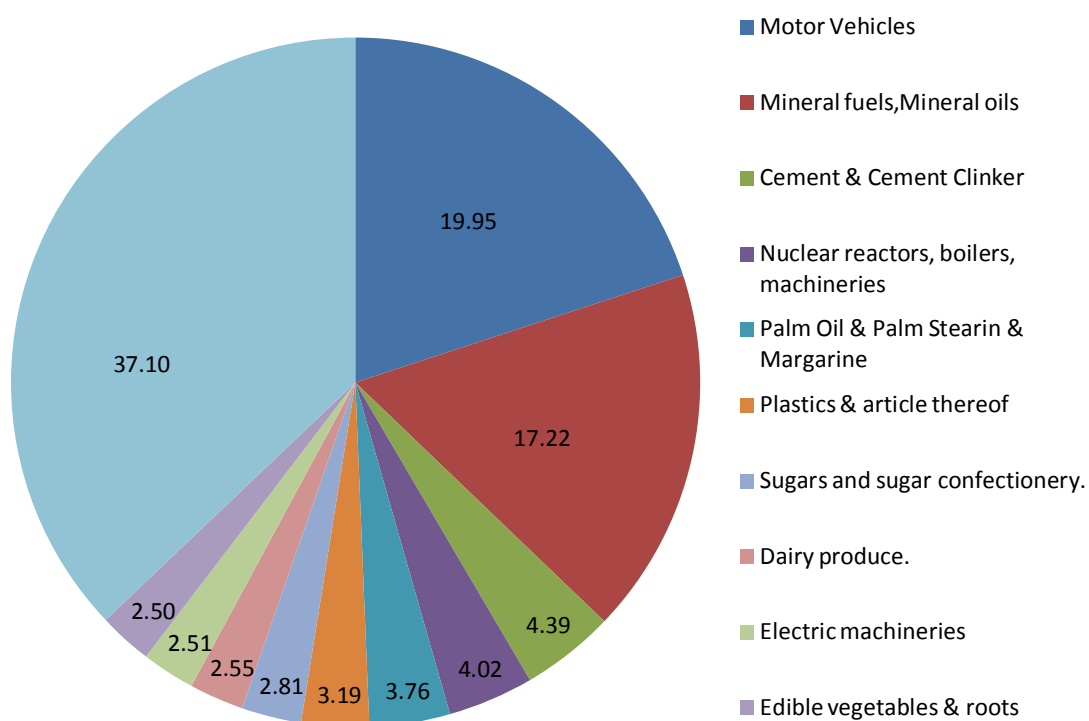
TOP FIFTY REVENUE EARNING COMMODITIES (HS CHAPTER-WISE)

Rank	HS Chapter	Description	Total Tax
1	87	Motor Vehicles	88,909,340,890
2	27	Mineral fuels, Mineral oils	76,774,999,341
3	25	Cement & Cement Clinker	19,567,106,125
4	84	Nuclear reactors, boilers, machineries	17,937,661,754
5	15	Palm Oil & Palm Stearin & Margarine	16,745,388,060
6	39	Plastics & article thereof	14,229,738,324
7	17	Sugars and sugar confectionery.	12,509,377,567
8	4	Dairy produce.	11,346,042,635
9	85	Electric machineries	11,189,856,035
10	7	Edible vegetables & roots	11,159,580,840
11	10	Cereal	10,061,862,006
12	48	Paper & paperboard	8,381,274,991
13	72	Iron or steel	8,182,058,190
14	22	Beverages	7,789,696,291
15	69	Ceramic products	7,077,415,002
16	73	Articles of iron or steel	6,960,450,154
17	40	Rubber & article thereof	6,873,678,991
18	38	Miscellaneous chemical products	4,813,522,887
19	33	Essential oil & Resinoids	3,739,644,250
20	8	Edible fruits & nuts	3,321,985,551
21	62	Articles of apparel & clothing not knitted	3,318,596,630
22	19	Preparations of Cereal,flour,starch	3,266,662,100
23	9	Coffe, Teas ,Mate & Spices	3,231,436,590
24	32	Tanning or dyeing extracts	2,673,713,485
25	94	Furniture,Prefabricated buildings	2,409,327,799
26	29	Organic chemicles	2,305,323,184
27	70	Glass & glassware	2,299,963,739
28	76	Alluminium & articles thereof	2,247,774,118
29	23	Residues and waste from the food industries	2,162,432,546
30	16	Preparations of meat, of fish or of crustaceans	2,161,237,419
31	55	Man made staple fibres	2,130,794,106
32	3	Fish & crustaceans	2,090,322,399
33	83	Miscellaneous articles of base metal	2,057,942,609
34	21	Man made staple fibres	1,995,885,338
35	52	Cotton	1,886,616,662
36	20	Preparation of vegetables ,fruits,nuts	1,698,387,293
37	96	Miscellaneous manufactured articles.	1,628,393,356
38	28	Inorganic chemical	1,577,559,760
39	34	Soap, organic surface active Agents	1,554,077,021
40	31	Fertilizer	1,546,648,679
41	74	Copper & articles thereof	1,536,341,131
42	44	Wood & articles of wood	1,479,636,534
43	68	Articles of stone ,plaster,cement,	1,357,840,376
44	90	Optical,photographic,cinematographic	1,253,509,939
45	64	Footwear ,	1,227,603,542
46	82	Tools, implements, cutlery, spoons	1,143,768,011
47	61	Articles of apparel & clothing	1,048,008,283
48	11	Product of milling industries	913,371,753
49	60	Knitted or Croched Fabric	827,109,788
50	14	Bamboos, Cotton linters,	823,838,762

SIGNIFICANT REVENUE EARNING COMMODITIES IN DESCENDING ORDER 2013

Description	Total Tax	As a Percentage Against Total Revenue (%)
Motor Vehicles	88,909,340,890	19
Mineral fuels, Mineral oils	76,774,999,341	17
Cement & Cement Clinker	19,567,106,125	4
Nuclear reactors, boilers, machineries	17,937,661,754	4
Palm Oil & Palm Stearin & Margarine	16,745,388,060	3
Plastics & article thereof	14,229,738,324	3
Sugars and sugar confectionery.	12,509,377,567	2
Dairy produce.	11,346,042,635	2
Electric machineries	11,189,856,035	2
Edible vegetables & roots	11,159,580,840	2
Other	165,362,291,913	37

Significant Revenue Earning Commodities in Descending Order - 2013

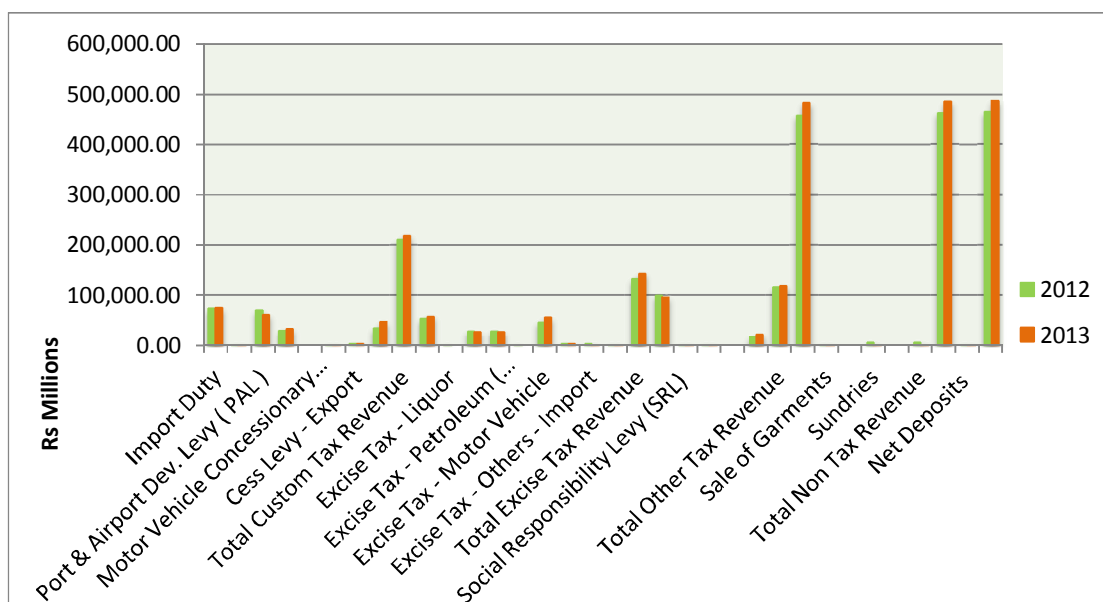


COMPARISON OF REVENUE COLLECTION - 2012 AND 2013

(Rs. Millions)

CATEGORY	2012	2013	DEVIATION
Import Duty	73,488.80	74,765.96	1,277.16
Export Duty	20.863	21.658164	0.795164
Port & Airport Dev. Levy (PAL)	70,110.73	61,516.09	-8,594.63
Cess Levy - Import	29,603.82	33,010.93	3,407.11
Motor Vehicle Concessionary Levy	0	0	0
Rural Infrastructure Dev. Levy (RIDL)	6.80	1.35	-5.456
Cess Levy - Export	3,136.46	3,087.14	-49.32
Special Commodity Levy	33,665.84	46,704.89	13,039.05
Total Custom Tax Revenue	210033.303	219108.0189	9074.71
Excise Tax - Cigarettes	53,528.69	58,534.24	5,005.55
Excise Tax - Liquor	39.0804	0.0752	-39.0052
Excise Tax - Petroleum	28,466.07	27,130.55	-1,335.52
Excise Tax - Petroleum (Import)	27,837.50	27,130.55	-706.95
Excise Tax - Petroleum (Local)	628.58	0.00	-628.58
Excise Tax - Motor Vehicle	46,495.74	55,517.12	9,021.39
Excise Tax - Others	3,336.09	2,423.83	-912.26
Excise Tax - Others - Import	2,533.48	1,144.39	-1,389.09
Excise Tax - Others- Local	802.61	1,279.44	476.83
Total Excise Tax Revenue	131,865.67	143,605.82	11,740.15
Value Added Tax (VAT) on Imports	99,469.33	96,590.88	-2,878.45
Social Responsibility Levy (SRL)	1.29	0.23	-1.06
Social Responsibility Levy (SRL) -Import	1.29	0.23	-1.06
Social Responsibility Levy (SRL)-Local	0.00	0.00	0.00
Nation Building Tax	15,667.26	22,443.44	6,776.17
Total Other Tax Revenue	115,137.89	119,034.54	3,896.66
Total Tax Revenue	457,036.86	481,748.38	24,711.52
Sale of Garments	104.69	91.51	-13.17
Sundries	5,042.17	2,142.35	
Total Non Tax Revenue	5,146.86	2,233.87	-13.17
Total Revenue (Tax & Non Tax)	462183.7168	483982.247	24698.34687
Net Deposits	1,774.00	1,230.52	-543.49
Total Revenue with Deposits	463957.7168	485212.762	21255.045

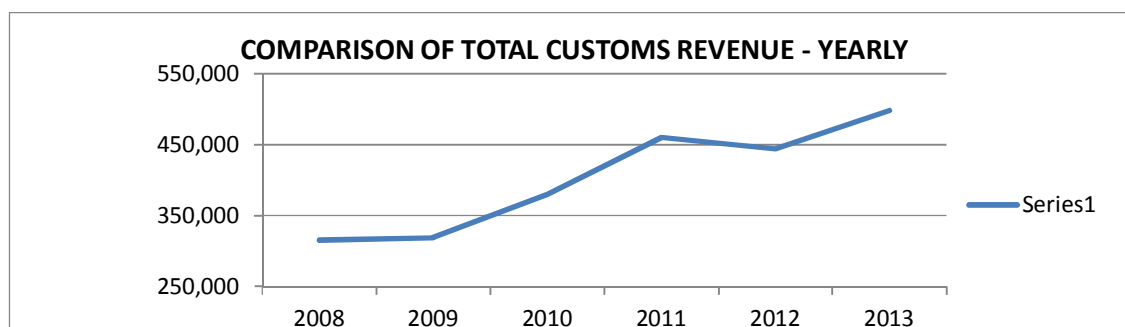
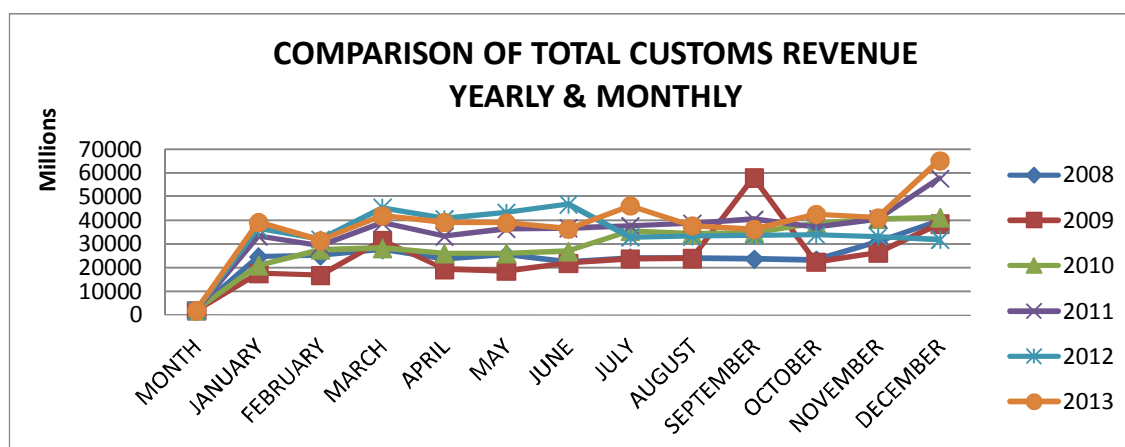
COMPARISON OF REVENUE COLLECTION - 2012 AND 2013



COMPARISON OF TOTAL CUSTOMS REVENUE - YEARLY & MONTHLY

(Rs. Millions)

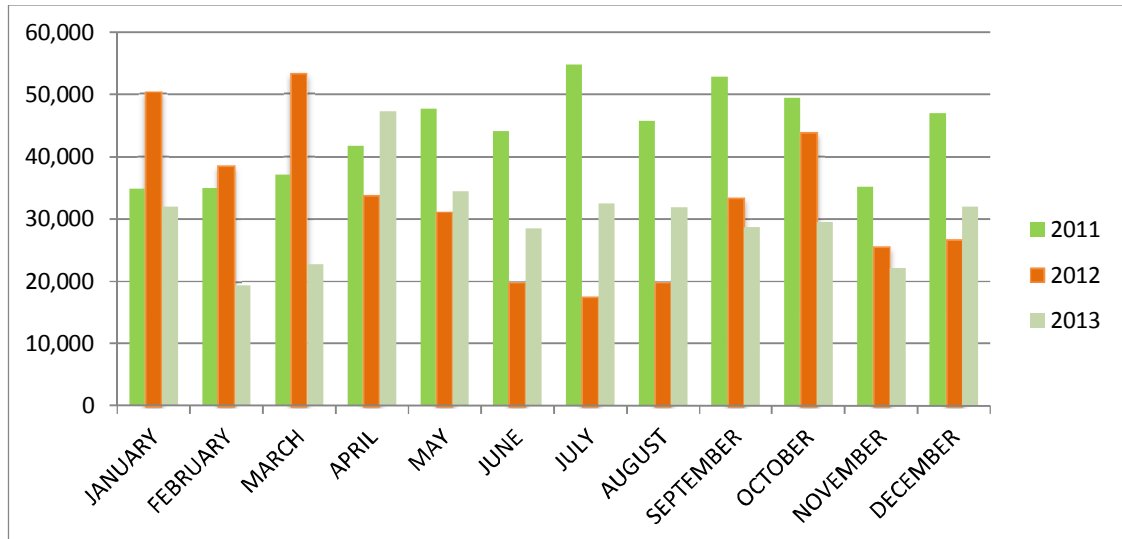
MONTH	2008	2009	2010	2011	2012	2013
JANUARY	24,709	17,582	20,973	33,334	36,759	39,161
FEBRUARY	25,198	16,886	27,635	29,384	32,071	31,490
MARCH	27,701	31,520	28,276	38,853	45,402	41,938
APRIL	23,732	19,401	25,968	33,264	40,701	39,133
MAY	25,433	18,666	26,127	36,451	43,343	38,875
JUNE	22,370	21,856	26,949	36,743	46,809	36,363
JULY	24,279	23,788	35,494	37,725	32,940	46,159
AUGUST	24,080	23,964	34,429	38,763	33,310	37,737
SEPTEMBER	23,714	57,971	34,620	40,482	33,643	36,258
OCTOBER	23,327	22,424	38,703	37,156	33,890	42,603
NOVEMBER	30,923	26,380	40,527	40,537	33,073	41,169
DECEMBER	39,772	38,545	41,201	57,650	31,916	65,227
TOTAL	315,236	318,982	380,903	460,343	443,858	498,126



MOTOR VEHICLES IMPORTS

Number of Units Imported

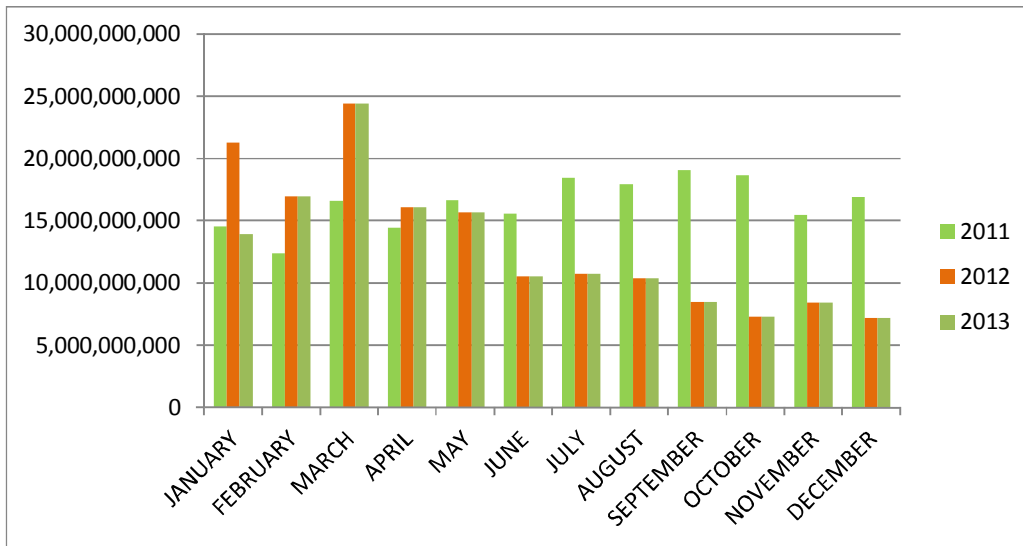
	UNITS		
	2011	2012	2013
JANUARY	34,883	50,311	31,973
FEBRUARY	34,985	38,477	19,372
MARCH	37,126	53,228	22,667
APRIL	41,712	33,767	47,239
MAY	47,794	31,080	34,541
JUNE	44,178	19,862	28,484
JULY	54,851	17,519	32,489
AUGUST	45,842	19,800	31,879
SEPTEMBER	52,843	33,313	28,674
OCTOBER	49,480	43,758	29,577
NOVEMBER	35,192	25,505	22,174
DECEMBER	47,022	26,668	31,974
TOTAL	525,908	393,288	363,056



MOTOR VEHICLES IMPORTS

CIF Value

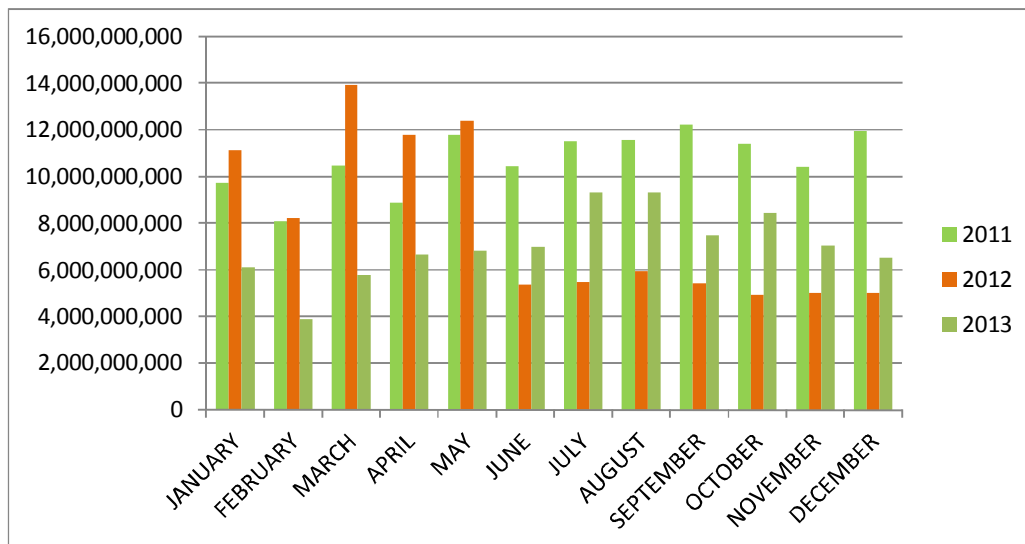
	CIF (Rs.)		
	2011	2012	2013
JANUARY	14,523,722,878	21,256,336,140	13,918,084,078
FEBRUARY	12,373,845,242	16,954,170,840	16,954,170,840
MARCH	16,554,923,978	24,426,409,258	24,426,409,258
APRIL	14,428,851,903	16,083,149,987	16,083,149,987
MAY	16,615,696,882	15,659,343,418	15,659,343,418
JUNE	15,565,149,707	10,556,027,168	10,556,027,168
JULY	18,429,774,777	10,720,764,216	10,720,764,216
AUGUST	17,907,567,940	10,329,151,341	10,329,151,341
SEPTEMBER	19,059,350,081	8,438,231,519	8,438,231,519
OCTOBER	18,640,067,761	7,275,261,435	7,275,261,435
NOVEMBER	15,474,611,733	8,406,879,450	8,406,879,450
DECEMBER	16,909,220,753	7,179,033,205	7,179,033,205
TOTAL	196,482,783,635	157,284,757,977	149,946,507,928



MOTOR VEHICLES IMPORTS

Tax Revenue

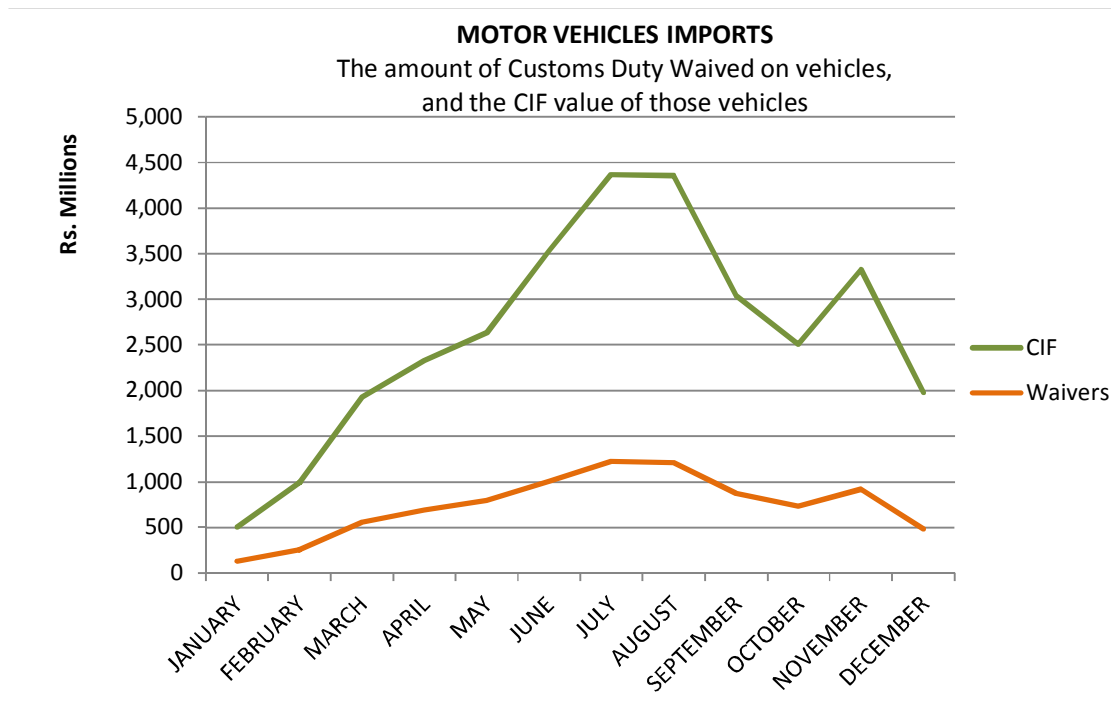
	REVENUE (Rs.)		
	2011	2012	2013
JANUARY	9,725,110,365	11,109,844,511	6,110,180,354
FEBRUARY	8,069,640,783	8,233,046,108	3,900,074,807
MARCH	10,464,242,348	13,911,906,605	5,777,845,610
APRIL	8,868,923,698	11,783,621,944	6,648,146,874
MAY	11,783,367,142	12,364,583,772	6,821,280,690
JUNE	10,444,041,904	5,354,183,367	6,984,718,534
JULY	11,506,136,845	5,455,760,513	9,299,717,685
AUGUST	11,578,660,244	5,918,646,790	9,301,914,023
SEPTEMBER	12,229,833,942	5,413,904,828	7,463,853,161
OCTOBER	11,398,540,101	4,922,883,651	8,433,628,709
NOVEMBER	10,424,804,707	4,996,455,008	7,028,786,552
DECEMBER	11,923,432,615	5,008,196,732	6,514,730,458
TOTAL	128,416,734,694	94,473,033,829	84,284,879,470



MOTOR VEHICLES IMPORTS

Customs Duty waived on vehicles

Month	CIF Value	Customs Duty Waived
JANUARY	507,362,381	127,473,589
FEBRUARY	991,789,485	253,103,878
MARCH	1,929,609,076	553,357,122
APRIL	2,330,898,248	686,453,871
MAY	2,635,223,342	794,043,230
JUNE	3,540,353,743	1,002,225,223
JULY	4,368,038,163	1,223,655,314
AUGUST	4,353,321,184	1,207,758,653
SEPTEMBER	3,037,955,431	871,273,235
OCTOBER	2,505,415,842	733,615,917
NOVEMBER	3,329,255,371	920,967,851
DECEMBER	1,983,618,624	485,394,324



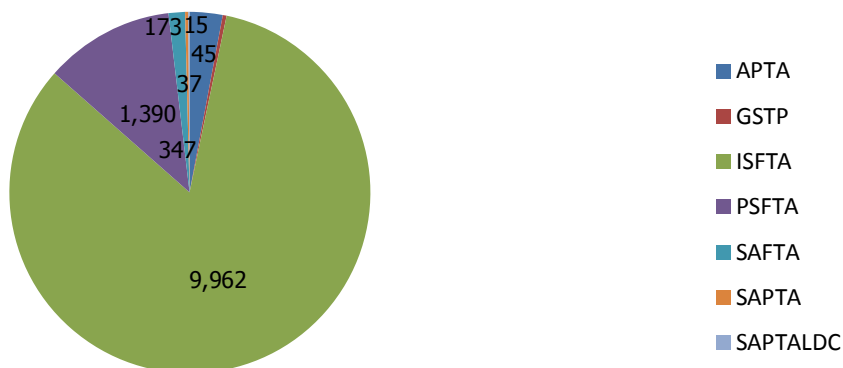
DUTY WAIVED ON SPECIAL PROJECTS

PROJECT	VALUE (Rs.)	DUTY Waived (Rs.)
Colombo Katunayake Express Way Project	510,494,519	59,837,212
Other Road Development Projects	3,744,061,743	8,671,006,188
Port Development Project - HAMBANTHOTA	4,576,384,534	557,913,794
Moragahakanda Development Project	447,581,701	40,412,262
Lotus Tower Project	1,015,914,956	151,472,902
Uma Oya Multipurpose Development Project	8,965,080,664	272,235,015
TOTAL	14,683,133,584	9,194,963,579

IMPORTS UNDER PREFERENTIAL TRADE AGREEMENTS - YEAR 2013

TRADE AGREEMENT	NUMBER OF CusDecs	NET MASS (kg)	SUPPLY UNITS	VALUE (Rs.)	TOTAL TAXES (Rs.)
APTA	347	7,243,988	6,269,828	1,582,842,300	520,981,813
GSTP	45	2,200,069	2,882	1,816,889,457	3,577,441,007
ISFTA	9,962	1,399,411,935	1,365,241,211	50,682,034,352	23,355,248,652
PSFTA	1,390	999,606,873	1,010,136,758	15,472,880,496	4,383,418,620
SAFTA	173	1,100,485	1,230,655	202,015,041	114,833,205
SAPTA	37	253,293	253,327	51,315,210	17,651,074
SAPTALDC	15	114,579	114,579	36,742,673	14,346,160
TOTAL	11,969	2,409,931,221	2,383,249,239	69,844,719,529	31,983,920,531

Imports Under Free Trade Agreements



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

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

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

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

2. Detections, seizures, investigations and prosecutions.

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

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

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

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

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

3. Ensuring the collection of due State revenue

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

The details of the cases conducted by the preventive division during the year 2013 are as follows.

Number of cases registered	3,050
Number of cases completed	2,473
Number of cases where offences established and forfeitures/penalties imposed	378
Total amount of penalties, forfeitures collected	Rs. mil 251.48
Total amount collected as A/E	Rs. mil 31.61
Total duty amount collected (Local sales)	Rs. mil 745.84
Total overtime or other recoveries	Rs. mil 91.93
Total collection in millions	Rs.Mil 1,120.67

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

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

Major Functions

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

Narcotic Control Division

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

Major Functions

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

Narcotic Detections for the year 2013

Description	Quantity (g)	Value (Rs)
Heroin	2528.00	17,072,000.00
Methamphetamine	1970.00	25.61 million
Khat Plant	50000.00	78,000.00

Detections of other Divisions of Sri Lanka Customs

Description	Quantity (g)	Value (Rs)
Heroin	30100.00	240,800,000.00
Cannabis	10056.00	1,500,000.00

Detections other than Narcotics

Month	Description	Value (Rs)
January	Onion Seeds -20 Kg	2000/-
	Gukta Brand Chewing Tobacco	14000/-
	Abortion Tablets - 94 Cards	9400/-
February	Cigarette -375 Ctns	1,125,000/-
	Chewing Tobacco -13 Kg	13000/-
	Clanazepam 2mg Tablets -2610 Card	522,000/-
March	Deprovera Injections -4990 Vials	1497,000/-
	Mifeprin Tablets -344 Cards	34400/-
	Cigarette -119 Ctns	357,000/-
	Rivtril Tablets - 650 Cards	195000/-
	Pang Parag - 5.5 Kg	550,000/-
	Face Cream - 130 Cips	13,000/-
April	Misoprost -400 Tablets	40,000/-
	Cardamom - 110.3 Kg	110,300/-
	Cigarette -10 Ctns	30,000/-
	Big Onion Seeds -195 Kg	19500/-
	Rivotril Tablets - 2998 Cards	899,400/-
	Depo Provera -1116 Vials	334800/-
	Tramadol Hydrochloride - 3500 Capsules	1,050,000/-
May	Western medicine - 1135 injections	340500/-
	Mifeprin - 200 cards	20000/-
	Rivotril Tablets-450 cards	135000/-
	Pan parag -10kg	100000/-
	Misoprostol-850 cards	85000/-
June	Misoprostol- 90cards	9000/-
	Surgical Blades- 1000 nos	100000/-
July	Cigarettes -60 Cartons	120000/-
	Rovotril Tablets -600 Ctns	300000/-
	Circumscision Devices -1000 nos	50000/-
	Misoprost Tablets -1000 nos	350000/-
August	Cosmetics	47000/-
	Assorted Western Drugs	112082/-
September	Tramadol Hydrochloride -500 cards	100000/-
	Top Mountain Cigarettes - 401 ctns	2120000/-
October	Tramadol Hydrochloride -467 cards	800600/-
	Misaprostol -125 cards	31280/-/-
November	Misaprostol -88 cards	8800/-
	Rovotril Tablets -720 cards	72000/-
December	Assorted Western drugs	57750/-
	Fake USD & CHF Notes	416500/-
	Tramaadol Hydrochloride -1000 tablets	13600/-
	Misoprostol -136 tablets	13600/-
	Cigarette 100	300000/-

Details of a few detections in brief

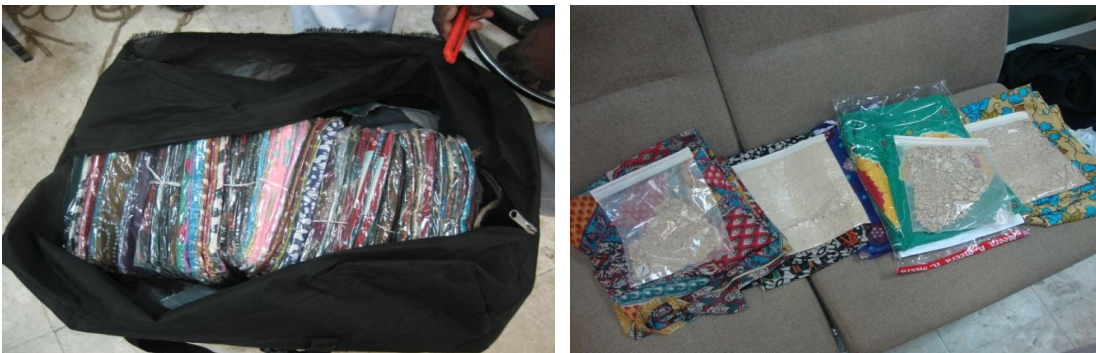
Date: 01.01.2013



Because of the suspicious behavior, a male passenger was stopped for checking at the Bandaranaike International Airport Green channel Arrival Terminal. On preliminary examination of his 'Emcora Brand' travelling bag 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 1970g is concealed inside the plastic liner of the travelling bag

Preliminary investigation reveals that the passenger is from Iran.

Date: 24.02.2013



Because of the information received, two passengers were stopped for checking at the Bandaranaike International Airport Red channel Arrival Terminal. On examination of their baggages Narcotic Control Unit officers found some packets containing brown colour substance suspected to be heroin weighing 1018 g concealed inside garments.

Preliminary investigation reveals that the female passenger is Sri Lankan and the male passenger is an Indian whom has travelled between Sri Lanka and India frequently.

Summary

- ❖ No. of Cases registered in 2013 - 68
- ❖ No. of Cases Completed - 55
- ❖ No. of Cases of Offences established and forfeitures penalties imposed - 42
- ❖ Total Penalties, forfeitures Collected - 225,855/-
- ❖ Total Value of Goods forfeited - 34,862,832/-
- ❖ No. of uncompleted cases in 2013 - 13

Biodiversity, Cultural and National Heritage Protection Division

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

Major Functions

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

Detections by the officers attached to Biodiversity, Cultural and National Heritage Protection (BCNP) Division in the year 2013

	Date	Production	
1	2013.01	Peacock Feathers	BCNP
2	2013.01	Peacock feathers	BCNP
3	2013.01	Antique not	BCNP
4	2013.01	Sea cucumber	BCNP
5	2013.01	Sea cucumber	BCNP
6	2013.02	Live fresh water crabs	BCNP
7	2013.02	Sea shells	BCNP
8	2013.03	Antique coins	BCNP
9	2013.02	Deer horns, Sea corals	BCNP
10	2013.03	Antique coins	BCNP
11	2013.04	Fresh water fish, fresh water crabs	BCNP
12	2013.03	Sea shells, Sea corals	BCNP
13	2013.03	Sea corals	BCNP
15	2013.04	Kothala himbutu (<i>Salacia reticulata</i>)	BCNP
16	2013.05	Antique Coins	BCNP
17	2013.05	Protected sea shells	BCNP
18	2013.06	Live lobster	BCNP
19	2013.06	Antique coins, Antique lime containers	BCNP
20	2013.04	Sea shells	BCNP
21	2013.07	Sea cucumber	BCNP
22	2013.07	Mahogany timber	BCNP
23	2013.07	Ebony furniture, Ivory statue, Antique coin	BCNP
24	2013.07	Protected sea shells	BCNP
25	2013.07	Protected sea shells	BCNP
26	2013.07	Ivory bangals, Necklace	BCNP
27	2013.07	Walla patta	BCNP
28	2013.07	Deer leather	BCNP
29	2013.10	Sandalwood oil	BCNP
30	2013.09	Live birds	Baggage
31	2013.10	Walla patta	BCNP
32	2013.10	Walla patta	BCNP
33	2013.10	Sandalwood oil	BCNP
34	2013.10	Sandalwood oil, sticks	BCNP
35	2013.10	Sandalwood oil	BCNP
36	2013.10	Sandalwood oil	BCNP
37	2013.10	Walla patta	BCNP

Prevented an attempt to illegally export Kothala Himbutu (*Salacia reticulata*)



On 2013 April 12, Sri Lanka Customs prevented an attempt to illegally export an indigenous herb used in the traditional Ayurveda treatment of diabetes. The herb attempted to be smuggled abroad Kothala himbutu (*Salacia reticulata*) is an indigenous plant that grows in dry zone forests in Sri Lanka. A Sri Lankan businessman has attempted to smuggle 323 kilograms of Kothala himbutu in 12 packages through a courier service. The consignment was bound for Japan.

Kothala himbutu; scientifically classified as *Salacia reticulata* is a plant that has medicinal values being used in Indigenous medicine for centuries to treat Diabetics and various injuries. Scientists tried to separate the active genetic compounds in Kothala himbutu with the intention to make drugs to treat diabetes and various injuries, creating a big demand. Wild Kothala himbutu can be mainly found in the dry and intermediate zones of Sri Lanka.

However, Kothala himbutu is a slow growing plant and it takes about 40 to 50 years to become a reasonably mature that is good for harvesting. Uncontrolled collection of Kothala himbutu has already depleted its wild populations, and it will be categorized as an endangered plant in Sri Lanka in the Red list of threatened fauna and flora.

Prevent an attempt to smuggle items of historical value



Sri Lankan Passenger attempted to smuggle out ancient coins of historical values belonging to the Polonnaruwa era and periods of Dutch, Portuguese and British rule, by concealing in their baggage were arrested on 22/03/2013 at the Bandaranaike International Airport by the Sri Lanka Customs.

Above mentioned items was forfeited since, taking out the items out of the country which carry an archaeological value as determined by the Director General of the Department of Archeology, without the valid license/ permit issued by the said an authority is an offense in terms of the Customs Ordinance read with provisions of the Antiquities Ordinance.

Illegal Sea shells forfeited when attempting to export.



Biodiversity Cultural and National Heritage Protection Division (BCNP) of the Sri Lanka Customs was able to apprehend consignment of seashells on 27th March 2013, when a foreign passenger an attempt was made to smuggle them out of the country.

The Queen conch, also known as the Pink conch is protected under the Convention on International Trade of Endangered Species of Wild Fauna and Flora (CITES).

Conchs were over-fished in many countries and it is illegal to carry large quantities and export large quantities without permission. However, there is a huge demand for conch meat and shells in the international market. Some marine shells and molluscs are protected under the Fauna and Flora Protection Ordinance. Shells protected under that ordinance cannot be picked off the beaches even if they are dead shells.

Some varieties of seashells are very much in demand in the export market as they are used to make traditional bangles to be worn in marriage ceremonies.

Prevent the attempting to export Restricted Timber



A consignment of Mahogany Timber (*Swetinia macrophylla*) that had been in the process of being illegally smuggled out of the country was detected by Sri Lanka Customs on 5th July 2013. The container had been routed to Maldives.

Exportation of Mahogany needs valid license from the Department of Forests. So this is a violation of Customs Ordinance read with Forest Ordinance. Customs imposed a penalty to Offender Company for the above violation.

Uncovered an attempt to smuggle out restricted aquatic fauna



Officers attached to Biodiversity, Cultural and National Heritage Protection Division (BCNP) uncovered an attempt to smuggle out a consignment of restricted live fresh water Fishes and Freshwater Crabs from the country on 4th April 2013.

The consignment included restricted fresh water fish species of Flower fin Barbs (*Rasboridae veterifloris*) in Sinhala Halmal Dandiya and Restricted Fresh water crabs (*Macrobrachium spp*). These aquatic fauna were planned to be exported to Qatar. Forfeited the animals and the offender company was penalized and handed over the aquatic fauna to National Zoological Gardens.

This is a violation of Customs Ordinance read with Fisheries and Aquatic Resources Act.

Detection of Restricted furniture articles



Detected FCL container declared as personnel effects including furniture with ebony, antiques coins attempted to take out of Sri Lanka on 05.07.2013. The consignment was scheduled to be shipped to Malaysia on 06.07.2013. 24 no's of wooden furniture, 86 no's antique coins and 01 ivory statue were found as undeclared in the container. Out of 24 numbers of undeclared wooden furniture, 19 items were consisted with either ebony or ebony with calamander wood ("Kalumadiyaya").

Exportation of furniture consisted with Ebony wood is restricted under the Forest Conservation Ordinance Act No. 65 of 2009 and extra ordinary gazette notification number 1161/6 of 05.12.2000 issued under Forest (Amend) Act No. 23 of 1995

Articles made out of ivory cannot be exported without a valid permit issued by Department of Wild life Conservation as per the section 40 of Fauna and Flora Protection Ordinance No. 2 of 1937 and Amend. Act No 22 of 2009.

Antiques cannot be exported without a valid permit issued by the Department of Archaeology under section 36 of the Antiquities Ordinance No. 9 of 1940 and Amend. Act No 24 of 1998.

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



Two barrels of Sandal wood oil contain 50kgs of oil were detected at the time were being prepared for export to Singapore on 07.10.2013 at Air Cargo terminal via courier company. The goods were declared as fragrance oil and samples.

Sandalwood (*Santalum album*) is a protected plant under Fauna and Flora Protection Ordinance Amend. Act No. 22 of 2009. So, exportation of sandalwood is violation under Fauna and Flora Protection Ordinance (Amend.) Act No. 22 of 2009 and Forest Conservation Ordinance (Amend.) Act No. 65 of 2009.

Detection of Wallapatta (*Gyrinops walla*) in BIA



Two Cambodian Passengers have been arrested at Bandaranayake International Air-port on 07.10.2013 when they attempted to leave the country with restricted 31 kgs of Wallapatta (*Gyrinops walla*) wooden pieces. The haul of wallapatta has been forfeited and suspects were penalized.

Wallapatta is an endemic plant which is traditionally used for medicinal purposes. However, it produces a resinous substance which fetches high price in other countries as it is used in the production of perfumes.

Summary

Biodiversity related cases	28
Antique related cases	10
Biodiversity related cases (Registered in other Branches)	03
Antique related cases (Registered in other Branches)	03

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.

Cases Handled in 2013

Month	Description of Commodities	Recoveries (Penalties)
January	Toothpaste/Ceramic Tiles/Electric Jugs	Rs.580,000
February	Galvanized Wire Rods/ Batteries/ Sewing Thread	Rs.145,000
March	Ceramic Tiles/ Skin Powder/ Porcelain Ware	Rs.932,000
April	Ceramic Tiles	Rs.416,000
May	Porcelain ware/Tiles/Lamps	Rs. 570,000
June	Tiles/ Batteries/ Fans/ Flasks	Rs.425,000
July	Electric Jugs/Fans/ Ceramic Tiles	Rs.1,315,340
August	Tiles/ Steel Pipes/ Fans/ Margarine/ Flasks	Rs. 5,778,371
September	Ceiling Fans/ GI Pipes/ Tiles/ Switches/ Helmet/ Sewing Thread	Rs. 2,387,925
October	Tiles/ Steel Pipes/ Canned Fish/ Ceiling Fans/ Skin Powder	Rs.5,410,492
November	Tiles/ Fans/ Batteries/ Electric Kettles/ Electric Jugs	Rs. 3,717,900
December	Tiles/ Electric Jugs/ Canned Fish Hot Plate/ Wire rods/ Vacuum Flask	Rs. 2,942,740

Performance summary in 2013

Number of cases registered	297
Number of Cases of Offences established and forfeitures penalties imposed	204
Number of cases finalized	246
Total amount of penalties and forfeitures collected	Rs.30,999,180
Total Number of court cases on IPR	4
Total SLSI entries handled	3852

Post Clearance Audit Directorate

Introduction

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

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

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

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

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

Primary Objectives

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

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.

ITEMS TO BE VERIFIED IN PCA

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

Duty Base Related items	Duty Rate Related items	Duty Amount Related items	Others
Value Quantity Currency exchange rate	Classification Application of general rates Preferential rates	Exemptions Justifications Amount Accuracy of duty calculation	Restrictions Prohibitions Import License IPR CITES

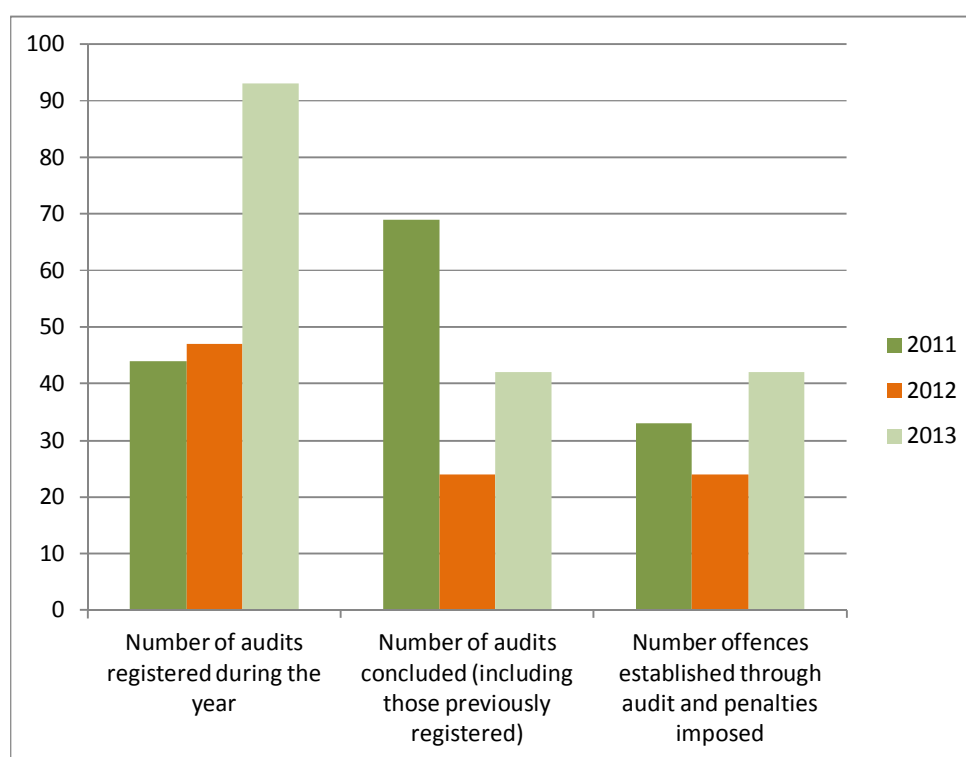
It should be noted that the above items can be examined in customs clearance and / or pre - clearance verification stages before PCA. The approach in PCA should be different from one in customs clearance (pre-clearance verification) to avoid unnecessary duplication between them and to maximize the merits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

Post Clearance Audits Division

Performance during the year 2013 (compared with 2011 & 2012)

	2011	2012	2013
Number of audits registered during the year	44	47	93
Number of audits concluded (including those previously registered)	69	24	42
Number offences established through audit and penalties imposed	33	24	42
Total amount of penalties recovered	Rs: 42,439,788	Rs: 165,713,513	Rs: 251,181,532
Total value of the goods forfeited	NIL	Rs: 278,159,754	NIL
Total amount collected as Additional Revenue	Rs: 153,764,042	Rs: 41,223,576	NIL

Performance comparison –2011, 2012 & 2013



Refunds Division

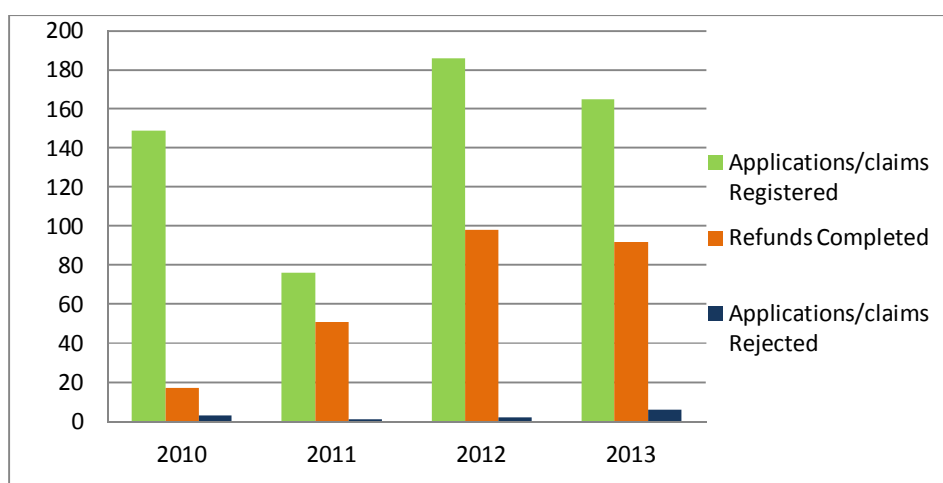
Status of Refund Claims

Comparison with previous years (2010, 2011 & 2012)

Year	2010	2011	2012	2013
Applications/claims Registered	149	76	186	165
Refunds Completed	17	51	98	92
Applications/claims Rejected	03	01	02	06

Status of Refund Claims

Comparison with previous years (2010, 2011 & 2012)



Risk Management Unit

Main Functions

1. Selection of High Risk Cargo

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

2. Fast Track Documentation Program at Long Room

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

3. Revenue Research

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

4. Establishment of Automated Valuation Reference Database

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

Central Investigations Directorate

Introduction

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

Therefore, the main objectives of the Directorate are to;

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

To support in achieving the Department's mission, productively

Major Functions

- Investigation into the cases detected by other Directorates (other than Special Task & Vigilance – ST&V and Preventive Directorates)
- Detection and investigation into Customs violations
- Maintaining Central Case Register (CCR)
- Monitor the progress of the investigations conducted by Special Task & Vigilance – ST&V and Preventive Directorates
- Update the finalized cases in CCR
- Distribute rewards of all finalized cases in the department

1. General improvements

A. Investigations of CIB

- | | |
|---|---------------------|
| a. No. of Cases detected by the directorate | - 90 |
| b. No. of cases finalized | - 67 |
| I. Penalty recovered | - Rs.325,000.00 |
| II. Further/mitigated forfeiture | - Rs.394,099,008.00 |
| III. A/E recovered | - Nil |
| IV. Sales precede | - Rs.21,216,796.00 |

B. Investigations of other divisions

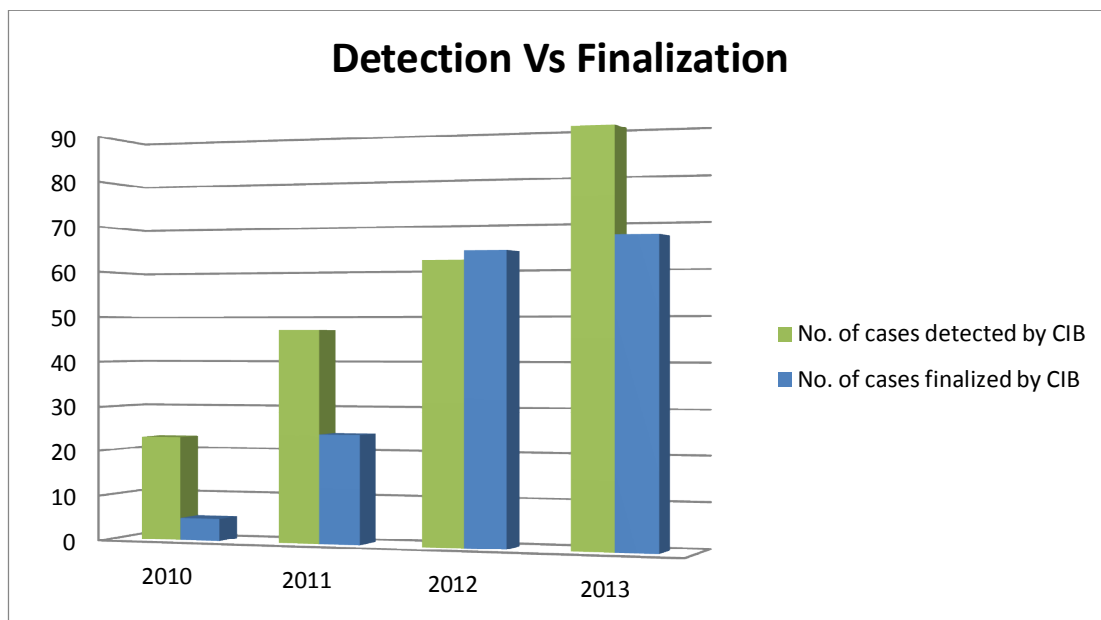
- | | |
|---|--|
| a. No. of files sent to CIB for investigation from other branches during the period | |
|---|--|

C. Maintenance of Central Case Register (CCR)

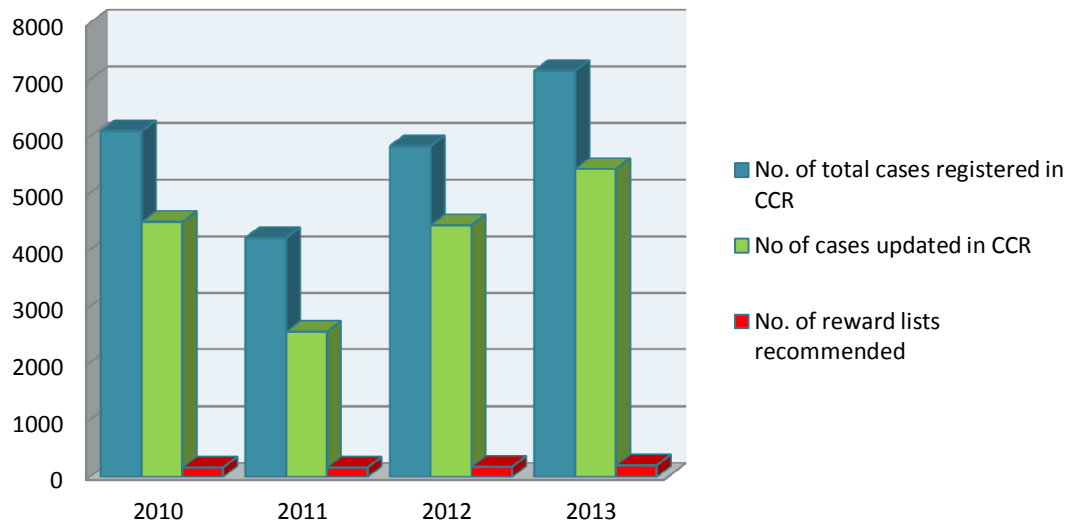
- | | |
|--|---------|
| a. No. of files produced to be registered in CCR | - 7,158 |
| b. No. of cases updated in CCR | - 5,427 |
| c. No. of reward lists recommended | - 204 |

2. Comparison of performance

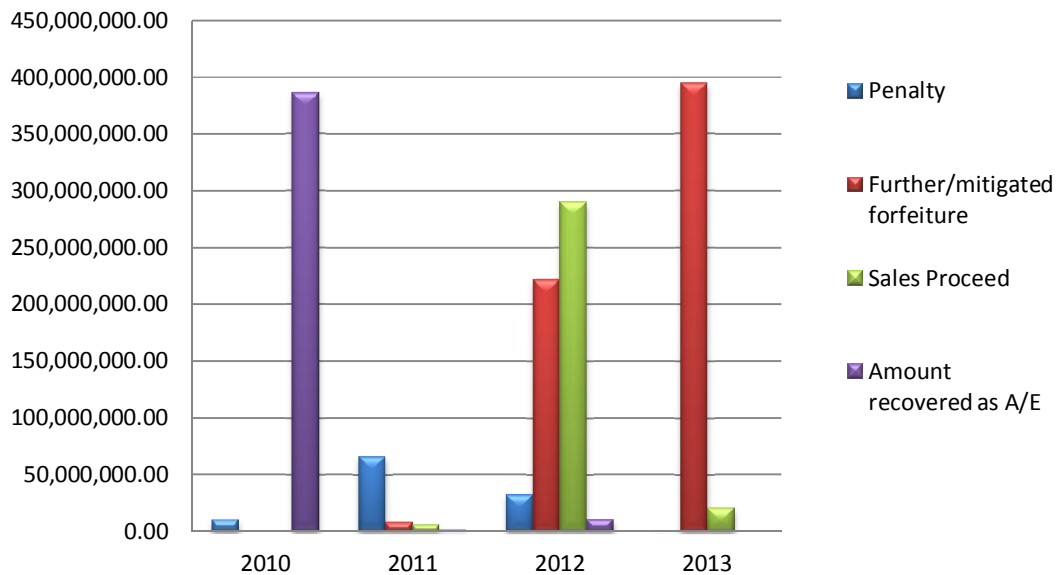
Year	2010	2011	2012	2013
No. of cases detected by CIB	23	48	62	90
No. of cases finalized by CIB	5	21	64	67
Cases finalized as "NFA"	2	8	3	24
Penalty	9,315,692	66,388,000	32,880,000	325,000
Further/mitigated forfeiture		8,364,450	221,361,350	394,099,008
Sales Proceed		6,130,000	289,728,263	21,216,796
Total	9,315,692	80,882,450	543,969,613	415,640,804
No. of total cases registered in CCR	6096	4210	5828	7158
No of cases updated in CCR	4490	2536	4434	5427
No. of reward lists recommended	168	154	179	204



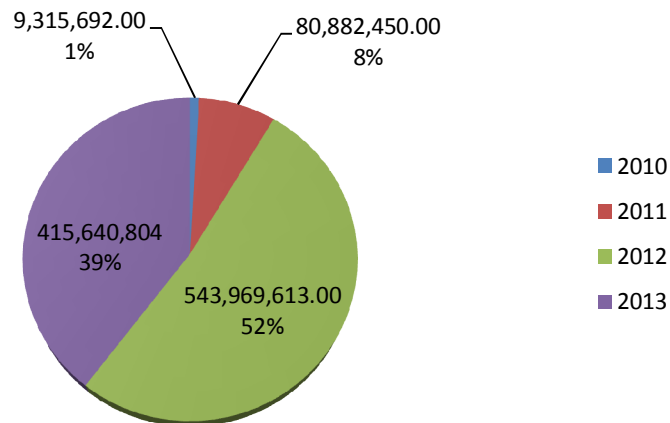
Central Case Registration



All Recoveries



Comparison of Penalty and Forfeiture



3. Significant performance by the CIB staff -

A. Significant Case/s

- a. CIB/INV/29/2004 – Officers of the CIB managed to recover mitigated forfeiture of Rs. 208 Million that was imposed in 2005 and not paid for ten years
- b. CIB/INV/027/2013/CCR/1724 – CIB officers investigated into a case (**D/INV/087/2013**) of illegal importation of 12 vehicles forwarded by D Branch and Rs. 30,000,000.00 recovered as mitigated forfeiture.

CIB/INV/14/2013 – Officers of the CIB investigated into a case of illegal importation of Ethanol, forwarded by DGC and finalized the case imposing Rs. 33 million and forfeiting 65,100 Ltrs of Ethanol.

Legal Affairs Directorate

Introduction

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

Major Functions

01. Providing legal advice to the other Divisions.
02. Seeking Attorney General's advice on behalf of the Department
03. Continuous review of the Customs Law.
04. Attending to all matters relating, Agreement with other *Customs* Administrations.

Number of Cases registered

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
District Court Cases	-	-	-	-	-	-	-	01	03	
Magistrate Court Cases										7
High Court Cases	-	01	-	-	-	-	-	01	06	5
Court of Appeal Applications	51	89	107	36	43	18	18	20	51	9
Supreme Court Applications	08	11	06	16	14	10	15	08	09	16
High Court Applications	-	-	02	02	-	-	-	-	-	
Total	59	101	115	54	57	28	33	30	69	37

Number of Cases Finalized

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
District Court Cases	-	-	-	-	-	-	-	-	-	
Magistrate Court Cases										
High Court Cases	-	01	-	-	-	-	-	01	-	1
Court of Appeal Applications	03	07	06	102	18	03	28	21	6	4
Supreme Court Applications	04	04	-	07	02	02	11	10	3	5
High Court Applications	-	-	-	-	-	-	-	-	-	
Total	07	11	06	109	20	05	39	31	9	10

Central Intelligence Directorate

Introduction

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

In general, its objectives are as follows:

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

Major Functions

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

Performance in 2013

Information received and distributed – a comparison with previous years

Description	2011	2012	2013
Number of information received through the PIRD	60	60	45
From other sources (fax, letters, News)	44	04	5
Total	104	64	50
Number of information exchanged with other Branches.			
Number of intelligence disseminated to other branches for action.	27	26	23
Number of strategic intelligence assessments furnished to management	-	-	-

Number of Intelligence Alerts Distributed

	2011	2012	2013
CIU Alert	06	11	17
RILLO, WCO, CEN Alert	01	01	Nil

Number of monthly "Intelligence Analysis" reports distributed

	2011	2012	2013
CIU Intelligence Analysis Reports	Nil	Nil	Nil
RILLO Monthly Bulletin	03	Nil	Nil
Number of previous offenders' details (POD) furnished to various branches	1730	2091	397

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

	2011	2012	2013
Number of detentions made by Sri Lanka Navy for National Security purpose, (in which Customs Intelligence Directorate had to coordinate examinations).	407	392	74
Number of offences found through Navy detections	Nil	Nil	Nil

Number of CHA & VAT Registrations (Since 26.04.2012)

	2013
Customs House Agents Permit Renewals	3500
SLPA wharf Licenses (A Pass) (approximately)	2000
Importers VAT Registration screening of Documents	1442

Liaison with Local & Foreign Investigation and Intelligence Agencies

Agency	Number of requests			Number of Replies Received			Number of Replies not received		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
RILO- China									
DRI-India	21	16	04	12	07		09	09	04
Sri Lanka Embassy in Japan	14	10	08	14	07	06		03	02
Sri Lanka Embassy in UK	03	02	04	02	01		01	01	04
HM Customs UK	01						01		
Australia	01	03		01				03	
Sri Lanka Embassy in Singapore	01	01	01	01				01	
UAE	01			01					
Japan Customs		01			01				
New Zealand internal Liaison office									
Pakistan Customs	03			03					-
Indonesia Customs									
Maldives Customs	01	01			01		01		
Thailand Customs	01	02			02		01		
Nepal Customs									
Iran Customs									
Malaysia Customs			01						01
Vietnam Customs	01		01				01		01
ICE ATTACHE US Embassy in New Delhi	01						01		
Thailand Embassy			04						
Japan Embassy									

General Improvements

A. Progress in CSI Program

- | | | |
|---|---|-----|
| a. Number of transit/transshipment containers scanned | - | 264 |
| 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 | - | 61 |
| b. Number of cases completed | - | 23 |
| c. Amount of penalty recovered | - Rs. | 14,321,764 |
| d. Amount recovered from sales proceeds | - Rs. | 27,234,281 |
| e. Amount recovered as A/E | - Rs. | 5,861,663 |
| f. Value of the goods forfeited | - Rs. | 320,000 |

Significant Performance

A. Significant cases detected by CI staff by developing intelligence

- I. Importation of perfumes, shoes, cigarette lighters, food items ,feeding bottles and stationer t the value of Rs.32,573,261/- from Dubai concealed with Dried Sprats and attempted to clear the consignment making the declarations as "dried Sprats" .The importer was penalized and the consignment was forfeited.
- II. A Post audit conducted in to the imports of "Whey powder" by a reputed importer has surface a swindle in short payment of applicable duty by way of wrong classification and the amount defrauded was calculated to Rs 30 million.

Other comments

As regards capacity building activities, the Director with Superintended of Customs attached to the Central Intelligence Directorate have participated in seminars of Annual RILO National Contact Point meeting in Vietnam. Also the Deputy Director attached to Central Intelligence Directorate has participated in the Regional seminar on RILO PROJECT TO FIGHT ON CROSS BORDER CRIMES held in Korea.

However, more training opportunities on intelligence analysis are required to enhance the level of competencies of the officers in intelligence perspective.

The operation of examination of import consignments of Navy has been ceased from June 2013. Thus it has reduced the duplication in examination, which has caused delays and extra expenditure on clearance to the consignees.

**REVENUE
AND
SERVICES
CLUSTER**

Declarations Directorate

Introduction

The declarations Directorate consisting **"D" Branch, Long room, Motor Vehicle Unit and Industries and Industries services documents processing Unit and document centre** operates within the cluster of Revenue and services (Colombo) in the new reform structure.

Major Functions

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

The Main Objective of the Directorate

The main objective of the directorate is, providing facilities to process declarations for Import Cargo and Cargo to be bonded. To fulfill this objective, the Directorate has specially made the arrangements to

- i. Receive the CusDec through DT1
- ii. Confirmation of updated manifest and payment of duties and other levies of CusDecs
- iii. Issuing internal passes for removal of FCL containers from the SLPA yards
- iv. Process the CusDec by SC/Appraiser
- v. clearance of Cargo FCL at container yards and LCL at ware houses
- vi. Provide Fast Track facilities to Selected Importers

The Automation of processing has been now fully implemented through **"Asycuda World"** to facilitate the importers to process the CusDec without delay. All details of the Cusdec are now being captured in the **"Asycuda"** System at Long Room (2nd Floor) which permits users to lodge their Cusdec directly from their offices using DTI facilities, Only the commodity classifications aspects are handled manually by knowledgeable Staff consisting SCC/Appraisers.

The other objectives of the Directorate

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

The long room staff ensures the speedy CusDec processing and clearance of imported cargo without undue delay while collecting the due revenue to the state. These officials are vigilant on the commodities which requires permits and/or/special authorization for inward clearance from local Authorities such as Import and Export Controller, Food and Drugs Authority, Cosmetics, Devices and Drugs Authority, Sri Lanka Standards, Atomic Energy Authority , Telecommunications Regulatory while making special attention to the following aspects to be fulfilled by the importer.

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

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

This Directorate consists of 04 major Branches/Units

- A) "D" Branch
- B) Long Room
- C) Motor Vehicle Unit
- D) Industries and Services Document processing unit
- E) DOC Centre

"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.

"D" branch has various units to facilitates the importers/general public

Units

01. DRA Unit
02. Bank Guarantee Unit
03. Duty Waiver Unit
04. Bulk Cargo Monitoring Unit
05. Carnet Unit
06. Manifest Unit
07. Investigation Unit
08. Motor Vehicle permit screening writing off unit//headed by DDC (D)

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

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

The Long Room

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

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

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

Customs has facilitated to collect 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 on behalf of other government institutions through **05 Units**, namely

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

Submission of CusDecs

The importer is supposed to submit five copies of the Cusdec (ie; Warrant copy, Delivery copy, Statistical copy, Exchange copy and Parties copy) as stipulated in the Gazette Notification published under Section 47 of the Customs Ordinance and Cusdec should be submitted along with the following supportive documents

1. Bill of Lading
2. Delivery Order
3. Invoice (manually signed and endorsed by the Bank other than in instances where goods has been imported on NFE basis)
4. Any technical information required to clarify the HS
5. Documents to prove the Country of Origin
6. If the goods imported are restricted, necessary licenses/permits such as ICL, SLSI, CDDA etc;
7. Duly filled value declaration form in two copies
8. Proof for the mode of remittance such as Letter of Credit, Telegraphic transfer etc;
9. Packing List
10. Any Special certificate (DPL, Duty Waiver etc;)

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

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

Motor Vehicle Unit

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 nearly 27% of the revenue is remitted to the state 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 vehicle, and links with the Department of Motor Traffic to facilitate the registration of vehicles so imported, thereby preventing registration of non – customed motor vehicles.

The officials make special attention to the following aspects;

When CusDecs are processed.

- a. ICL for gift vehicles and over aged vehicles
- b. Concessionary and conditional import permits for the Government Servant, Members of Parliament and BOI
- c. Permit issued by the Central Bank for NRFC Holders
- d. Duty Free certificates issued by the Ministry of External Affairs to the DPL and NGO.
- e. Provisional Cusdec for the vehicles imported for projects.

While ensuring the correctness of the under mentioned facts whether the,

- a. Goods have been properly described as per the
Certificate of Registration
Inspection certificate
Invoice
Examination report of the Appraiser who examines the vehicle at the yard
- b. Age of the vehicle has been correctly calculated.
- c. Agent's valuation is correctly given for the subject vehicle
- d. Currency has been correctly entered as per the invoice
- e. Country of Origin is correctly declared.
- f. The vehicle declared, has been correctly declared
- g. Freight chargers are correctly declared
- h. Options declared tally with the inspection certificate
- i. Due Permit is granted for the concessionary imports; the clearance of the vehicle shall be allowed by the DDC (M/V)

Industries and Services Document Processing Unit

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

DOC Center

- 1) Related documents of the cargo were checked by the SC.
- 2) The delivery Copy & DO were signed by him.
- 3) Place of discharge of the FCL was checked against DO & signed the same by an ASC
- 4) SLPA Pass No, Lorry No. & Tailor No. were entering to the system by an ASC
- 5) Gate Pass was issued by an ASC
- 6) Daily reports were prepared by CIC's.

Performance of the Directorate during the year 2013

- 1) **Facilitation to the trade through Automation System called "Asycuda World"** so far has been successfully received by the imports for the purpose of speedy clearance of their cargo
- 2) **Data capturing through "Asycuda World"** has now reduced the workload of the officials, while their effectiveness and efficiency have been raised.
- 3) **Manual record keeping function** has been eliminated in this directorate through new arrangements while quality and timeliness gathering of information has now been an easier task for the officials as well for the public.
- 4) **Total revenue** collected by this directorate in 2013 is **Rs.328,807,310,194.25** while a sum of **Rs.56,643,360,709/-** has been collected as **total duty** to the state. Other than the said recoveries the sum of Rs.121,505,988+Rs.16,709,117+Rs.1,068,684 have been collected by the "D" Branch as penalty/forfeiture/ and additional recoveries respectively in 2013.
- 5) Introduced **"fast track clearance system"** for selected importers.
- 6) **"Electronic" manifesting system** has now been introduced. The shipping agents submitting their manifest online to customs without providing hard copy ship-wise. **This system is now being successfully supporting** the department users.
- 7) The vehicle permits are now being written off electronically by the DDC attached to "D" Branch

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

	2011	2012	2013
(a) Total Number of CusDecs at Main Office	88,096	95,397	110865
(b) Total Number of CusDecs at INFAC	6,030	4,618	5,154

Recoveries at Industries and Services Division

	2011	2012	2013
Revenue Collection (Rs. Millions)	15,466	15,783	21,211.9
Inspections Charges (Rs. Millions)	7.0	7.3	8.08

Projects Division

Present Status of Customs Bonded Warehouses (2013)

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

		Service Bonds	Feeder Bonds	Duty Free	MCC Bonds	Total
i	Number of Bonds at the beginning of the year	13	76	53	07	222
ii	Number of new Approvals during the year.	-	4	3	-	9
iii	Number of Revocations (De Bonded)	1	2	2	-	7
iv	Number of Bonds at the end of the year.	12	78	54	7	224

Sales details of Duty Free Shops located in BIA

	2011	2012	2013
Sea Trans Duty Free Shop (USD)	1,349,906/-	1,144,855/-	1,246,289/-
Ceylon Port Services Ltd. (USD)	647,200/-	Nil	Nil
STC General Trading Co. Ltd. (USD)	703,444/-	1,161,806/-	1,588,401/-
Edison Electrical Duty Free (Pvt.) Ltd.	Nil	Nil	Nil
Total (USD)	2,407,578/-	2,306,661/-	2,834,690/-

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.	927	493	215
ii. Number of operators joined during the year	74	24	10
iii. Number of operators at the end of the year	1001	517	225

Monitoring & Refunds Division

Secured Revenue

	2013
	Number of Guarantees
Bank Guarantees Accepted	1929
Bank Guarantees Demanded	1613
Bank Guarantees Settled	1468
Personal Guarantees and Corporate Guarantees Accepted	148

BOI Industry Co-ordination Division

Number of Investors

	2011	2012	2013
Number of Investors at the beginning of the year	190	214	293
New Investors registered during the year	24	79	70
Number of Investors at the end of the year	214	293	363

	2012	2013
Revenue from BOI Enterprises (Rs. Millions)	9,984	9226.09
Duty recovered from BOI Enterprises due to cancellation of agreements (Rs. Millions)	37.0	14.9

Customs BOI Coordination Unit (CBCU)

	2011	2012	2013
Number of cases at the beginning of the year	51	51	51
Number of cases initiated during the year	1	-	-
Number of inquiries concluded during the year	3	-	-
Number of cases pending investigation	48	45	45
Number of cases pending Inquiry	-	1	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.)	88,552,987	-	
Sales proceeds (Rs.)		527,500	-
Value of the goods forfeited (Rs.)		-	
Total (Rs.)	88,552,987	527,500	-

Bonds Investigations Unit

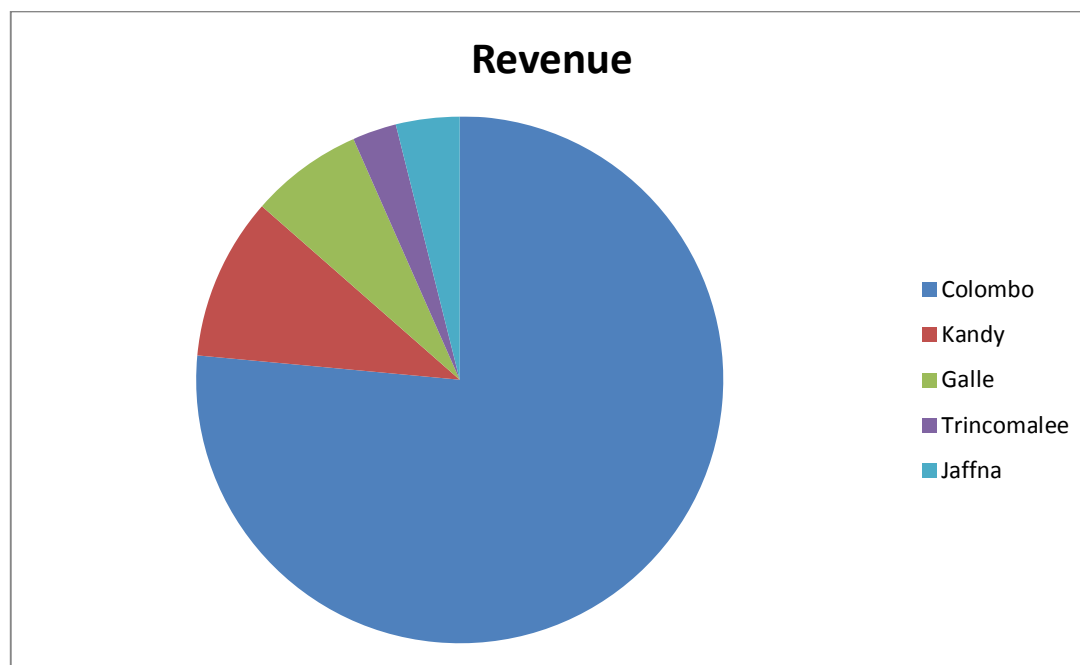
Number of violations detected, recoveries made, cases filed in courts.

	2011	2012	2013
Number of cases at the beginning of the year	619	569	574
Number of cases initiated during of the year	12	29	59
Number of inquiries concluded during the year	62	7	10
Number of cases pending investigation	569	574	611
Number of cases pending inquiry at the end of the year	3	1	4
Number of cases filed in courts (at the end of the year)	2	Nil	Nil
Forfeitures /Penalties	750,000	14,229,764	266,043,829
Value of the goods forfeited	234,720	37,637,847	-

Postal Appraising Division

Revenue collected during 2013

Colombo (Rs.)	Kandy (Rs.)	Galle (Rs.)	Trincomalee (Rs.)	Jaffna (Rs.)	Total (Rs.)
52292746	6823048	4734594	1854348	2674711	68379447



	PA	BULK	EMS	TOTAL
Number of POD	29939	845	14555	45339
Number of Parcels	35112	904	16731	52747
Value (Rs.)	122030724.5	3591269	316562072	442184065
Total Taxes (Rs.)	17803593	292175	40229291	58314927

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 directorate of Cargo Examination. Inspection & Examination are carried out to ensure the recovery of correct revenue on the commodity imported and also to ensure the strict compliance on restrictions and prohibitions placed by the Customs Ordinance and other related laws using the technology and physical validation. In the process, facilitation of legitimate trade is a key responsibility of the directorate.

The scope of the sea cargo examination cover consignments imported for home use, for export oriented industries operating under the Board of Investment (BOI), and Customs Temporary Import for Export Processing (TIEP) and Customs Bonded Scheme. Sea cargo comes in the term of Full Container Loads (FCL), Less Container Loads (LCL) and break bulk. Two container yards namely Gray Line-1, Gray Line-2 are operated outside the port to examine medium risk & high risk cargo in full container, and third container yard namely Rank Container Terminal (RCT) is operated to examine low risk cargo. LCL consignments are examined at the two examination points inside the port and one warehouse situated outside the port. A separate yard namely Central Verification Terminal (CVT) is operated to examine FCL cargo imported by the enterprises operating under BOI but located outside the Free Trade Zones. Two X-ray scanning sites, one inside the port and the other one at RCT (outside the port) are in place.

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 expedition's clearance.

General Improvements

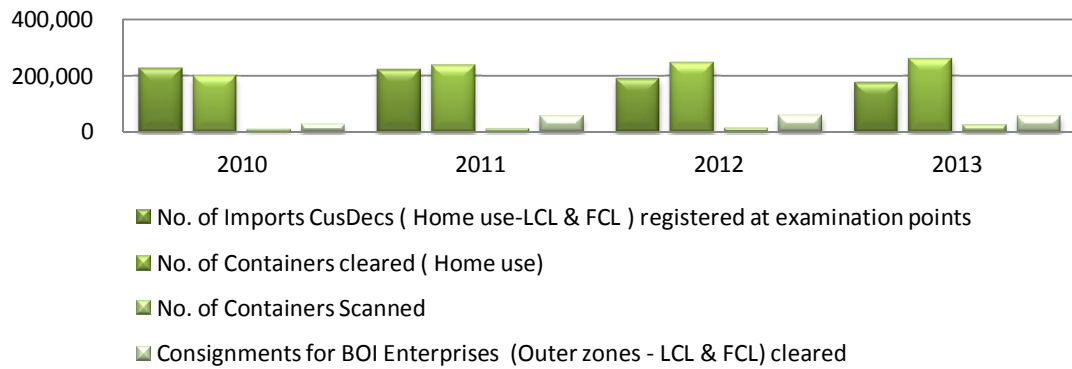
A full-fledged office has been established deploying a full set of staff at the X-ray scanner yard situated inside the port to facilitate cargo clearance process and to minimize the delays in the supply chain. Containerized cargo consigned to BOI Enterprises, selected at random are also scanned here. 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 (FCL) is taking place for 24 hours at the Central Verification Terminal, Orugodawatte to serve the industries operating under BOI but located outside the zones. The facilities were also extended by way of performing examination at the investor's premises, and granting Green Channel clearance to selected companies recommended by the BOI.

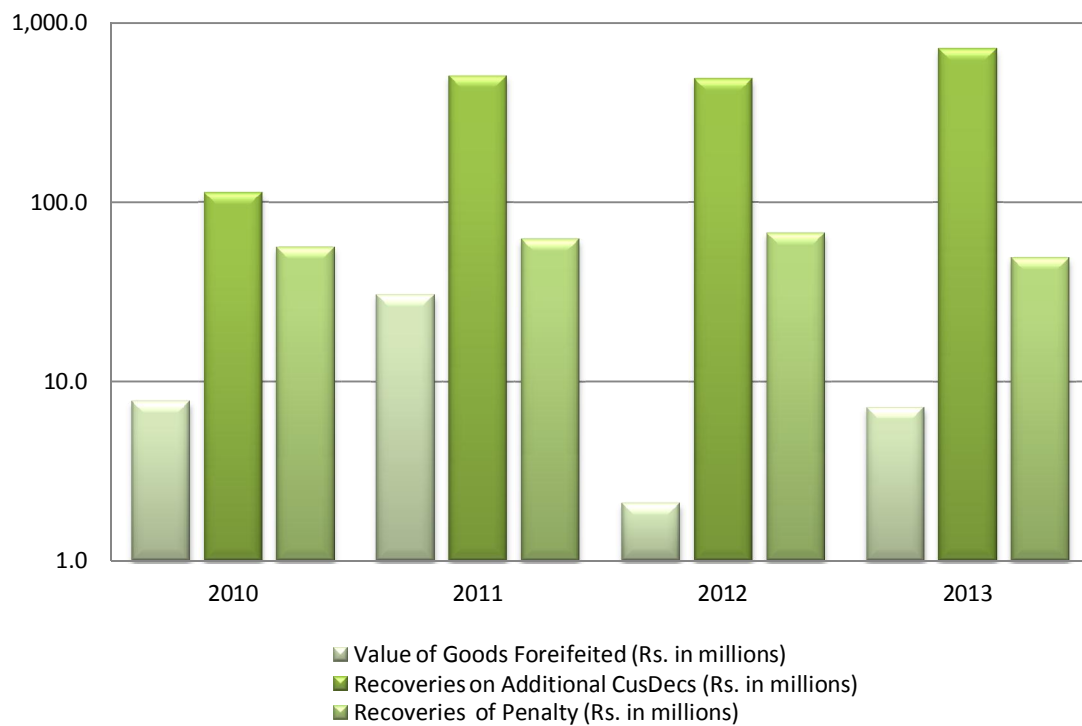
Performance in 2013

Description	2010	2011	2012	2013
No. of Imports CusDecs (Home use-LCL & FCL) registered at examination points	226,584	222,131	189,617	175,062
Type of Examinations	Amber	114,257	153,647	138,360
	Detail	12,834	12,791	15,036
	HRC	4,416	5,956	3,329
	Red	9,145	1,576	1,868
	Other (InFac, TIEP, etc...)	13,725	7,749	6,240
No. of Containers cleared (Home use)	200,314	236,103	245,714	261,165
No. of Containers released under Green Channel (Home use)			24,784	29,446
No. of Containers Scanned	9,758	12,627	14,238	24,985
Consignments for BOI Enterprises (Outer zones - LCL & FCL) cleared	27,968	58,362	59,010	58,065*
No of Containers (Imports) cleared (BOI - Outer Zones)			27,446	24,765
No of Containers (Exports) cleared (BOI - Outer Zones)			17,316	19,260
Cases Detected	325	436	572	222
Recoveries on Additional CusDecs (Rs. in millions)	113	506.3	487	715.6
Recoveries of Penalty (Rs. in millions)	55.8	62.4	67	49.1
Value of Goods Forefeited (Rs. in millions)	7.8	30.5	2.1	7.2

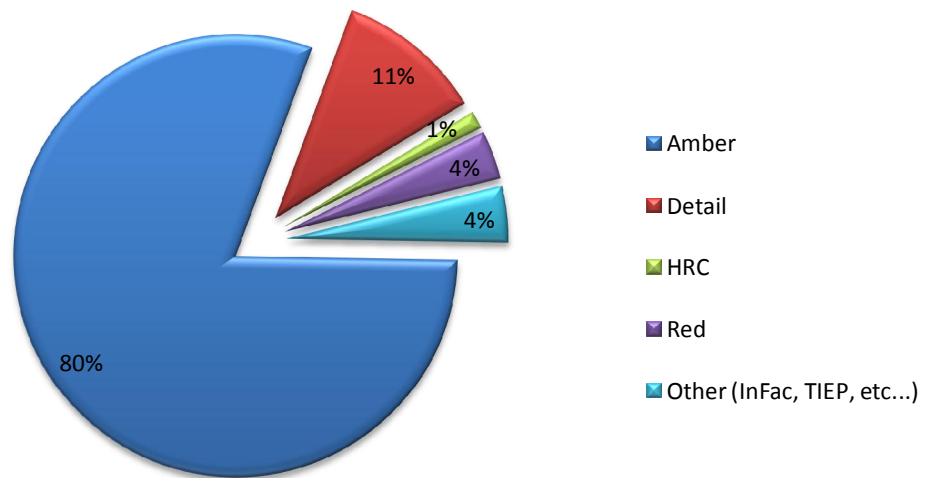
Comparison of CusDecs & Containers 2010-2013



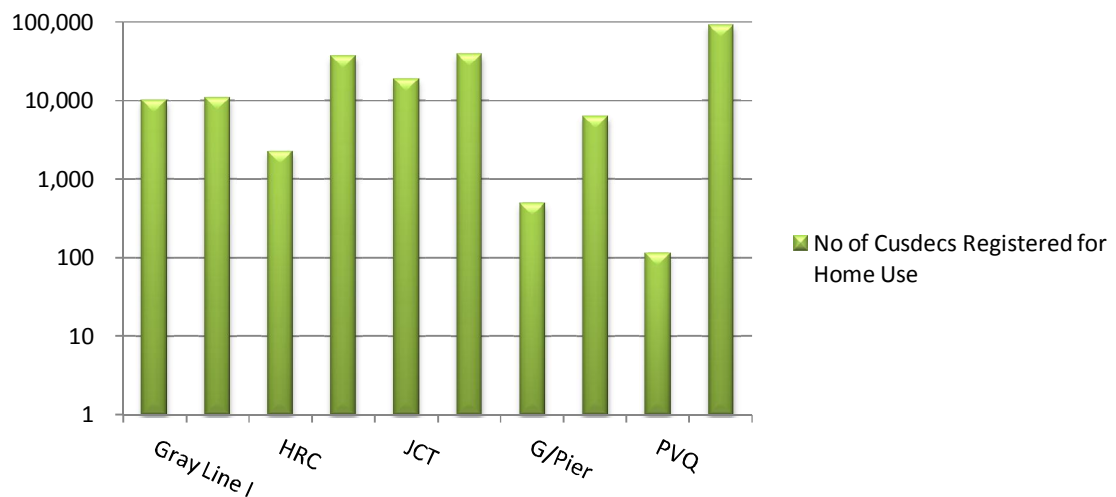
Comparison of Revenue Recovered (2010-2013)



Types of Examination (Home use)



Import Consignments (Home Use) Cleared in 2013



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 2013

	PENALTY	Overtime	DUTY & LEVIES	TOTAL
BO (Counter)	11,065,325		42,573,011	29,729,888
BO (Sales)	19,250		665,136,372	147,424,507
BO (NNR)	2,282,203		36,470,100	57,216,749
Laksiriseva	465,799	2,650,231	21,734,979	59,476,157
Transco	578,665	2,278,260	25,117,111	38,335,317
Midco	816,212	2,713,097	15,135,441	25,417,831
Trico(Colombo)	1,330,202	3,275,349	61,641,685	74,096,225
CSL (Colombo)	1,100,663	2,951,439	39,802,554	63,200,748
Total	17,658,319	13,868,376	907,611,253	939,137,948
Trico (Galle)	478,740	2,403,485	11,589,572	14,471,797
Trico (Kurunegala)	504,600	5,082,093	19,774,079	25,360,772
CSL (Kandy)	254,026	4,051,540	11,702,715	16,008,281
Mattala Airport	11,540,052		17,317,104	28,857,156
Total	12,777,418	11,537,118	60,383,470	84,698,006
BIA	234,789,421	7,770,894	255,556,208	498,116,523
Total	234,789,421	7,770,894	255,556,208	498,116,523

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 REVENUE FIGURES

	Export Office	Air Cargo Export	
	Colombo 2013	Office Katunayake	Total
	(Rs.)	2013 (Rs.)	(Rs.)
EEC	2,030,740,267	-	2,030,740,267
Export Duties (CBO)	20,987,104		20,987,104
Cess-Rubber	515,697		515,697
Cess -Tea	726,936,515		726,936,515
Cess-Coconut	1,272,299,142	98,678	1,272,397,820
Examination Fees	41,300,000	8,539,561	49,839,561
Royalty	34,541	-	34,541
* Import Duty (1/10)	1,171,058	-	1,171,058
* PAL (1/10)	516,721	-	516,721
Other	4,941,806	-	4,941,806
Penalty	4,882,921	2,469,338	7,352,259
Forfeitures	27,400,000	-	27,400,000
Overtime Fee	12,203,575	34,904,657	47,108,232
Shipment Certificate	80,000	-	80,000
Charges			
Computer Fee	21,543,000	17,254,750	38,797,750
Total	4,166,552,347	63,266,984	4,227,819,331

* Recovered at the time of Re export.

1. No. of CusDecs submitted

Export Office	- 84,460
Air Cargo	- 70,284
Sri Lanka Cargo	- 1,712
Total	- 156,456

2. Panel Applications

No. of Examination	- 11,895
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3. Examination Fees collected

Export office Recovery (O/E)	- Rs. 41,300,000
Air Cargo Recovery (O/E)	- Rs. 8,539,561
Total	- Rs. 49,839,561

4. Computer Fees collected

Export Office	- Rs 21,543,000
Air Cargo	- Rs.16, 230,750
Sri Lankan Air Line	- Rs. 1,024,000
Total	- Rs. 38,797,750

5. Export Levies Collected

Export Duty	- Rs. 20,987,104
Royalty	- Rs. 34,541

Cess: a) CC1	- Rs. 127,299,142
b) TC1	- Rs. 726,300,919
c) TC2	- Rs. 635,596
d) RC1	- Rs. 515,514
e) RC4	- Rs. 183
f) EEC (E/O)	- Rs. 2,030,740,267
g) Import Duty (1/10)	- Rs. 1,171,058
h) PAL (1/10)	- Rs. 516,721

6. CESS:

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

Over Time payment

Export Office	- Rs. 1,131,800
Air Cargo	- Rs. 33,663,830
Sri Lankan Air Line	- Rs. 1,240,827
CFS Yard	- Rs. 11,071,775
Total	- Rs. 47,108,232

8. Current Accounts

No. of current Account holders	- 46
No. of current Account operated	- 35
Deposit during the period	- Rs. 1, 644,452,956
Total amount debited during the period	- Rs. 1,529,139,316

9. No. of FRIC issued to request - 671

10. No. of Shipment certificates issued - 320

11. Shipment Certificate fees collected - Rs. 80,000

12. Ships/Flights amendment

Export Office (Penalty)	- Rs. 4,882,921
Air Cargo (Penalty)	- Rs. 2,469,338
Total	- Rs. 7,352,259

13. Vessel Amendments - 13,280

14. Transshipment

Total No. of Deposit (Containers)	- 995,750
Total No. of. Containers Shipped	- 1,279,523

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 roistered staff at BIA enabling the administration to cover up the functions round the clock.

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

Primary Objectives

- Facilitation of movement of Air Travel passengers.
- Conduct enforcement activities entrusted under 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 2013

A. Facilitate the movement of inward / outward passengers and their baggage.

According to the statistics of year 2013, it has shown a slight increase in passenger processing compared to the figures of previous year. Total of passengers, in excess of 3.2 million were processed inward and 3.2 million in outward during the year.

The above passengers could be classified in to different categories depending on their purpose of visit such as Sri Lankans, tourists of other Nations, transit passengers, dual citizenship holders, delegates of Sri Lankan government as well as from other countries, international businessmen, professionals, sportsman 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 the 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 are.

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 several attempts of illegal removal of 736 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 other detection Customs forfeited 53.6 kgs of walla patta which were attempted to smuggle out from Sri Lanka.

C. Detection illicit drugs/narcotic and precursor chemicals

We have paid our special attention to protect the society by detecting illicit drugs. In this regard four successful detections of Heroin weighing 32,537 g were made by our intelligent staff at the Airport as a cross border point.

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

D. Detect of other prohibited and restricted goods.

Items identified under this category are as follows.

- Natural flowers and fruits
- Live plants

- Animals (pets)
- License items (items which required approval of CDDA, SLSI, TRC, ICL, MOD, Quarantine etc.)

During the year 2013 number of detections was made on bring in of items of above nature without proper approval and at most cases the productions 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 78 million worth of foreign currency from 22 cases 174 million worth of gold 87 and 13.8 million worth of precious stones from 05 cases respectively.

The detail figure of the Performance is given in attached table.

	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
No. of cases detected	20	19	14	24	18	26	27	25	34	18	19	39	283
Value of goods forfeited - Rs.	31,359,801	30,589,651	12,368,980	17,647,641	2,570,501	13,555,520	28,851,820	26,195,984	46,440,681	44,746,813	27,571,432	34,884,750	316,783,574
Value of Currency forfeited- Rs.	6,957,121	21,757,838	nil	3,080,754	7,288,744	nil	27,219,153	1,984,519	3,391,574	7,263,240	nil	nil	78,942,943
Value of duty free items forfeited	nil	nil	nil	44,512	nil	nil	190,417	82,460	273,775	nil	nil	nil	591,164
Value of gems forfeited - Rs.	nil	1401155	nil	nil	nil	nil	nil	11,639,675	597,402	nil	185,200	nil	13,823,432
Value of gold forfeited - Rs.	17,103,498	3,432,000	10,808,500	12478137	1,441,500	11,804,520	890,000	7,380,000	36,052,000	11,050,000	26,897,857	34,825,000	174,163,012
Value of silver forfeited - Rs.	nil	nil	nil	nil	nil	nil	426,250	nil	505,800	nil	nil	nil	932,050
Value of Tobacco products forfeited Rs	100,000	288,000	nil	636,000	0	275,000	126,000	nil	4,908,000	2,205,300	100,000	nil	8,638,300
Quantity of drugs detected	1970 gms	1018 gms	10.056 kgs	nil	nil	1510 gms	nil	nil	nil	24,000,000	nil	nil	
Value of other goods forfeited -Rs	1,387,479	308000	60,480	1,409,000	153,351	1,476,000	0.00	3,142,450	712,130	228,273	388,375	59,750	9,325,288
No of Inquiries held	13	9	7	13	13	18	16	13	27	16	15	20	180
No of restricted items detained	3	122	1240	150	1889	26	11	33	19	15	21	68	3,597
No. of Cigarette cartons forfeited	35	144	310	280	0	55	63	89	1374	448	149	526	3,473
No. of other packages detained	50	18	nil	nil	0	0	2	13	0	3	13	24	123

Revenue & Service Directorate (Katunayake)

Introduction:

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

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

REVENUE & SERVICES DIRECTORATE, KAYUNAYAKE (IMPORTS) - ANNUAL PERFORMANCE REPORT 2013

S/No	DESCRIPTION	CODE	TOTAL
1	Imports duty	CID	1,658,791,901.00
2	Value Added Tax	VAT	3,049,586,717.00
3	Ports & Air port development Levy	PAL	2,837,016,997.00
4	Social Responsibility Levy	SRL	50,001.00
5	Special commodity Levy	SCL	332,609,167.00
6	Consolidated Levy	CON	29,431,011.00
7	Surcharge	CIS	
8	Excise Duty	XDO	2,149,829.00
9	Excise Duty (Petroleum)	XDP	
10	National Building Tax	NBT	1,324,269,518.00
11	Import Cess (EDB)	EIC	583,578,183.00
12	Computer fees	COM	24,523,350.00
13	Examination fees	EXM	29,512,247.00
14	Over Payment	OVP	1,035,371.00
15	Overtime Charges	OTC	59,631,749.00
16	Seal Chargers	SEL	661,350.00
17	Penalty	PTY	43,530,204.00
18	Verification fees	VCS	6,481,743.60
19	Miscellaneous	MISC	641,770.00
20	Special Deposit	SPD	
21	Other(Entry Amended Penalty)	AMD	106,246.00
	TOTAL		9,983,607,354.60
22	No of Cusdecs Received at		80,141
23	No of Cusdecs Duty & Other Levy Paid		
24	No of Cusdecs passed at Bonding , Infac& TIEP		2,719
25	No of Cusdecs Passed at BOI		104,116
	at Entreport		126
26	No Of S.R.Applications (DRA)		364
27	No of Cusdecs Passed under Provisional		153
	No. Cusdec Passed under exemptions /19 A		1,205
28	No of Applications Passed under Transshipments		3,430
29	No of Dip Cargo Consignments		444
30	No of Cusdecs Passed under Carnet		71
31	No of Cusdecs Passed under B.G(ACT/DHL/CC)		117
32	No of Cusdecs Passed under ISAFTA/SAFTA		212
33	No of Cusdecs Passed under P.G(ACT/DHL/CC)		278
	TOTAL		193,376

Summary of Revenue Targets 2013

Revenue Target for 2013	11,491Mn
Actual Revenue for 2013	9,984Mn
Target achieved in percentage	86.89%
Actual Revenue for 2013	9,984Mn
Actual Revenue for 2012	9,389Mn
Revenue Increase for 2013 in percentage	6.34%



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 2013, the Customs Department collected the following on the imported commodities: Import Duty, Excise (Special Provisions) Duty, Import Cesses, Port and Airport Development Levy (PAL), Value Added Tax (VAT), and Nation Building Tax (NBT). 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 to all CusDec processing units & also sent to the ICT division to publish in the Customs Website. 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

SAARC	Draft SAARC Regional Railways Agreement and Motor Vehicle Agreement.
SAFTA	South Asian Free Trade Agreement (SAFTA)
SAPTA	South Asia Preferential Trade Agreement (SAPTA)

The Departmental Technical Committee

The Policy, Planning and Research Directorate also has to provide the secretarial and logistical support to important technical committee

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

The NC Committee which convenes each Tuesday deals with all the classification issues and disputes, 33 NC sessions were held in 2013.

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. Revenue analysis is one of the major (important) exercise perform by the Directorate which provides significant insight of the revenue performance.

Performance in 2013

During the year 2013 the Directorate had issued 52 circulars on Exchange Rates, and 85 Departmental Orders.

The composition of the Departmental Orders issued on Tax changes during the year 2013 was as follows:

• Value Added Tax amendments	04
• Excise Tax amendments	06
• Port and Airport Development Levy amendments	01
• Special Commodity Levy amendments	09
• Cess Levy amendments	07
• Revenue Protection Orders	03
• Nations Building Tax amendments	01

Departmental Orders issued during the year 2013

DOPL NO	DATE	RELATED TO	SUBJECT
841	01.01.2013	General	Improving the image of Customs
842	10.01.2013	ICL	Implementing an Annual Quota System to import HCFCs and mixtures of refrigerants (Blende) containing HCFCs
843	16.01.2013	Suspension of facilities	Suspension of facilities
844	09.01.2013	Social Protection	Media Spokesman to Department of Customs
845	22.01.2013	Cess	EDB Cess on Imports
846	22.01.2013	Cess	EDB Cess on exports
847	30.01.2013	Excise	Excise Duty on Motor Vehicles of Airport Passenger Transport
848	08.02.2013	VAT	Exemption of VAT on Packing materials of Pharmaceuticals manufactured in Sri Lanka
849	12.02.2013	SCL	Amendment of SCL
850	14.02.2013	Currency	Export/ Import of Sri Lanka Currency
852	20.02.2013	Samples	Increasing the Value limit of Export Trade samples
853	01.03.2013	Ethanol	Prohibition of importation of Ethanol
854	01.03.2013	Valuation	Valuation sub-committee on Motor Vehicle
855	01.03.2013	OT	OT committte decision
856	06.03.2013	STVD / RTF	Renaming STVD as RTF
857	21.03.2013	MRP	Designating Global Transportation and logistics Pvt. Ltd. As a Service Provider for Marking MRP
858	08.04.2013	Excise	Imposing Excise Duty on Ethyl alcohol
859	18.04.2013	Imports	Facilitation of Motor Vehicle Imports subjected to Customs Inquiry
860	07.05.2013	SCL	SCL Amendment - Potatoes
861	08.05.2013	CIB	Customs Investigation and Inquiries
862	09.05.2013	UPB	Clearance of UPB through Colombo Cargo Express
863	07.06.2013	SCL	SCL Amendment
864	21.06.2013	Imports	Pre-shipment certificate - Motor Vehicles
865	21.06.2013	Gold	Imposing Customs Duty on Gold
866	21.06.2013	Gold	Surcharge on Gold
867	11.07.2013	SCL	SCL Amendment - B'Onions
868	31.07.2013	SLS	Standardization and Quality control Regulations for Cinnamon Exports
869	31.07.2013	Gem	Export of Gem stones by departing travellers under special scheme
870	31.07.2013	RPO 02.2013 Excise	Amendment to Excise and RPO 02/2013
871	31.07.2013	Excise	Amendment to Excise on Ethyl Alcohol
872	02.08.2013	SCL	SCL Amendment - Sugar
873	02.08.2013	ICL	Importation of Motorcycle Frames With or without fork
874	05.08.2013	MV Permit	Amendment to Motor Vehicle Permit circular 01/2010
875	08.08.2013	Milk Powder	Possible Contamination of Milk powder with DCD
876	13.08.2013	General	Financial Act- Commercial Hub Regulation Act No. 01 of 2013
877	19.08.2013	Imports	Food Control regulations - Bottled Drinking Water
878	19.08.2013	Milk Powder	Import Examination Scheme for Milk powder contaminated with DCD
879	23.08.2013	SCL	SCI amendments on Potatoes & B'onions

880	27.08.2013	CDDA	Revoking certificates of registration of drugs
878A	27.08.2013	Milk Powder	Import Examination Scheme for Milk powder contaminated with DCD
881	11.09.2013	CSD's	Admission of container security devises
880A	16.09.2013	Errata	Errata to DOPL 880
854C	25.09.2013	Motor vehicle	M/V Valuation sub committee
882	25.09.2013	Cess	Export cess on HS 25.05
883	26.09.2013	PCAD	Compliance and facilitation directorate
884	09.10.2013	Pharmaceuticals	Customs clearance of Nickobolt
885	23.10.2013	ICT fund	Amendments to overtime..... ICT fund
886	29.10.2013	Suspension of Customs facility	Suspension of customs facilities by M/s Ranatunga motors
869A	12.11.2013	Baggage	Export of Gem stones by departing travelers non resident
887	19.11.2013	SCL	SCL amendments on Potatoes & B'onions
866A	21.11.2013	Surcharge-Budget 2014	Removal of surcharge on gold
888	21.11.2013	SCL-Budget 2014	SCL amendments
889	21.11.2013	Motor vehicle- Budget 2014	Depreciation table for used motor vehicles
890	21.11.2013	RPO-Budget 2014	RPO 03/2013
891	21.11.2013	Excise Budget 2014	Excise (Special provisions)
892	21.11.2013	Cess- Budget 2014	Cess rates on Imports
893	21.11.2013	Cess(Export) -Budget 2014	Cess rates on export
894	23.11.2013	PAL-Budget 2014	PAL on imports
890A	27.11.2013	Errata	Errata to RPO 03/2013
892A	27.11.2013	Errata	Errata to Cess Budget 2014
895	27.11.2013	ICL	ICL requirements
896	27.11.2013	Cashew	Imports of cashew through Airport
897	27.11.2013	BIA	Personal jewellery of departing travelers
898	06.12.2013	Suspension of facility	Suspension of customs facilities by M/s Hash international
899	09.12.2013	BIA	Personal jewellery of departing travelers (Rescinded 897)
900	19.12.2013	Export permits	Permits to export of furniture plants seeds & other forest produce
901	26.12.2013	Energy drinks	requirements to clear Energy Drinks
902	31.12.2013	NBT-Budget 2014	NBT Changes Budget 2014
903	31.12.2013	VAT Budget 2014	VAT changes Budget 2014
905	31.12.2013	Air cargo	establishing warehouse operations in Air cargo

New departmental subject files opened

Date	PL No:	Description
02.01.2013	713	Notice to Public
09.01.2013	714	Establishment of a factory to produce Emulsion Explosives
15.01.2013	715	Paper notice to warn Importers , Exporters, and Traders
31.01.2013	716	Request from " Global park " to register as a service provider for importers paying Cess on MRP basis
05.02.2013	717	Productivity Improvement Project
19.02.2013	718	Bilateral Trade Agreement between Sri Lanka & Kenya
19.02.2013	719	Calendar of activities for year 2013.Third training programme on Customs matters SAARC
28.03.2013	720	License requirement for importing Radio equipments
08.04.2013	566 B	Agreement between India & Sri Lanka on Cooperation & Mutual Assistance in Customs Matters
10.04.2013	721	Gazette Extraordinary 1795/35 of 31.01.2013
08.05.2013	722	Department manual of Procedure
04.06.2013	723	Disposal of Ship generated waste oil
13.06.2013	724	National Coordinating Committee Meeting for the Implementation of the Basal Convention.
14.08.2013	725	WCO Correspondence
11.09.2013	726	Kegalle Plantation Plc (VAT on importation of Alfa Level Centrifugal Separators)
23.10.2013	727	WCO Advance Electronic Cargo Information Requirements Survey
25.10.2013	728	Introduction of National Sub headings for the HS Codes for identify water fittings & accessories

WCO meetings on HSC, RSC

DC (PP&R) and other members of the NC Committee attended the HSC Session in March 2013 and September 2013, HSC Session in June 2013 & November 2013.

DC (PP&R) acted as the vice chair of the HSC & as the Chairperson of the RSC

NSDs proposed to TIP to be included in the 2013 Budget

Following articles relevant to respective chapters were proposed for the National Budget 2014

1. Liquid shoe polish application
2. Wheelbarrows & parts
3. Hybrid Diesel vehicles
4. Coconut water
5. Printed Polyethylene foil

Coordination meetings Attended by Director, Deputy Directors

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

Preparation of Manual of Procedures

Prepare manual of procedures covering almost all the directorate is another ongoing function. So far following directorates have completed

1. Cargo Examination Directorate
2. Export Directorate
3. Valuation Directorate

Events organized by PP&R

1. International Customs day Celebration

Date – 27.02.2013

Venue – Customs Head office

Theme – Innovation for Customs progress

Chief Guest – Secretary to Treasury Dr.P.B.Jayasundara

2. 9th SAARC sub group on Custom Cooperation & 3rd Training programme on Customs matters

Date – 18-21 June 2013

Venue – Mount Lavinia Hotel

Countries Participated- SAARC Countries & Afghanistan

3. Training programme on “Introduction to HS 2012 & Amendments”

Date – 18/19 June 2013

Venue – Mount Lavinia hotel

Resource Person – Mr. R.P.D.T. Senevirathna

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 2013

Performance in year 2013

- 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 offices.
- Implemented e-payment facility to Customs offices.
- Implemented ASyCuDa World at all BOI offices
- Implemented electronic manifest to Long Room as well as to Bonds division.

Performance of ICT Directorate in 2013		
	ASY++	ASY World
Number of CusDecs Processed	147,472	1,058,589
Manual	103,403	112,821
DTI	44,069	945,768
Imports		
Total CusDecs	124,886	508,100
Import-General (IM4)	78,975	264,277
Import-Motor Vehicles	0	6336
Import-Facilitation Scheme (IM5, IM6, IM7)	57,916	225,601
Exports		
Export-General	12,850	552,106
Reports		
Internal (Investigation Units and Other Customs Divisions)	591	
Internal Audit	180	
External (Government departments)	561	
External (Enforcement units like -Police, CID etc	752	
External (Private parties)	160	
Web Publications and amendments	768	
Exchange Rate		52
Tender Notice		38
HS Amendments		68
Publications		20
Detention made during the year 2013		
Number of Cases Registered during the year 2013		78
Number of Cases Completed		52
Number of Cases where offences established and forfeitures penalties imposed		19
Total Amount of penalties forfeitures collected		Rs. 36,116,556
Total value of goods forfeited		Rs. 498,465
Total amount collected as A/E		Rs. 235,661
Sales proceeds recovered		-
Total Number of incomplete case files (2012 only)		16

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 – 2013

No. of case registered	- 142
No. of case completed	- 84
Forfeitures/Penalties recovered	- 496,706,508
Goods forfeited	- Nil
Total A/E recovered	- 3,033,934,399
Sales procedure	- Nil
Incomplete case files	- 103

A/E Recoveries & Penalty Recoveries

(January 2013 - December 2013)

Month	A/E	Penalty	Total
January	88,349,166	26,400,000	114,749,166
February	83,073,149	16,750,000	99,823,149
March	54,449,123	7,350,000	61,799,123
April	86,986,255	28,856,498	115,842,753
May	106,700,905	11,180,200	117,881,105
June	102,043,682	19,350,000	121,393,682
July	132,629,674	26,025,000	158,654,674
August	85,934,802	13,150,000	99,084,802
September	60,193,196	11,669,780	71,862,976
October	79,584,685	9,210,000	88,794,685
November	108,686,473	11,810,000	120,496,473
December	76,124,888	24,700,000	100,824,888
	1,064,755,998	206,451,478	1,271,207,476

Specialized Services

Introduction

The specialized services directorate provides various services to the department and the stakeholders. It handles commodity classification, analyzing of chemicals, valuation of gem, precious metals and jewellery, issuing licenses to the Customs House Agents and registration of Importers and Exporters. There are five units under this directorate.

Major Function

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

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

Commodity Classification Division

This unit assists in determining the most appropriate Harmonized System code of the commodities Imported/Exported. Importers/Exporters could obtain classification ruling (H.S code) for commodities, in advance (prior to import/export) from this unit by submitting application available in the website.

No. of application received for advanced classification ruling	- 627
No. of advanced classification issued	- 514
No. of classification issues referred	- 792
No. of classification issues finalized	-795

The Customs Laboratory Division

The Customs laboratory is established in order to assist the department and the stakeholders in identifying chemical and allied product imported/exported. The samples of chemical and allied products are referred to the laboratory for analysis when there are doubts. When there are disputes with regard to classification of such products the documents referred to this unit for their opinion. As a technical unit, it would coordinate with other relevant stakeholders in implementing various conventions and existing regulations. For the current year 488 customs declarations were referred to this unit and finalized

Gem, precious metal and jewellery Division

This unit facilitates Importers, Exporters and travelers in the Customs clearance of gem, precious metal and jewellery by valuing them and processing Import and Export documents.

Performance for the year 2013

Number of declaration processed.

No. of declarations processed

Imports	-2,823
Exports	-6,605
Re-Import	-1,221

Value of Imports

Rough Diamond	-Rs. 23,238,174,434/=
Cut & polished Diamond	-Rs. 13,241,380,605/=
Gem	-Rs. 2,492,587,924/=
Silver	-Rs. 148,148,343/=
Gold	-Rs. 25,574,696,121/=
Jewellery & findings	-Rs. 700,996,939/=
Consumable	-Rs. 98,941,762/=
Re-Imports	-Rs. 5,639,980,010/=
Total	-Rs. 71,134,906,138/=

Value of Exports

Gem	-Rs. 17,569,888,209/=
Diamond jewellery	- Rs. 232,162,764/=
Other jewellery	- Rs. 2,250,874,758/=
Diamond	-Rs. 37,682,262,099/=
Geuda & minerals	-Rs. 104,628,598/=
Gold re-export	-Rs. 3,966,701,047/=
Total	-Rs. 61,806,517,475/=

Customs House Agent Division

This unit handles the issuing of licenses to the Customs House Agents 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 2013

1. New registrations

Customs House Agents	94
Wharf Assistants	139
Temporary Wharf Assistants	436

2. Renewals

Customs House Agents	1601
Wharf Assistants	4868

3. Cancellations

Customs House Agents	27
Wharf Assistants	436

TIN/VAT Registration Division

The registration of Importers and Exporters in terms of section 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.

No. of registration for the year 2013

Sole- Proprietor	989
Partnership	533
Limited Liabilities	1651
Individual Imports	6128
Charities/ NGOs	181
Total	9482

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 maintenance and services, productively and transparently to every Directorate of the Department.

Major Functions

1. Provision of supply and services to the required Directorate on time while assuring the quality in order to ensure the uninterrupted functions of the Department.
2. Procurement of goods and services in a transparent manner, adhering to Treasury circulars and the National Procurement Guidelines.
3. Proper storage and inventorying of purchases procured in order to ensure their security and optimum utilizations while ensuring proper stock control and efficient stores management system.
4. Assets Management 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 2013

The attention on improving the physical resources of the Customs Department was very high during 2013. 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. The main challenge faced by the Directorate was to remove used furniture by following the proper inventory system and fixing the new furniture while ensuring the smooth function of the Department. However, we were able to complete those supply and services requirements within 2013 as expected.

Other Major Functions Completed During 2013

1. Completed installation of sign boards in new building.
2. Implemented the CCTV camera system to improve security and it is working successfully.
3. Implemented the Access Control System for car park barriers.
4. Issued new office identity cards for office staff and visitors to access the building through the Access Control System.
5. Provided the services of restaurants in the ground floor mainly for the Customs staff and visitors and in the ninth floor especially for the staff officers.
6. Provided all requirements to establish the proposed Customs Museum.

7. Introduced and completed new telephone numbers for Custom Head Office according to the floor number.
8. Finalized the work of extending the tiers in the main Auditorium with the main contractor of the Head Quarters Building.
9. Finalized the replacement of delaminated glasses in the Head Quarters Building
10. Provided necessary logistic arrangements for Katunayake Customs Rest and new Customs Offices at Hambantota port and Mattala International Airport.
11. Renovated customs offices in Galle, Mattala International Airport and other out port Customs offices.

Activities which were commenced in 2013 and expected to be completed in 2014

1. To complete the procurement to supply and install the new laboratory in head office.
2. To complete the procurement to supply and install the new gymnasium in the Head office with necessary equipments.
3. To obtain the approval of Cabinet of Ministers to provide a new uniform for all staff before the ceremonial opening of the Head Quarters Building.

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

Recurrent expenses (Rs. Millions)

Expense	2012 Actual	2013 Actual	2014 Estimate
Supplies	75.4	85.9	125.0
Maintenance	73.0	81.8	87.5
Services	163.9	191.9	225.0

Capital expenses

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

Expense	2012 Actual	2013 Actual	2014 Estimate
Buildings and Structure	18.0	39.4	20.0
Plant, Machinery & Equipment	4.5	6.0	5.0
Vehicles	1.8	2.5	3.0

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

Expense	2012 Actual	2013 Actual	2014 Estimate
Vehicles	-	7.4	-
Furniture and office equipment	0.9	1.3	3.0
Plant, Machinery & Equipment	1.8	2.5	4.0
buildings and structures	875.0	707.0	300.0

**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 2013

Interviews for recruitments & promotion

Interviewed rank	For the vacancies	Dates
Director of Customs	01 Additional Director General of Customs	25.10.2013
Deputy Director of Customs	04 Directors of Customs	28.10.2013
Superintendent of Customs	13 Deputy Directors of Customs	17.12.2013
Deputy Superintendent of Customs	27 Superintendent of Customs	21.06.2013
Assistant Superintendent of Customs 1	74 Deputy Superintendent of Customs	15.08.2013
Inspector of Customs, Grade II	02 Inspectors of Customs I	15.08.2013 12.11.2013
Customs Guard	42 (Recruitments)	18.11.2013

Examinations

Examinations	Candidates	No
Efficiency bars	Assistant Superintendent of Customs, Grade II; Inspector of Customs, Grade II (Old) , Inspector of Customs, Grade II.(New)	10

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	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.

2012

Interview Rank	For the Vacancy	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 Directors of Customs	16.11.2012

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. Nowadays HRD is guided by Mrs. I.J. Abeyrathne (DC) and are supported by other staff including 01 DDC, 03 SC's, 02 DSC's, 04 ASC's and other staff.

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 carrier 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	02
DSC	08	02
ASC	08	06
PMA	03	04
Total	25	16

Achievements of the Directorate in 2013

In accordance with the training plan 2013 and other special programs which were directed by D.G.C. we have conducted 41 Local Training Programs and 74 Foreign Training programs. We have trained nearly 1655 **participant under these programs.**

Participation in training events in 2013

Table 01: Grade wise

Grades	Local	Foreign
Director General of Customs	4	4
Additional Director General of Customs	8	16
Director of Customs	8	24
Deputy Director of Customs	50	27
Superintendent of Customs	156	29
Deputy Superintendent of Customs	903	16
Assistant Superintendent of Customs		22
Others	388	-
Total	1517	138

Table 02: Details of Training Events**Training Criteria – 2013**

Local Training Programme – Total : 41		
Foreign Training Programme – Total : 74		
Local		
• SCC and above programmes	} -	12
• ASCC and above programmes		
• Others	-	10
• Participations – Scheduled	-	2049
• Actual	-	1517
Foreign	Schedule	Actual
• Seminars	17	15
• Workshops	7	11
• Programs	6	6
• Training Course	7	7
• Meetings	19	19
• Post Degree Programmes	6	6
• Conferences	7	7
• Others	5	3

HRD has conducted language classes**Table 03**

Language Training for all Officers		Total	
		Schedule	Actual
Tamil language	Level III	60	40
Tamil language	Level II	30	20
O/L second language/Tamil		30	28

Table 04**Customs House Agent Training & Examination**

Examination	Participants	passes	percentage
01	100	41	41%
02	106	56	53%
03	119	70	59%

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 05
Library Service
(No. of members 1257)

Description	2012	2013
No. of new members	223	96
No. of books purchased	479	-
No. of books received as donation	39	22
No. of books	-	5500

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

Major Functions

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

Performance

- **Welfare management**

In order to ensure that quality service is provided by the canteen, since its opening in August 2013, three meetings of the committee which is represented by all recognized Trade Unions were held and the management of the canteen was informed to follow the instructions given by the committee based on the identified issues.

- **Disciplinary Management**

During the year, two disciplinary inquiries were held and one inquiry was completed and one is to be completed. Inquiry officers have been appointed to conduct the primary investigation for the reported seven cases during the year and further action to be taken based on the primary investigation reports to be received.

- **Productivity improvement program**

The productivity improvement program launched in line with the government policy to improve productivity in the public sector was continued with the assistance given by National Productivity Secretariat to introduce a systematic approach to enhance efficiency and effectiveness of the services provided by Sri Lanka Customs. Accordingly, Productivity Improvement Teams (PITs) were formed and selected members for the PITs of each directorate were trained through field visits and three training programs conducted in the Department. Further, five directorates (Human Resource Management, Human Resource Development, Exports, Logistics and Accounts) were selected as model directorates. Progress of this program was constrained during the year by the time required for establishment of Customs Department in the new building with formalization of replacement of new furniture.

PROVINCIAL CLUSTER

Revenue and Services (Provincial) Directorate

Introduction

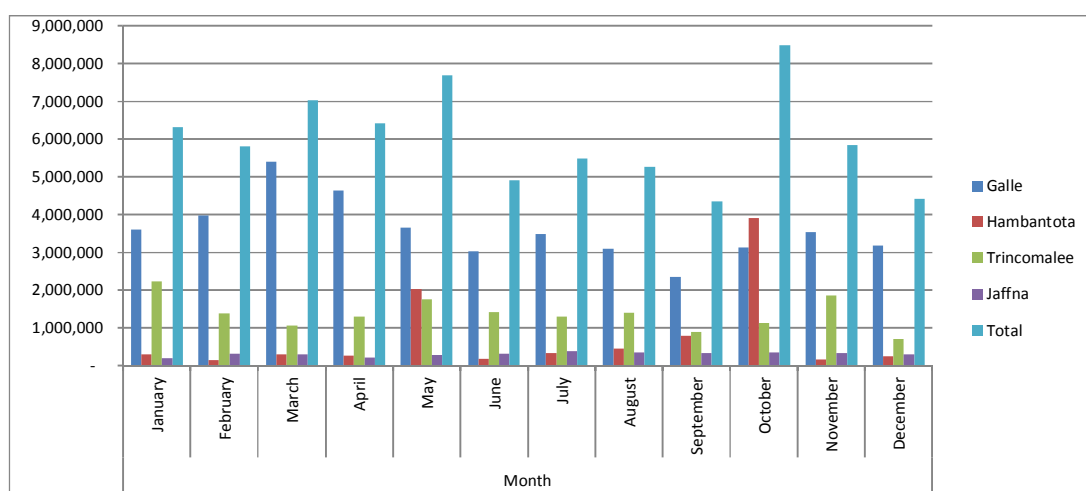
Revenue and Services (Provincial) Directorate is responsible for managing all Customs related functions of out-ports to namely Galle, Jaffna Trincomalee and Magampura is providing services for the clearance of Cargo, Unaccompanied Personal baggage and mail parcels and ensuring the collection of due revenue. 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

Region	Duty and Other Levies	Other Charges	TOTAL
Galle	19,402,229	23633846	43036075
Hambantota	4,215,204	4816455.5	9031659
Trincomalee	1,787,508	14579559.32	16367067
Jaffna	2,506,558	1073922	3580480
	27,911,499	44,103,783	72,015,282



Passenger Service (Provincial) Directorate

Introduction

Mattala Rajapakse International Airport (MRIA) was inaugurated on 15th March 2013. Prime objective of locating this Airport in Hambantota is a part of the development program in the Southern region on uplift the well being and life style of the people of the area and as an alternative airport to the Bandaranayaka International Airport, Katunayake as well. Presently few flights operate through MRIA; more flights will commence their operations to use facilities in the future.

As a government agency it is our duty to enhance the image of the MRIA by way of facilitating the passengers in courteous manner and expedite the clearance of their baggage whilst implementing the Customs regulations and other related laws to collect the due revenue to the state.

Performance

1) Flights and passengers arrival/Departure

Description	Arrived	Departed
No. of Flights	765	765
No. of Passengers	20541	21327

2) No of Detection – 01

3) No of violations detected - 07

4) Recoveries

Description	Amount (Rs.)
Penalty	123,42,757.00
Customs Duty	39,10,502.00
PAL	13,65,235.00
VAT	45,46,105.00
NBT	8,54,837.00
SRL	250.00

Staff allocation

Under the Director (Passenger Services - Provincial) staff listed in the annex 1 are assigned on transferable for a certain periods of time on permanent basis.

Facilities provided for performance

Two houses and two vehicles have been provided for accommodation and staff transport respectively. Internet facility has been provided to DDC.

Remarks

There are only three office rooms for Customs officials inside the Airport. i.e. DDCc, SCc and Duty officer.

There is no room for ACO and presently they occupy the SC room since office space provided to duty officer is sufficient only to him.

No rest room has been provided to any of the staff even to Duty officer.

This may be the reasons of lack of space since only phase I is completed. Therefore, when the phase II is commenced more space and facilities should be requested for better performance to enhance the productivity.

**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 programmes 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 72 and successfully completed 68 audits during the year 2013

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

	2012		2013	
Description	No. of Companies	Amount (Rs. Mn)	No. of Companies	Amount (Rs. Mn)
Bank Guaranties issued	86	289	88	396.45
	FROM 2012.04.01 to 2013.03.31 (TAX YEAR)			
Description	No. of Employees 2012.04.01	Amount (Rs. Mn) 2013.03.31	No. of Employees 2013.04.01	Amount 2014.03.31
Payee Tax	2866	23,110	2534	40,218

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: Sri Lanka Customs Revenue Target & Collection - 2012/2013

Revenue Code	Description	Rs. Mn.			
		2012		2013	
		Target	Actual	Target	Actual
1001.01.00	Import Duty	76,830	73,489	82,591	74,766
1001.02.00	Export Duty	20	21	20	22
1001.04.00	Port & Airport Dev. Levy (PAL)	75,211	70,111	61,004	61,516
1001.05.01	Cess Levy - Import	29,287	29,604	37,362	33,011
1001.06.00	Motor Vehicle Concessionary Levy	-	-	-	-
1001.07.00	Rural Infrastructure Dev. Levy (RIDL)	-	7	-	1
1001.05.02	Cess Levy - Export	3,120	3,136	3,120	3,087
1001.08.00	Special Commodity Levy	36,608	33,666	50,106	46,705
	Total Custom Tax Revenue	221,076	210,034	234,203	219,108
1002.05.01	Excise Tax - Cigarettes	54,924	53,529	58,222	58,534
1002.05.02	Excise Tax - Liquor	-	39	-	0
1002.05.03	Excise Tax - Petroleum	23,000	28,466	35,849	27,131
	<i>Excise Tax - Petroleum (Import)</i>	<i>20,000</i>	<i>27,837</i>	<i>32,753</i>	<i>27,131</i>
	<i>Excise Tax - Petroleum (Local)</i>	<i>3,000</i>	<i>629</i>	<i>3,096</i>	-
1002.05.04	Excise Tax - Motor Vehicle	57,510	46,496	71,906	55,517
1002.05.99	Excise Tax - Others	5,132	3,336	5,347	2,528
	<i>Excise Tax - Others - Import</i>	<i>3,632</i>	<i>2,533</i>	<i>1,477</i>	<i>1,248</i>
	<i>Excise Tax - Others - Local</i>	<i>1,500</i>	<i>803</i>	<i>3,870</i>	<i>1,279</i>
	Total Excise Tax Revenue	140,566	131,866	171,325	143,710
1002.01.04	Value Added Tax (VAT) on Imports	109,487	99,469	123,888	96,591
1003.10.00	Social Responsibility Levy (SRL)	-	1	-	-
	<i>Social Responsibility Levy (SRL) -</i>		<i>1</i>		<i>0</i>
	<i>Social Responsibility Levy (SRL) -</i>	-	-	-	0
1002.12.03	Nation Building Tax	18,823	15,667	19,721	22,443
	Total Other Tax Revenue	128,310	115,138	143,609	119,035
	Total Tax Revenue	489,952	457,037	549,136	481,852
2003.02.17	Sale of Garments	100	105	95	92
2003.02.99					
2003.99.00	Sundries	15,700	5,042	859	2,142
2003.03.00					
	Total Non Tax Revenue	15,800	5,147	954	2,234
	Total Revenue (Tax & Non Tax)	505,752	462,184	550,090	484,086
	Net Deposits		1,774		1,231
	Total Revenue with Net Deposits	505,752	463,958	550,090	485,317

Note: Reconcile with Treasury Account

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 - 2012 & 2013

Description	2012		2013	
	Estimated (Rs. Mn)	Actual (Rs. Mn)	Estimated (Rs. Mn)	Actual (Rs. Mn)
Recurrent	1,393	1,392	1,497	1,495
Capital	903	903	776	776
	2012		2013	
Advance 'B' Account	No. of Employees	Amount (Rs. Mn)	No. of Employees	Amount (Rs. Mn)
Festival Advance	360	1.8	341	1.7
Distress Loan	474	37.76	402	27
Special and Bicycle Loan	35	0.10	15	0.3

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 2012 & 2013

Description	2012		2013	
	No. of Employees	Amount (Rs.Mn)	No. of Employees	Amount (Rs. Mn)
Total Payment of Salaries	2,092	757.2	2058	784.30
Total Payment of Pension	224	35.54	95	28.0

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 2012 & 2013

Description	2012		2013	
	Received (Rs. Mn)	Paid (Rs. Mn)	Received (Rs. Mn)	Paid (Rs. Mn)
Total Payment of Overtime	583	431	578	591
Cargo Examination Fee Fund	201	162	229	184

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	2012		2013	
	Received Amount (Rs. Millions)	Paid Amount (Rs. Millions)	Received Amount (Rs. Millions)	Paid Amount (Rs. Millions)
Seized and Forfeited Good Advance Accounts	2.5	3.4	2.89	8.18

Rendering of Annual Accounts

Financial Directorate is responsible for rendering below mentioned Annual Accounts to the Auditor General and the Treasury on or before 31.03.2014

- 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 2012 & 2013

Description	2012		2013	
	Received Amount (Rs. Millions)	Paid Amount (Rs. Millions)	Received Amount (Rs. Millions)	Paid Amount (Rs. Millions)
Custom Officers Reward Fund	973.2	925.6	1,505.2	1,362.8
Custom Officers Managements and Compensation Accounts	362	97	583.7	114.8

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.

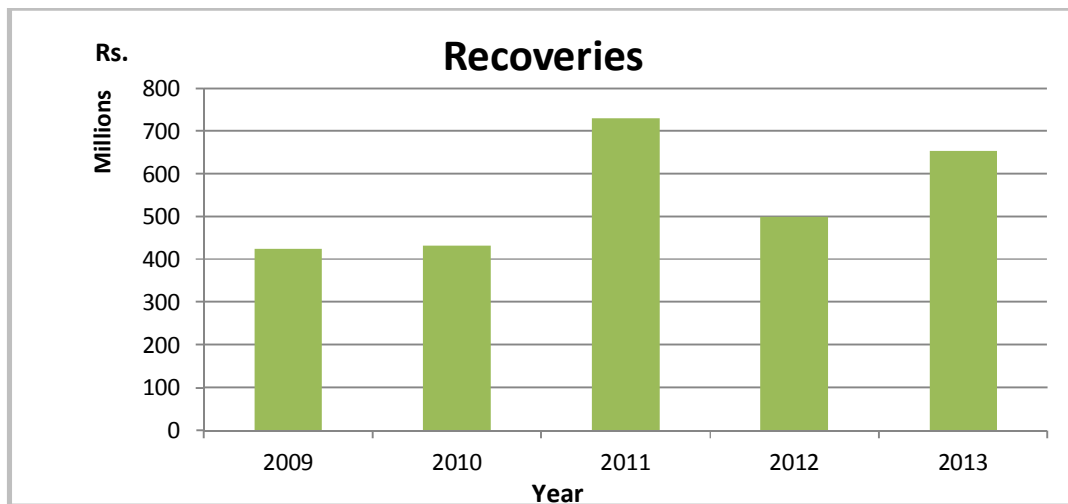
Maintain vigilance over the clearance of goods in the parcel post, courier services and other special procedures for clearance of goods.

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, 2012 & 2013

	2009 (Rs)	2010 (Rs)	2011 (Rs)	2012 (Rs)	2013 (Rs)
Penalty, AE and Duty & Other Levies	354,417,921	392,152,071	671,474,362	407,821,431	535,522,655
Sales Proceeds	70,179,646	39,451,881	58,642,363	91,004,686	116,906,090
Total Recoveries	424,597,567	431,603,952	730,116,725	498,826,117	652,428,745



	2009	2010	2011	2012	2013
Commercial Imports(Sea Freight & Air Freight) - FCL & LCL	827	1,114	1,196	1,235	1,847
Unaccompanied Passenger Baggage(UPB)	622	978	991	1,058	1,020
Accompanied Passenger Baggage(BIA)	1,000	24	70	40	0
Accompanied Passenger Baggage(BIA)	2,449	2,116	2,257	2,333	2,867

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) Directorate, 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) Directorate 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) Directorate 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.

Major Changes During the last two years

1. H.S.Code 32.08, 32.09, 32.10 paints and Varnishes excise exempted from 01st of June 2010.
2. H.S.Code 39.23 polythene Bags excise exempted from 23rd of November 2010.
3. Excise duty imposed on H.S.Code 39.01 polythene of ethylene in primary form 23rd of November 2010.

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	5,649.66
Motor vehicles (Locally assembled)	1.57
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

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

Expenditure incurred during the year 2013

The Excisable articles and the revenue (Local) collected during the year 2013

	Rs. Millions
Cigarettes	57,523.00
Petroleum	4,850.59
Motor vehicles (Local assembled)	6.94
Soft drinks	2,020.00
Race publication	10.04
Electrical Items(Local)others	191.71
TOTAL	64, 603.74

*Excise duty outstanding (Rs) 1,707,474,205.73 1,707,47

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	1
No of cases finalized during the year	1
Recovered amount during the year	RS 13,650,00 (13.65miliion)