

Government of Pakistan  
(Revenue Division)  
Federal Board of Revenue

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Islamabad, the 26<sup>th</sup> November, 2012.

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NOTIFICATION  
(CUSTOMS)

**S.R.O. (I)/2012.** In exercise of the powers conferred by section 202B of the Customs Act, 1969 (IV of 1969), the Federal Board of Revenue is pleased to make the following rules, namely:-

**1. Short title and commencement.-** (1) These rules may be called the Customs Reward Rules, 2012.

2. They shall come into force at once.

**2. Definitions.-** In these rules, unless there is anything repugnant in the subject or context,-

- (i) "Act" means the Customs Act, 1969 (IV of 1969);
- (ii) "Board" means the Federal Board of Revenue established under the Federal Board of Revenue Act, 2007;
- (iii) "duty" means all types of customs duties levied and collected under the Act;
- (iv) "informer" means any person, or a group of persons, who provide any vital or significant information or evidence leading to successful inquiry, audit, investigation or prosecution in cases involving evasion of duty and other taxes, and confiscation of goods resulting in recovery of such duty and taxes;
- (v) "meritorious services" means-
  - (i) making original contribution in any field relating to the Customs and displaying extraordinary devotion to duty;
  - (ii) exceeding budgetary targets through extraordinary planning and efforts; and
  - (iii) displaying exceptional overall results in the detection of evasion of duty and other taxes, anti-smuggling operation or recovery of arrears; and
- (vi) "other taxes" means the duty and taxes collected at the import stage in the manner as if these were duty of customs payable under the Act.

**3. Eligibility for reward.-** (1) Cash reward shall be sanctioned under these rules to the following categories of persons in cases involving evasion of duty and other taxes, and confiscation of goods, namely:-

- (a) officers and officials of Pakistan Customs Service for their contribution in such cases; and
- (b) Informer providing credible information leading to such confiscation or detection, as the case may be.

(2) Cash reward may also be sanctioned to the Officers of Pakistan Customs Service and staff, for rendering meritorious services in normal course of duty, not exceeding three years' basic salary.

**4. Determination of reward.-** (1) The amount of reward, in cases involving evasion of duty and other taxes, and confiscation of goods shall be determined in the following manner, namely:-

Amount of customs duty and other taxes realized	Amount of Reward
Rs.500,000/- or less	Twenty <i>per cent</i> of the customs duty and other taxes
More than Rs.500,000/- but not more than Rs.1,000,000/-	Rs.100,000/- plus ten <i>per cent</i> of the customs duty and other taxes in excess of Rs.500,000/-
Over Rs.1,000,000/-	Rs.150,000/- plus five <i>per cent</i> of the customs duty and other taxes in excess of Rs.1,000,000/-

(2) The amount of reward under sub-rule (1) shall be sanctioned after realization of the whole of the duty and other taxes involved:

Provided that in cases where more than half of the amount of duty and other taxes have been realized, reward may be sanctioned proportionate to the realized amount of duty and other taxes involved.

(3) In cases where the goods are disposed of through auction, sale or by any other means after completion of appellate and judicial process, fifteen *per cent* of the sale proceeds deposited in the exchequer as a result of that disposal shall be disbursed as reward to Customs Officers, Staff and informers, if any.

(4) The amount of redemption fine and penalty shall not be taken into account for reward purposes.

(5) In cases where confiscated goods cannot be disposed of, such as prohibited and restricted items in terms of the prevalent Import and Export Policy Orders, narcotics, drugs, arms, intellectual property items etc., the amount of reward shall be determined in the following manner, namely:-

Value of confiscated goods	Amount of Reward
Rs.20,000/- or less	Thirty <i>per cent</i> of the value of goods.

More than Rs.20,000/- but not more than Rs.500,000/-	Rs.6,000/- plus twenty five <i>per cent</i> of the value of goods in excess of Rs.20,000/-
Over Rs.500,000/-	Rs.126,000/- plus ten <i>per cent</i> of the value of goods in excess of Rs. 500,000/- The reward amount shall, however, not exceed Rs. 1,000,000/-

(6) The amount of reward under this sub-rule shall be sanctioned only after final decision of the case involving confiscation of the goods, and expiry of the limitation period.

(7) In cases of confiscation of tampered smuggled vehicles, the total amount of reward to be disbursed in one case shall not exceed Rs. 30,000/- in case engine capacity of the vehicle exceeds 1800 cc, and Rs.12,000/- in case of other vehicles. The welfare fund shall receive an equivalent share in these cases.

(8) The amount of reward to a serving officer of Pakistan Customs Service or staff shall not normally exceed his three years' basic salary in a single case.

**5. Establishment of welfare fund.-** (1) A fund shall be established for welfare of the officers of Pakistan Customs service and staff. This fund shall be operated by the Customs Wing of the Board or the Collectorate, as the case may be.

(2) The welfare fund established under sub-rule (1) shall be utilized for the general welfare of the officers of Pakistan Customs Service and staff, as prescribed by the Board under the Common Pool Fund (CPF) Rules.

**6. Payment of reward.-** (1) The total amount of reward specified in sub-rules (1) and (5) of rule 4 shall be disbursed to officers of Pakistan Customs Service and staff, and the informers as forty *per cent* and fifteen *per cent* of the total, respectively.

(2) The welfare fund shall receive forty five *per cent* of the amount of reward specified in sub-rules (1) and (5) of rule 4. The welfare fund shall also receive its share of reward in accordance with rule 4(7). In cases where no informer is present, share of the informer shall be deposited in the welfare fund.

**7. Reward sanctioning authorities.-** The authorities for sanctioning of reward under these rules shall be as under:-

(a) In the cases specified in sub-rules (1), (5) and (7) of rule 4:

Officers of Pakistan Customs Service and Staff	Sanctioning Authority
BS-1 to BS-18 in field formations	Collector or Director, as the case may be
BS-19 in the field formations	Chief Collector or Director General, as the case may be

BS-20 and BS-21 in field formations	Member (Customs), Federal Board of Revenue
BS-1 to BS-21 in FBR HQ	Member (Customs) Federal Board of Revenue

(b) in the cases specified in rule 3(2):

Officers of Pakistan Customs Service and Staff	Sanctioning Authority
BS-1 to BS-16 in field formations	Chief Collector or Director General, on the recommendation of Collector or Director, as the case may be
BS-17 to BS-21 in field formations	Member (Customs), Federal Board of Revenue
BS-1 to BS-21 in FBR HQ	Member (Customs), Federal Board of Revenue

**8. Sanction of reward amount.-** (1) The Reward Sanctioning Authority in the field formations shall constitute a committee consisting of at least one BS-19 and two B-18 officers to examine the cases and recommend for sanction of reward:

Provided that the beneficiary of reward shall not become member of the committee entrusted with examination of reward cases and formulation of recommendations thereof.

(2) On the basis of these recommendations, the sanctioning authority shall decide the eligibility of reward to be sanctioned.

(3) The reward sanctioning authority shall ensure that the reward amount is apportioned equitably amongst the case instituting team as well as the Officers and Staff who made meaningful efforts in the case till such stage that recovery of the duties and other taxes was effected:

Provided that the Departmental Representative shall be sanctioned Rs. 5000/- as reward against each case decided in favor of the department by the Appellate Tribunal.

(4) If the reward sanctioning authority considers any particular individual to have been instrumental in instituting the case or have made special efforts during adjudication, appellate or recovery stages, then for reasons to be recorded in writing, such an individual may be sanctioned a higher proportion of the reward amount within the permissible limit.

**9. Redressal of grievances.-** (1) Any officer of Pakistan Customs Service, official or informer who has claimed a reward under these rules and is aggrieved by a decision of the Reward Sanctioning Authority, may request for copy of the said decision in writing, which shall be provided within fifteen days.

(2) The aggrieved person may thereafter appeal in writing, within sixty days, for redressal of the grievance to the Chief Collector concerned, who shall decide the appeal within thirty days, through an order in writing.

(3) If the aggrieved person is not satisfied with such an order or in case the appeal is not decided within thirty days for any reason, the aggrieved person may appeal in writing to the Member (Customs), FBR, who shall decide the matter within thirty days and this decision shall be final.


(4) In cases where the Reward Sanctioning Authority is the Member (Customs) of the Board, the aggrieved person may submit a revision application within sixty days of the decision, to the Member (Customs) FBR, who shall decide the matter within thirty days and such a decision shall be final.

(5) An officer of Pakistan Customs Service can file an application to the Member (Customs), FBR for review of reward sanctioned in any Collectorate or Directorate, on the basis of material evidence, indicating violation of these rules or sanction of reward to undeserving individuals. The Member (Customs), FBR shall decide the matter after inquiring it through appropriate means.

**10. Periodic review of reward sanctioning process and allied matters.**-The Board shall, every two years, invite suggestions, opinions and proposals from the officers of Pakistan Customs Service and staff for improvement in the reward sanctioning process to make it more just, fair, transparent and equitable. This periodic review shall be publicized, in order to have the widest participation for value addition through the review process.

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[C. No.7(3)AS&C/09]

  
(Najeeb R. Abbasi)  
Chief (F&C)