

Non-duty paid cigarettes seized in Gujrat operation

Inland Revenue Enforcement(IRE) Network of the Federal Board of Revenue (FBR) has conducted a major operation in Gujrat against the illicit trade of cigarettes and recovered/seized various brands of local non-duty paid cigarettes including 403 cartons containing 4,030,000 sticks suspiciously non-duty paid/counterfeit. Sources told *Business Recorder* that the operation has been conducted by Regional Tax Office, Sialkot with the assistance of Directorate of Intelligence & Investigation-IR, Lahore.

Special Assistant to Prime Minister on Revenue Haroon Akhtar Khan, Chairman FBR Tariq Pasha and FBR Member Inland Revenue Operations Khawaja Tanveer Ahmad have highly appreciated the performance of the said teams which conducted successful operation against the illicit trade of cigarettes.

Details revealed that credible information was available that huge quantity of low priced cigarette, inter alia, (i) non-duty paid locally manufactured (ii) non-duty paid AJK origin and (iii) counterfeit cigarettes are being traded/stored at the business premises situated at Chowk Kunjah, Eid Gah Road, Near Bank of Punjab, Kunjah Branch, Kunjah Gujrat. With regard to locally manufactured cigarettes, the Central Coordinator "IR enforcement Net Work"/CCIR, Rawalpindi's vide office letter IRENW/CCO-RWP/5398, dated 29.05.2017, had already shared that huge quantity of low priced cigarettes are being supplied & sold in open market by cigarette manufacturers. IR Enforcement Network through discreet market intelligence & mystery shopping had collected irrefutable evidence to prove that the retail price being charged against such cigarettes is even lower than the amount of duty/taxes payable on the saleable packet of cigarette. While the same FED/sales tax laws apply in both tariff areas (AJK and Pakistan), the sale below the said minimum price itself constitutes the evidence that no duty/taxes have been paid on such supplies.

Accordingly, the competent authority granted approval under section 25, 26 and 45 of the Federal Excise Act, 2005 and under section 38 & 40 of the Sales Tax Act, 1990 to investigate the matter for further necessary action. Search warrants, therefore, were obtained from a magistrate class 1st in terms of Section 25 of the Federal Excise Act, 2005 read with Section 40 of the Sales Tax Act, 1990 to conduct the search of above premises. Search of above said business premises/godown was carried out on 02.08.2017 by the team of Regional Tax Office, Sialkot, with the assistance of Directorate of Intelligence & Investigation-IR, Lahore and local police in presence of witnesses from said locality, in accordance with the provision of section 102 & 103 of CrPC. Search led to recovery/ seizure of various brands of local non-duty paid cigarettes and 378 cartons of Cafe Brand, 14 of Medal Gold, 01 of County, Manufactured by Universal Tobacco Company (Pvt), Ltd and 10 of M&J counterfeit (403 cartons) containing 4,030,000 sticks suspiciously non-duty paid/counterfeit. The said stock has been stored at Gujrat office premises.

Investigation in this regard is under way and further progress would be intimated accordingly.