



26<sup>th</sup> October, 2017

TL17/2610/3A

Chairman,  
Karachi Port Trust,  
Karach

**Sub: Complaint on the allegations of Non payment of Stamp Duty on  
Contracts causing a loss of at least 4 Billion @ 0.5 billion/year rupees revenue in the  
last 8 years to the Government of Sindh.**

Dear Sir,

Transparency International Pakistan refers to a complaint reported on 3<sup>rd</sup> June 2010 to the KPT, Chairman PAC, Chairman NAB, AGP, CS Sindh, M/D PPRA and Supreme Court of Pakistan for inquiry and action in the alleged evasion of Rs.38.576 million stamp duty by KPT Contractor M/s China International Water & Electric Corp. **Annex-A.**

Contractor M/s China International Water & Electric Corp. was awarded a Rs. 19.288 billion capital dredging contract by KPT in July 2008, and they paid Rs. 8.5 million in the stamp office GoS, City Courts, Karachi.

Under PPRA Rule No 7, Integrity Pact signed by the contractor, 10 times fine is to be paid by the contractor on the loss incurred by the government due to the corruption in contract.

KPT in reply to PPRA on 09.9.2010, accepted that M/s China International Water & Electric Corp has paid only Rs 8.5 million as stamp duty, and it is yet to be proved that the contractor has defrauded the GoS an amount of Rs 30 million. KPT in para 4 of its letter informed PPRA that;

**“ The application of Integrity Pact would only be possible if the firm’s connivance with certain individual in Government of Sindh is established without any doubt, please.” Annex-B.**

Vide letter dated 5.5.2011, Director (E&I), Board of Revenue Sindh , Hyderabad, informed KPT, that a challan for recovery of deficit stamp duty amounting to Rs 60,152,000 has been issued to M/s China International Water & Electric Corp, and requested for the action taken by KPT with regards to this deficit recovery of stamp duty . **Annex-C.**

This is also reported in newspaper on 26<sup>th</sup> October 2017, that in the Sindh High Court, Board of Revenue Sindh has been directed to complete the investigations on waiver of over Rs 30 million Stamp duty by 8<sup>th</sup> November 2017. And that in the SHC, NAB has informed that the lady who signed the letter of waiver of stamp duty has refused to accept that it is her signatures, and the Court has asked for forensic check of the signature on the letter. **Annex-D.**

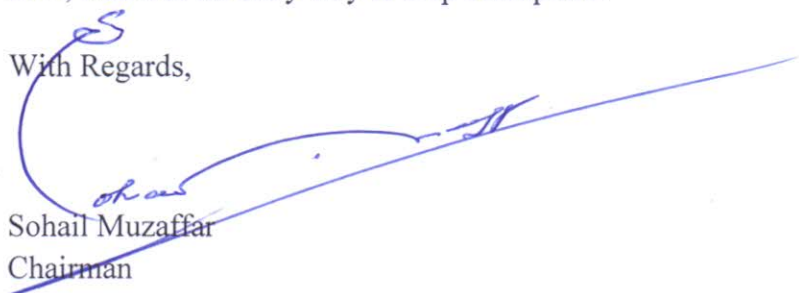


In view of the NAB report in SHC, Board of Revenue Sindh letter of recovery dated 5.5.2011, and proceedings of the corruption case in SHC, it amply proved that the contractor has committed act of corruption amounting to over Rs. 30 Million.

KPT is requested to impose and recover from M/s China International Water & Electric Corp a fine 10 times of Rs 30 Million, which is Rs.300 Million under the Integrity Pact, and as committed to PPRA by KPT on 9.9.2010.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,

  
Sohail Muzaffar  
Chairman

Encl: Annex-A, B, C and D.

Copies forwarded for the information and action under rules to,

- 1 Chairman, NAB , Islamabad.
- 2 Auditor General Pakistan, Islamabad.
- 3 Registrar Supreme Court of Pakistan, Islamabad
- 4 MD, PPRA, Islamabad



**TRANSPARENCY  
INTERNATIONAL-PAKISTAN**

Annex - A

5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII,  
Defence Housing Authority, Karachi.  
Tel: (92-21)-35390408, 35390409, Fax: 35390410  
E-mail: ti.pakistan@gmail.com  
Website: www.transparency.org.pk

3<sup>rd</sup> June, 2010

Chairperson,  
Karachi Port Trust,  
Head Office,  
Edujje Dinshaw Road,  
Karachi

Sub: Violation of Public Procurement Rules, 2004 by M/s China International  
Water & Electric Corp. (CWE)

Dear Sir,

KPT attention is invited to the reported gross violation of Public Procurement Rules 2004 by M/s China International Water & Electric Corp. (CWE), who were awarded Rs. 19.288 billion capital dredging contract in July 2008.

It has been reported to TI Pakistan that M/s China International Water & Electric Corp. (CWE) have not paid the stamp duty on the contract, which on Rs. 19.288 billion is Rs 38.576, under Rule No 15 of Sindh Government Schedule of Stamp Duty under Stamp Act 1899, and instead produced a letter No CIS-6/CWE-786/2008 dated 2 July 2008, of Chief Inspector (Stamps), Board of revenue, Sindh, Government of Sindh. The letter advises International Water & Electric Corp, CWE House, House No 4, St. 17,F-7/2, Islamabad to deposit Rs 8.5 million in the stamp office, Government of Sindh., City Courts, Karachi under intimation to this office. The letter of GoS is reported to be fake, and allegations are made that China International Water & Electric Corp. (CWE) with connivance of Sindh Government and KPT officers has manipulated avoiding payment of Rs 38.576 million to GoS.

According to Rule No 7, they must have signed "Integrity Pact", without which the contract is rendered mis-procurement. According to following clause of IP, any act of damaged incurred to GoP for any loss incurred due to corrupt practice by the contractor, the Contractor has agreed to pay the loss incurred, as well as pay 10 times the compensation for the corruption incurred.

*"Notwithstanding any rights and remedies exercised by GoP in this regard, [the Seller/Supplier/Contractor] agrees to indemnify GoP for any loss or damage incurred by it on account of its corrupt business practices and further pay compensation to GoP in an amount equivalent to ten time the sum of any commission, gratification, bribe, finder's fee or kickback given by [the Seller/Supplier/Contractor] as aforesaid for the purpose of obtaining or inducing the procurement of any contract, right, interest, privilege or other obligation or benefit in whatsoever form from GoP."*



TI Pakistan request KPT to kindly look into this complaints, an if the complaint if found to be true, according to IP, beside payment of dues of Rs 38.576 million to GoS, the Contractors is also liable to pay 10 times this amount to KPT for indulging into corrupt & fraudulent practices, which comes to Rs 385.76 Million.



With regards,

**Syed Adil Gilani,**  
**Chairman**  
**Transparency International Pakistan**

Copies forwarded for information and action rules to;

- 1 Chairman, Public Accounts Committee, Islamabad.
2. Auditor General Pakistan, Islamabad.
3. Chief Secretary, GoS, Karachi
4. Registrar Supreme Court of Pakistan, Islamabad
5. MD, PPRA, Islamabad
6. Chairman, NAB, Islamabad.
7. Member Board of Revenue, Government of Sindh, Karachi

