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**DRAFT**

**Standard Operating Procedures**

**Sale of seized goods, and Auction procedures**

**The Lebanese Customs Administration**

**General Directorate of Customs**

**SALE OF SEIZED GOODS, and AUCTION PROCEDURES - STANDARD OPERATING PROCEDURES**

1. These Standard Operating Procedures replace all existing procedures relating to Sale of seized goods and Auction procedures. **Separate Standard Operating Procedures have been produced for Seizure of prohibited goods; and for Seizure proceedings.**
2. The standardisation of General Directorate of Customs procedures is necessary for the following reasons:

* To reduce the financial impact of fraud in terms of evaded duties and taxes of national significance;
* To increase conformity and consistency with international norms and standards;
* To enhance transparency;
* To improve the operating and deployment framework of the Customs Brigade based on risk management principles;
* To increase levels of compliance, revenue security and facilitation relating to the control of cross border trade;
* To improve the interaction and operational co-ordination between customs and other law enforcement agencies.

1. Indeed, the principle for the need to achieve modern and standardised procedures is enshrined at the very beginning of the Lebanon Customs Act 2001, as follows:

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| --- | --- |
| **Lebanon Customs Act 2001** | |
| **Article** | **Provision** |
| 4 | **1.** Customs and parties concerned shall implement all customs procedures subject to the principles of streamlining, publicity, transparency and common interest.  **2.** Pursuant to the provisions of paragraph (1) above, the customs administration shall adopt modern means and advanced and developed regulations for the organization of the customs business especially as concerns the following (there are 13 modern procedures listed).  **3.** Customs procedures laid down in this chapter should be implemented in the light of the principle of trade facilitation without violating efficient customs control, and upon guidance by new procedures of risks management and evaluation. |

1. A Standard Operating Procedure (SOP) is a document which describes regularly recurring Customs Officer work processes. The purpose of a SOP is to carry out the operations correctly and always in the same manner. When Customs Officers follow the SOP for a particular job, they produce a product that is consistent and predictable. An SOP is a compulsory instruction.
2. These Standard Operating Procedures contain instructions on the following operations:

* Legislative provisions
* Safeguarding evidence until acceptance by customs warehouses
* Disposal of seized items
* Exceptions to sale by auction
* Judgement
* Situations leading to customs legally become the owner of property
* Categories of seized/confiscated goods
* Goods to be disposed of immediately after seizure
* Goods to be disposed of within six months and one day from the date of seizure, or earlier
* Abandoned goods
* Customs duties, storage fees and other charges
* Valuation committee
* Auction

1. **LEGISLATIVE PROVISIONS**

The table below details the main provisions of the Customs Act 2001 as they relate to Seizure and Sale by Auction. The most important are Article 408 – 1 (which provides the principal legal basis for the Seizure and Sale by Auction of all the debtor’s property); and Article 444 (which provides the legal basis for the Customs Administration to sell seized items).

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| **Lebanon Customs Act 2001** | | |
| **Article** | | **Provision** |
| 207 | Upon the expiry of the public warehouse storage period, goods shall be re-exported or subjected to customs charges. Otherwise, duty shall be settled, de facto, on the basis of the tariff applicable at the expiry of the legal storage period; the depositor shall be notified to pay due charges within one month. Should the depositor fail to do so, goods shall be sold by public auction and due charges settled according to the tariff applicable at the time of sale and on the basis of the selling price. The total sum of sale shall, after the deduction of customs duties, storage fees and other charges, be deposited in trust in Customs fund so as to be delivered to the person concerned if he/she so requests within one year as of the time of sale. If the person concerned does not claim the sum within the said period, it shall become treasury revenue.  Goods shall not be sold for domestic consumption unless restrictions are lifted, otherwise goods shall be re-exported. | |
| 221 | Upon the expiry of the warehousing period, provisions of paragraph 1 of Article 207 of this law shall be applied provided that the sum of customs duties is deducted, at the time of sale, prior to any other sum from the net value of sale. | |
| 408 | 1- For the purpose of enforcing judgments rendered to the advantage of the customs, the administration may seize and sell by auction all the movable and immovable property of the debtor. The court may also decide the imprisonment of the said debtor.  2- Should there be no buyers of the immovable property offered for auction sale or prices offered in respect thereof are lesser than the lower sale price for a second round, such properties shall be transferred legitimately to the name of the customs administration at the rock-bottom price.  3- The Director General of customs shall form a committee to set the minimum price of sale and to initiate the bidding process. Rules prescribed in the Taxation Law shall be enforced. | |
| 433 | 1- customs shall not have the right to sell goods seized for violations of the Customs and related laws, unless such goods become the property of Customs by virtue of a final decision stipulating forfeiture  2- customs may, whenever it is impossible to notify the party concerned, sell perishable goods, means of transport, goods likely to leak or animals, kept in the customs as result of a dispute, whenever necessary or whenever such sale is found to be in the interest of the claimant. | |
| 434 | The following property/merchandise shall be listed in the customs sale catalogs:  1- Forfeited merchandise that has become the property of customs.  2- Perishable goods, mentioned in the previous Article (433).  3- Goods in the possession of customs after their transfer in writing by owners.  4- Abandoned goods, mentioned in Article 435.  5- Goods unwithdrawn from public, private and specialized warehouses within the regulatory periods.  Such goods shall be sold within conditions prescribed in Articles 207, 221 and 231. | |
| 435 | 1- Abandoned goods mentioned in paragraph (4) of Article 434, are goods left in customs warehouses or places, other than public, private or specialized warehouses, after the elapse of 6 month and one day as from their deposit therein.  Such period may be reduced to three months and one day for goods in bonded in the warehouses of Beirut International Airport and in various passengers' lounges, and to 10 full days as from the date of inspection for goods not withdrawn from inspection rooms at various Customs offices and stations.  2- Goods mentioned in paragraph one here above can be sold before the elapse of the allotted periods of time, if such goods are perishable or badly conserved or showing signs of putrefaction, provided that they are subject to the provisions of paragraphs (2), (3), (4) and (5). | |
| 437 | 1- exceptions to sale by auction: monopolized goods or strictly prohibited goods such as firearms, ammunitions, explosives, drugs and similar prohibited substances.  2- Goods should be sold free of all due duties and costs.  3- Payments should be settled in cash; the successful bidder may dispose of goods as if they were imported.  4- small quantities of perishable foodstuffs, the expenses of which cannot be covered by the sale proceeds, shall not be offered for sale, and should be donated to hospitals and charities destroyed | |
| 440 | Advertisements to be published in one or more newspaper, or posted on customs doors. The announcement shall be published 10 days prior to sale. | |
| 441 | 1- The selling price shall be determined by the customs administration; however such price shall not be lesser than the duty value if goods are subject to a specific duty. If no purchasers present themselves, after two consecutive bids, within the conditions prescribed in the two previous paragraphs, the administration shall have the right to destroy such goods  2- If goods are unfit for consumption, and should the administration fail to sell such goods for re-exportation, such goods may be retained for the use of the customs police, the Army, the Internal Security Forces, the Public Order or the State Order, following the approval of the Minister of Finance. | |
| 443 | All proceeds from the sale shall be distributed in the following order:  1- Expenses of any kind whatsoever spent by the administration.  2- Customs duties, that shall be levied on the conditions prescribed in Article 445.  3- Other charges and taxes according to their priority at the date of issuance of the relevant legislation.  4- Storage and porterage charges.  5- Transportation costs and other costs due on goods and included in relevant documents.  In exception to the said order:  A- Transportation costs of saleable goods as well as porterage charges in the saleroom at Beirut Port are considered preferred expenses and shall prevail on customs duties.  B- Whenever the sale involves goods not withdrawn from private warehouses, customs duties shall be deducted from the proceeds of sale before the payment of any expenses whatsoever. | |
| 444 | With the exception of the provisions set in the previous Article, the customs may proceed to the duty-free sale of forfeited merchandise, means of transport and things used to conceal fraud in order to fairly recompense the denouncers or the seizers, whenever the customs fail to provide such recompense from the total sum of the monetary penalty due to the occurrence of the seizure outside customs houses. Proceeds from the sale shall be distributed by virtue of a special measure issued by the relevant authority in accordance with the provisions of Article 387. | |
| 445 | The specific customs duties shall be levied in accordance with the rules prescribed in Article 13, in accordance with all proceeds of the sale  If sold goods are subject to ad valorem duties, this same duty shall be levied according to the price of sale.  Goods sold at customs shall be subject to the duties in effect at the date of sale, provided that they are not listed in an unsettled declaration under which such goods are offered for sale; should this be the case, duties in effect at the date of registration of the declaration shall be levied according to the value herein declared. | |
| 446 | Sale transactions shall occur under the surveillance of a committee formed of customs employees along with a delegate of the local Chamber of Commerce or a delegate of the local authority (Municipality or Moukhtar) if such Chamber does not exist. | |
| 447 | If the sold goods are transferred to the customs administration, all proceeds from the sale shall be deposited in the treasury.  - If the sold goods are forfeited to customs, all proceeds from the sale shall cover the expenses of the case. | |

There are also Decrees, as follows:

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| --- | --- |
| **Decrees** | |
| **Number** | **Provision** |
| 1802,  Article 1 | Defines the Customs Brigade as a public armed force within the Lebanese Customs. It falls under the Minister of Finance and its powers are stipulated as follows:   * Monitoring land, aerial and maritime borders as well as all those areas falling under the supervision of the Lebanese Customs so as to implement all the customs regulations and provisions concerning the importation and exportation of goods. * Investigating and verifying smuggling operations according to the provisions stipulated by the Customs Act and other regulations as well as setting up checkpoints and inspecting suspicious individuals. * Assisting the Administrative Customs employees. * Assisting all the public armed forces and administrations according to the provisions established by the laws in force. |
| 1802,  Article 103 | *There is no English translation available.* However, the Article essentially confirms that the Customs Brigade’s responsibility is to assist the Public Prosecution Service and work under its supervision in performing the duties of the Judicial Police within their field of competence. |

1. **SAFEGUARDING EVIDENCE UNTIL ACCEPTANCE BY CUSTOMS WAREHOUSES**

These Standard Operating Procedures are in respect of the sale of seized goods and the procedures for their subsequent auction. They alsocontain instructions on procedures to be followed during the period between seizure and auction i.e. the safe transfer of seized goods from the Customs Officer to the Customs Warehouse (see Appendix 3) for storage until disposal.

Customs Officers seize a range of goods, including prohibited and restricted materials (specifically, goods that are liable to forfeiture, for example, prohibited drugs and firearms) and excise goods (for example, cigarettes, tobacco and alcohol). The seizing Customs Officer is responsible for the security of seized goods until they are accepted by the Customs Warehouse, which is responsible for securely storing, controlling, releasing and destroying goods that have been seized, detained or abandoned.

Whenever any goods are detained / seized, Customs Officer must issue a Seizure Notice (see Appendix 1) to the owner of the goods, which are proposed are to be sold or destroyed under the provisions of the Customs Act.

A List of Seized Goods (see Appendix 2) must also be prepared in triplicate by the seizing Customs Officer at the time of detention / seizure, as follows:

* The first copy of the List of Seized Goods must be given to the owner of the goods or his authorized representative, if available; otherwise it must be kept with the seizure case file.
* The duplicate and triplicate copies of the List of Seized Goods, together with the goods, must be forwarded within 24 hours of the detention / seizure to the Customs Warehouse.
* The Customs Warehouse Keeper must acknowledge receipt of the goods on both the duplicate and triplicate copies of the List of Seized Goods and return the duplicate copy to the seizing Customs Officer for retention in the seizure case file.
* The Customs Warehouse Keeper must add his signature, his name and official stamp, and the unique deposit number.

Lists of Seized Goods must contain all relevant details, such as description, quantity, brand, serial number, country of origin, etc., which are necessary for the identification of the items and for taking further action in respect of disposal.

Detained or seized goods must be placed into clear plastic bags which are sealed with a one-time tamper-proof seal, or in zip-lock type bags; or clear plastic bags which are sealed by means of a one-time customs seal.

1. **DISPOSAL OF SEIZED ITEMS**

Customs dispose of seized, confiscated and time-expired goods through public auctions. Auctions must be held periodically by the Administration for disposal of goods that are authorised for disposal. The frequency of the auctions will be based on the amount of goods available for auction. Generally, auctions should be held every month.

Article 437 provides the following:

* 2- Goods should be sold free of all due duties and costs.
* 3- Payments should be settled in cash; the successful bidder may dispose of goods as if they were imported.
  1. **Exceptions to sale by auction**

Whilst Article 444 provides the legal basis for the Customs Administration to proceed to the duty-free sale of forfeited merchandise, means of transport and things used to conceal fraud in order to fairly recompense the Administration, not all forfeited items are permitted to be disposed of by way of an auction, as follows:

* Article 437 - 1- exceptions to sale by auction: monopolized goods or strictly prohibited goods such as firearms, ammunitions, explosives, drugs and similar prohibited substances.
* Article 437 - 4- small quantities of perishable foodstuffs, the expenses of which cannot be covered by the sale proceeds, shall not be offered for sale, and should be donated to hospitals and charities or destroyed in a regulatory manner.

Additionally, the legislation provides an example of circumstances in which goods may be retained for home use, as follows:

* Article 441 **–** 2 - If goods are unfit for consumption, and should the administration fail to sell such goods for re-exportation, such goods may be retained for the use of the customs police, the Army, the Internal Security Forces, the Public Order or the State Order, following the approval of the Minister of Finance.

1. **Judgement**

Customs cannot sell goods seized or forfeited until the goods legally become the property of Customs.

Article 434- 3 provides one example of property / merchandise that must be listed in Customs sale catalogues as follows:

* Goods in the possession of customs after their transfer in writing by owners.

Unless the owners of the goods transfer ownership in writing and pass possession to Customs, the right to sell goods must await a final decision stipulating forfeiture, as in Article 433 – 1:

* customs shall not have the right to sell goods seized for violations of the Customs and related laws, unless such goods become the property of Customs by virtue of a final decision stipulating forfeiture

A further reference to court judgments is given in Article 408 – 1 as follows:

* For the purpose of enforcing judgments rendered to the advantage of the customs, the administration may seize and sell by auction all the movable and immovable property of the debtor. The court may also decide the imprisonment of the said debtor.

1. **Situations leading to Customs legally become the owner of property**

Article 434 provides five circumstances in which Customs become the legal owner of property, and which may be offered for sale, as follows:

1- Forfeited merchandise that has become the property of customs

2- Perishable goods

3- Goods in the possession of customs after their transfer in writing by owners

4- Abandoned goods

5- Goods unwithdrawn from public, private and specialized warehouses within the regulatory periods

1. **CATEGORIES OF SEIZED/CONFISCATED GOODS**
2. **Goods to be disposed of immediately after seizure**

Some goods have a very short shelf life and are prone to rapid decay; or they become outdated very quickly. Some may be perishable in nature, while others may have a certain expiry time prescribed, or require special arrangements for their preservation and storage.

Accordingly, these goods may be **disposed of immediately** after seizure, by the Customs Warehouse, after issue of notice to the owners and obtaining orders from the Competent Authority. Additionally, the legislation provides for the sale of perishable goods without notifying the party concerned, as follows:

* Article 433 - 2- customs may, whenever it is impossible to notify the party concerned, sell perishable goods, means of transport, goods likely to leak or animals, kept in the customs as result of a dispute, whenever necessary or whenever such sale is found to be in the interest of the claimant.

The rationale is that, if such goods were allowed to remain for longer durations pending adjudication and finality, it is very likely that they would lose their entire value and would become unusable.

The legislation also provides for the sale of perishable goods left in customs warehouses, as follows:

* Article 435 -2- Goods mentioned in paragraph one here above can be sold before the elapse of the allotted periods of time, if such goods are perishable or badly conserved or showing signs of putrefaction, provided that they are subject to the provisions of paragraphs (2), (3), (4) and (5).

Typically, examples of goods that **MIGHT** fall under this category include:

* Fresh flowers
* Fresh fruits and vegetables
* Meat, Fish, Poultry and Eggs
* Livestock

If, at a later stage, goods are ordered to be released to the lawful claimant, they would receive the sale proceeds from the Administration after deduction of the duty liability and other liabilities.

1. **Goods to be disposed of within six months and one day from the date of seizure, or earlier**

Generally, after goods become authorised for disposal, and the valuation is done, concerted efforts need to be made to dispose of the goods expeditiously with a view to get the best price for the goods at the earliest possible opportunity.

Other objectives are: reducing the cost of storage (especially in rented Customs Warehouses) and also disposing of bulky goods with little commercial / no commercial value, thus freeing up space and saving public money in respect of rents.

Similarly, Customs will normally dispose of vehicles if storage costs are likely to exceed the value of the vehicle, and where a restoration request has been considered but refused, whether or not the person has asked for a review.

The rationale here is twofold:

* If certain goods are allowed to remain for longer durations, pending adjudication and finality, it is very likely that they would quickly depreciate in value because of rapid advances in technology, or designs, or introduction of new models
* The risk / expenses for storage / maintenance of these goods are expected to outweigh their value if sold at a later date

* 1. **Abandoned goods**

The legislation provides for the sale of abandoned goods, as follow:

* Article 435 -1- Abandoned goods mentioned in paragraph (4) of Article 434, are goods left in customs warehouses or places, other than public, private or specialized warehouses, after the elapse of 6 month and one day as from their deposit therein.
* Such period may be reduced to three months and one day for goods in bonded in the warehouses of Beirut International Airport and in various passengers' lounges, and to 10 full days as from the date of inspection for goods not withdrawn from inspection rooms at various Customs offices and stations.
* 2- Goods mentioned in paragraph one here above can be sold before the elapse of the allotted periods of time, if such goods are perishable or badly conserved or showing signs of putrefaction, provided that they are subject to the provisions of paragraphs (2), (3), (4) and (5).

Additionally, Article 207 provides for goods which have remained in the warehouse beyond its stipulated time, as follows:

* Upon the expiry of the public warehouse storage period, goods shall be re-exported or subjected to customs charges. Otherwise, duty shall be settled, de facto, on the basis of the tariff applicable at the expiry of the legal storage period; the depositor shall be notified to pay due charges within one month. Should the depositor fail to do so, goods shall be sold by public auction and due charges settled according to the tariff applicable at the time of sale and on the basis of the selling price. The total sum of sale shall, after the deduction of customs duties, storage fees and other charges, be deposited in trust in Customs fund so as to be delivered to the person concerned if he/she so requests within one year as of the time of sale. If the person concerned does not claim the sum within the said period, it shall become treasury revenue.

In some cases, appropriate import licences must be obtained before goods can be sold, and this is made clear in Article 207:

* Goods shall not be sold for domestic consumption unless restrictions are lifted, otherwise goods shall be re-exported.

1. **Customs duties, storage fees and other charges**

Article 221 reiterates the fact that customs duties, storage fees and other charges will be deducted from the total sum of the sale, as follows:

* Upon the expiry of the warehousing period, provisions of paragraph 1 of Article 207 of this law shall be applied provided that the sum of customs duties is deducted, at the time of sale, prior to any other sum from the net value of sale.

If the seized item has been destroyed, Customs cannot restore it to the person but will usually offer the person an appropriate payment instead. This may be:

* An amount equal to the sum paid by the person for the goods in question; or
* An amount equal to the proceeds of sale (where Customs have sold the goods in question); or
* An amount equal to the market value of the goods at the time of seizure and not including any additional compensation (for costs, travel expenses, interest).

1. **VALUATION COMMITTEE**

The legislation provides for the constitution of a Valuation Committee, as follows:

* Article 408 - 3- The Director General of customs shall form a committee to set the minimum price of sale and to initiate the bidding process. Rules prescribed in the Taxation Law shall be enforced.

The responsibilities of the Committee are as follows:

* Article 446: Sale transactions shall occur under the surveillance of a committee formed of customs Officers along with a delegate of the local Chamber of Commerce

Generally, Customs Valuation Committees are charged with the responsibility of disposing of seized and confiscated goods, determining the Fair Price of goods to be disposed of through auction, along the following lines:

* The highest bid in the auction shall be accepted bythe Chairman of the Valuation Committee if it is more than, or equal to, or close to the Fair Price.
* Otherwise, the goods must be put up for auction a second time
* In the event of the goods not being sold in the first two auctions, the goods must be sold at the highest bid obtained in the third auction.

1. **Valuation for Auction**

The Valuation for auction is done by fixing a price, and this is provided by Article 441 as follows:

* The selling price shall be determined by the customs administration; however such price shall not be lesser than the duty value if goods are subject to a specific duty. If no purchasers present themselves, after two consecutive bids, within the conditions prescribed in the two previous paragraphs, the administration shall have the right to destroy such goods

Some Administrations set both a fair price and a reserve price for the purpose of auction. There is a difference between these prices:

* A fair price must be the best price at which the Custom House can sell the goods under normal conditions, and must be somewhat lower than the price at which goods of the same kind and in the same condition could be sold by the purchaser in the wholesale market.
* A reserve price must be the absolute minimum price below which for legal or other reasons, an item cannot be sold.

Ordinarily, goods will fetch appreciably more than the reserve price. But in exceptional circumstances, goods can be sold below the reserve price.

1. **AUCTION**
2. **Advertisements**

Article 440 of the legislation requires announcements of the upcoming auction, as follows:

* Advertisements to be published in one or more newspaper, or posted on customs doors. The announcement shall be published 10 days prior to sale.

1. **Supervision of Auction**

The auction for confiscated goods must normally be under the supervision of the Chairman of the Valuation Committee.

1. **Acceptance of Bid**

In an auction sale, the sale is complete when the auctioneer announces it by the fall of the hammer or any other customary manner. Until that is done, a bidder can retract his offer.

A bidder is at liberty to withdraw his bid at any time before it is accepted finally by the auctioneer. The bid is merely an offer, and it becomes, irrevocable only, when, its acceptance is announced by the auctioneer. In short, the bidder can retract his bid till the hammer falls or until a similar announcement is made.

Generally, it is unlawful for the seller (i.e. Customs) to bid, either himself of through any other person.

* 1. **Unsuccessful sale**

The second sentence of Article 441 provides for the destruction of goods if the sale is unsuccessful, as follows:

* If no purchasers present themselves, after two consecutive bids, within the conditions prescribed in the two previous paragraphs, the administration shall have the right to destroy such goods

In the event of the goods not being sold in the first two auctions, Article 408 provides for them to be legally transferred into ownership of Customs, as follows:

* 2- Should there be no buyers of the immovable property offered for auction sale or prices offered in respect thereof are lesser than the lower sale price for a second round, such properties shall be transferred legitimately to the name of the customs administration at the rock-bottom price.
  1. **Proceeds from the sale**

Article 447 articulates what happens to proceeds from the sale are transferred or forfeited to the customs, as follows:

* If the sold goods are transferred to the customs administration, all proceeds from the sale shall be deposited in the treasury.
* If the sold goods are to customs, all proceeds from the sale shall cover the expenses of the case.

When goods are sold, they are subject to customs duties. Any outstanding Customs duties due to the Administration will be taken from sale proceeds. The net effect, therefore, is that, once sold, goods are now free of all duties, and this is articulated in Article 437 as follows:

* 2- Goods should be sold free of all due duties and costs.
* 3- Payments should be settled in cash; the successful bidder may dispose of goods as if they were imported.

The legislation prescribes the order in which the sale proceeds must be distributed, with Customs Duties being a principal beneficiary given that all goods sold are subject to the duties in effect at the date of sale.

The order of distribution of sale proceeds provisions are at Article 443, as follows:

* All proceeds from the sale shall be distributed in the following order:

1- Expenses of any kind whatsoever spent by the administration.

2- Customs duties, that shall be levied on the conditions prescribed in Article 445.

3- Other charges and taxes according to their priority at the date of issuance of the relevant legislation.

4- Storage and porterage charges.

5- Transportation costs and other costs due on goods and included in relevant documents.

* In exception to the said order:

A- Transportation costs of saleable goods as well as porterage charges in the saleroom at Beirut Port are considered preferred expenses and shall prevail on customs duties.

B- Whenever the sale involves goods not withdrawn from private warehouses, customs duties shall be deducted from the proceeds of sale before the payment of any expenses whatsoever.

The provisions relating to goods being sold subject to the duties in effect at the date of sale, are at Article 445, as follows:

* The specific customs duties shall be levied in accordance with the rules prescribed in Article 13, in accordance with all proceeds of the sale
* If sold goods are subject to ad valorem duties, this same duty shall be levied according to the price of sale.

Goods sold at customs shall be subject to the duties in effect at the date of sale, provided that they are not listed in an unsettled declaration under which such goods are offered for sale; should this be the case, duties in effect at the date of registration of the declaration shall be levied according to the value herein declared.

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**Appendix 1**



**The Lebanese Customs Administration**

**General Directorate of Customs**

**SEIZURE NOTICE**

In accordance with the provisions of Article 421 of the Lebanon Customs Act 2001, I hereby give notice that the item(s) listed below was / were seized on **[ENTER DATE]** at **[ENTER LOCATION]** as being an article, vessel or vehicle liable to seizure under Article 421 of the Act:

Details of seized items ……………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

Airwaybill / Bill of Lading no: ............................................................................................................

Quantity and description .................................................................................................................. ............................................................................................................................................................

Marks and numbers .............................................................................................................................

Customs declaration number..............……............……. Dated...................………………….

Customs declaration submitted by ....................................................................................................

Items Seized by...................................................................................................................................

Items seized at (location)...................................................................................................................

Date...........................

If you claim that the goods are not liable to seizure, you may submit a claim in writing, under the provisions of the customs legislation in force as regards the seizure of goods, giving your full name and address. The claim must be submitted within one month from the date of this notice, to the following address:

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

If your claim against the seizure is valid, the Director General will file proceedings for the return of the goods by the Court.

If you fail to submit a claim against the seizure in writing within the time-limit mentioned above, the goods shall be sold or destroyed without any further notice.

**Appendix 2**

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| **LIST OF SEIZED GOODS**  (necessary for identification of the seized items, and for taking further action in respect of disposal) | | | | | | |
| Date seized | |  | | | | |
| Seized by (name of Customs Officer) | |  | | | | |
| Seizure / Detection Number (the unique examination number issued by the Central Operational Control Room) | |  | | | | |
| Location of seizure | |  | | | | |
| Seized from (name of importer, passenger, etc) | |  | | | | |
| Customs declaration number | |  | | | | |
| Airwaybill / Bill of Lading number | |  | | | | |
| Marks and numbers | |  | | | | |
| **Details of seized goods (enter details in the rows below)** | | | | | | |
| **Description Item, including brand, serial number** | **Number of Items**  **quantity** | | **Country of origin** | **Weight or Volume** | **Date deposited in Customs Warehouse** | **Date removed from Customs Warehouse** |
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**Seizing Customs Officer’s signature ………………………………………………..**

**Witness Customs Officer’s signature ………………………………………………..**

**Signature of person from whom the goods are seized …………………………………………………………**

**Date ………………………………………………..**

**Signature of the Warehouse Keeper acknowledging deposit of the goods ………………………………………………**

**Warehouse Keeper’s unique deposit number …………………………………………………….**

**Date ………………………………………………..**

**Appendix 3**

**CUSTOMS WAREHOUSES OF SEIZED, DETAINED AND FORFEITED GOODS**

* 1. **INTRODUCTION**

Customs Warehouses are usually located in Government buildings (ground floor or in basement) and must be properly secured. If rented, Customs Warehouses must not be in an isolated building unless adequate security is provided.

Customs Warehouses must be spacious enough to house goods on shelving that will allow for the storage of palletised materials in horizontal rows with multiple levels. Forklift trucks are usually an integral part of any pallet shelving system as they are usually required to place the loaded pallets onto the shelves for storage.

They must be well ventilated, damp-proof and properly illuminated, preferably with natural light. Firefighting equipment must be installed. If there is no efficient and working central fire-fighting system available, a sufficient number of portable fire extinguishers must be installed.

The seizing Officer is responsible for safe custody of items until they are deposited with the Customs Warehouse Keeper.

Valuables must preferably be kept in bank safe deposit boxes. Narcotics Drugs and Psychotropic substances must be kept in a secure area of the Warehouse. Separate storage areas for different categories of goods should be considered, for example for perishable goods, vehicles, goods detained from passengers which are likely to be released quickly.

1. **LIST OF SEIZED GOODS**

Whenever any items have been seized or detained by an under the Customs Act, the Customs Officer must prepare a List of Seized Goods (see Appendix 2) at the time of detention / seizure, in triplicate.

The first copy of the List of Seized Goods must be given by the seizing Customs Officer to the person from whom the goods are seized. The goods, together with the duplicate and triplicate copies of the List of Seized Goods must be forwarded within 24 hours of the seizure / detention to the Customs Warehouse Keeper.

Items that are seized /detained must be placed into clear plastic bags and sealed with a one-time tamper-proof seal, or in zip-lock type bags; or clear plastic bags sealed by a one-time customs seal. The packaging and sealing must be done in the presence of the person from whom the items are seized / detained and a witness. The List of Seized Goods must have the signatures of the person from whom the items are seized, a witness and the seizing officer.

1. **RECEIPT OF GOODS**

Immediately on receipt of the seized goods, the Customs Warehouse Keeper must satisfy himself that the packages have been properly sealed, the seals are intact and the List of Seized Goods has been prepared correctly. He must not accept packages if they are improperly sealed or the seal is not intact or if the package does not contain the required details. In case of any discrepancy, these must be reconciled before acknowledgement of receipt.

If the condition of the packages, seals and the List of Seized Goods are found to be in order, the Customs Warehouse Keeper must make an entry in a Stock Register (see Appendix 4), which is a record of all Seized / Detained goods.

The Customs Warehouse Keeper must acknowledge receipt of goods on both the duplicate and triplicate copies of the List of Seized Goods. He must add his signature, complete name and official stamp, and the unique deposit number. He must return the duplicate copy to the seizing Customs Officer for retention in the seizure case file.

Digital photographs or videos of the packages must also be taken and preserved in the Warehouse Keeper’s computer so that - in the event of any tampering - it can be verified with the original packing. Backup copies of such photograph, videos must be kept at the ICT unit.

1. **OPENING AND RE-SEALING OF PACKAGES**

As far as possible, opening of sealed packages for further investigation must be avoided. Whenever sealed packages are required to be opened, it must not be done without the specific authorisation of the Warehouse Keeper’s Manager.

After opening and resealing, the Stock Register (see Appendix 4), and the List of Seized Goods must be endorsed and the packages must be re-deposited in the original place of storage. If during such re-examination any discrepancy is noticed, this must immediately be brought to the notice of the Warehouse Keeper’s Manager for appropriate action.

1. **SAFE CUSTODY**

The Customs Warehouse Keeper must inspect the Warehouse regularly in order to ensure that the goods stored in his care are being properly maintained, and that none of the stored packages / goods show any sign of deterioration.

The Customs Warehouse Keeper is responsible for the proper storage and custody of valuables which have not been placed in bank safe deposit boxes; and for the physical custody of packages with their seals intact. He must also ensure that packages are carefully stored and protected against the ravages of weather, ants, rodents, insects etc.

The Customs Warehouse Keeper must take adequate precautions against theft and pilferage. Any incident of the theft or loss of goods which comes to light must not only be immediately examined personally by the Manager, but (with the exception for petty cases) it must also be immediately reported to the Director General.

If the package show signs of tampering or damage, the Customs Warehouse Keeper must immediately bring it to the notice of his Manager for appropriate action.

In the case of motor cars, he must see that the tyres are properly inflated and that the engine is periodically run so that it is properly lubricated.

Any chemical which is hygroscopic in nature (one which readily attracts water from its surroundings, such as ethanol, methanol, concentrated sulfuric acid, calcium chloride) must not be allowed to dissolve in the water it absorbs and spoil other goods during storage. This must be done by changing containers or repairing them.

If the goods show signs of deterioration or damage, he must immediately bring it to the notice of his Manager for appropriate action. A separate record of such goods must be kept and updated every month.

If deterioration is noticed in respect of goods awaiting Arbitration, the matter must be brought to the notice of the Arbitration Commission to ensure a quick decision of the case.

Where deterioration is noticed in respect of cases under appeal, the Public Prosecutor must be informed immediately so that rapid attention is given to the disposal of the relevant cases.

Where the goods are involved in court proceedings, the matter must be brought to the notice of the Public Prosecutor to obtain the necessary order for the further course of action, or permission for the disposal of goods pending finalisation of the proceedings in the court.

All packages pending for more than five years must compulsorily be inspected for deterioration of packages / seals and must be brought to the attention of his Manager for appropriate action.

1. **MOVEMENT**

The Customs Warehouse Keeper must maintain liaison with seizing units and ascertain the status of each case, and issue disposal orders at the appropriate time.

After receiving disposal orders, valuation of the relevant goods must be obtained from the Valuation Committee. After approval of prices, a list of Lot Numbers, Description of goods, Quantity and rate of applicable sales tax / VAT must be forwarded to the Valuation Committee for putting the goods up for auction.

In case of seized / confiscated valuables to be taken out for producing before court, or for any other reason, a written order must be issued by the Manager in charge of the Customs Warehouse. The order must specify, among other things, the following: the name of Customs Officer who must carry the valuables out of the Warehouse, the purpose for which the goods are taken out, the place where the goods are being taken to, the date and time of opening of the valuable room. A separate record must be maintained for issues of such orders issued by the Manager. Whenever he is transferred, the record must be handed over to his successor.

The Customs Officer who carries the goods to the court or any other place must verify the description of the item, condition of the seal, and other relevant details to ensure that the correct package is taken out of the Warehouse. The Stock Register (see Appendix 4) must be updated.

1. **PERIODIC STOCK CHALLENGE**

Once every six months the Warehouse Keeper’s Manager must conduct a complete stock take of all packages containing articles, and any valuables, in the custody of the Customs Warehouse.

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**Appendix 4**

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| **STOCK REGISTER - CUSTOMS WAREHOUSE - record of all Seized / Detained goods** | | | | | | | | | |
| **Stock Number** | **Date Received in Warehouse** | **Seizure / Detection Number** | **Seal number** | **Description of Goods** | **Name of person from whom goods were Seized or Detained** | **Number of Packages** | **If packages opened, enter date and name of officer** | **Disposal Order number and date** | **Date goods left Warehouse** |
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