

Change in title of shipments

Freight forwarders' appeal rejected

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KARACHI, Jan 28: The president has rejected the appeal submitted by Pakistan International Freight Forwarders Association (PIFFA) against the Federal Tax Ombudsman's decision with regard to change in ownership and title of shipments.

The decision of the president has been communicated through the FTO's letter dated Jan 25, 2010, addressed to the secretary Federal Board of Revenue (FBR).

The letter maintained that since the representation of the PIFFA has been rejected, the FBR is advised to implement the recommendations of the FTO and submit compliance report to the President's Secretariat within the specified time.

The exporters' associations filed a complaint (No.751/2007) with the FTO alleging that shipping agents in collaboration with the freight forwarders (consolidators) issue Master Bill of Lading in the name of the consolidators, declaring them as exporters (instead of the original exporter).

As a result the exporters

and their banks are deprived of their legitimate ownership by issuing a fake third party document called House Bill of Lading against the Master B/L to the exporter, they further maintained.

After a change in title and ownership of consignment the cargo at foreign destination is released to the forwarder's counterpart without getting exporter's bills paid through the bank.

Since the title is changed the freight forwarder also receives the payment of export cargo causing huge losses to original exporters, who receive delayed payment with undue discount or even suffer a total default.

The exporters further complained with the FTO that foreign buyers take the advantage of avoiding the C&F value and purchase the goods through freight forwarder's agent on cheaper value. This resulted in loss to exporters and the benefit of this malpractice goes to the shipping company as well as freight forwarder, exporters alleged.

The FTO in his decision dated Feb 8, 2008, directed

the collector of customs to ensure that cases identified by the representative bodies of exporters be examined carefully by officers of the competent jurisdiction and necessary action be taken under the relevant rules against the freight forwarders.

The FTO also directed the customs authorities to constitute a task force under the chief collector of customs to examine the problem of exporters.

The FTO also asked the customs to formulate rules for freight forwarders to make it incumbent on them to work under customs license and propose a procedure for punitive action and legal proceedings to maintain effective check on their malpractices.

The FTO also directed customs authorities to examine the working of manifest clearance, filing of import and export manifest by each arriving and departing vessel, process of checking entries in export manifests with the documents (including bills of lading). The FTO gave two months period for compliance on its recommendations.

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