

# Engineering Development Board

## Sector Development Group

### **DUTY & TAX INCENTIVES FOR MANUFACTURING SECTOR;**

Pakistan's manufacturing sector accounts for 12.79% of GDP and is considered as main contributor of the Industrial Sector. This sector provides employment opportunities to 16.1% of the total labor force (Economic Survey 2020-2021). Large Scale Manufacturing contributes 9.37% to GDP and is the highest contributor to the overall sector, accounting for 76.1% of the manufacturing sector share, followed by Small Scale Manufacturing and Slaughtering, which contribute 2.12% and 0.94% to the total GDP respectively (Economic Survey 2020-2021). Growth of the manufacturing sector is dependent on better availability of utility services, enabling environment, credit to private sector, Foreign Direct Investment (FDI), capital market gains etc.

Though the outbreak of the COVID-19 pandemic triggered a widespread global shut down halting major economic activities disrupting supply chains and also affected the Pakistan's manufacturing sector, as dependent on imported raw material, however, Government's thoughtful decisions to resume the business activities and adoption of smart lockdown boosted the business sentiments and economy gained traction after witnessing a hefty decline in FY2020. Targeted fiscal and monetary incentives accompanied by related support packages helped speed up the economic recovery.

Revival of the industrial / manufacturing sector has always been priority of the present Government and in order to promote the indigenous manufacturing the government has paid focus on "Make-in-Pakistan" strategy. In this regard, to reduce the cost of manufacturing, rationalization of duties and taxes were made during the past few years on more than 2500 tariff lines which also included reduction in CD, RD ACD, ST, FED, and WHT on imported materials, machinery and equipment for investment and capacity expansion and many other consumer goods not produced in the country. This momentum also continued in Budget 2021-22 and more duty and tax incentives are extended to many manufacturing / industrial sectors / products which include; heavy engineering, steel, automotive, home appliance, chemical, etc.

Besides rationalizing the tax and tariff structure the Government has also been focusing on liberal and incentivized business environment, ease of doing business & competitiveness, investor facilitation services, better access to credit and more amenable industrial policy among others etc., through SBP measures, FTAs/PTAs, GSP Schemes, minimizing procedural requirements, revising Duty Drawback (DDB) and Drawback on Local Taxes and Levies (DLTL) rates, etc.

EDB, as a technical wing of the Ministry of Industries & Production and custodian of the manufacturing segment of the industry, especially in Engineering Goods, has been part of all the above mentioned facilitation activities and is playing its effective role to achieve the objectives related to the revival and growth of the value added engineering and industrial goods manufacturing sector. EDB has prioritized the potential sectors which include but not limiting to electrical & power, home appliances, automotive, cutlery, surgical, house hold utensils, fans, casting & forgings, sanitary fittings and ceramics, and other export oriented industries, etc and remained in contact and close consultations with the concerned stakeholders for addressing issues related to local manufacturing, capacity building, capacity enhancement,

imports of materials and exports of finished goods, SBP related issues, DDB, DLTL, etc. Several issues related to State Bank of Pakistan (SBP) which include Export Finance Scheme (EFS), Long Term Financing Facility (LTFF), Temporary Economic Refinance Facility (TERF), Credit Insurance, etc, Review of Export Incentive Schemes of FBR, Revision of DDB and DLTL rates, Simplification of SROs and other Import / Export Notifications, Tax and Tariff structure, and other issues related to local manufacturing, etc were discussed with the concerned stake-holders and taken up with the concerned organizations for their redressal.

As a result, SBP Schemes were reviewed and margins on credits/loans were reduced to support the manufacturing activity. Specially, TERF was extended on the request of EDB to provide the loans on import of machinery and equipment for investment and capacity expansion of industrial/engineering sector. DDB rates in respect of Refrigerators, Deep Freezers, Air Conditioners, Washing Machines, Microwave Ovens, Transformers, Electric Fans, Tyres, etc.

With regard to DLTL, EDB has revised the existing DLTL list of products and also recommended to the Ministry of Commerce for revision of DLTL rates specially promoting the export of engineering goods and extension in the validity of SRO 711(I)/2018 which is ending by June 30, 2021. Further, EDB, after detailed evaluation and consultation with exporters of engineering goods, has revised Export Incentive Schemes of FBR and has drafted a consolidated “Export of Engineering Goods Scheme”. The draft of the Scheme is forwarded to the Ministry for approval at the concerned forum.

In order to facilitate the investment in the emerging and new technologies, EDB, after technical evaluation, has recommended Greenfield Industry status to many industries including automotive vehicles, Truck and Bus Radial Tyres, Industrial Fittings, Confectionary products, etc.

Rationalization of duties and tariff structure has been one of the major tasks of EDB and in order to facilitate and promote the local manufacturing EDB, on regular basis, has been in contact with the concerned industry and stake-holders for seeking their proposals on tax and tariff related issues. The proposals received from the concerned industries are evaluated in EDB and consultation with relevant stake-holders in government as well as in private sector and genuine issues are taken up for resolution with the concerned offices in FBR, MoC, NTC, etc, through the Ministry of Industries & Production.

As a result of the year 2021-22 activity, several incentives related to CD, ACD, RD, ST/FED & ST have been extended to the Industrial / Engineering manufacturing sector in Budget 2021-22; in order to;

- remove anomalies in cascading structure of tariff,
- promote and protect domestic industry by introducing targeted interventions,
- enhance import-substitution by rationalizing tariffs on industrial raw materials / intermediate goods,
- Facilitate export-oriented manufacturing by reviewing the existing exemption regimes & export schemes

Details of the incentives related to CD, ACD, RD, ST, FED & WHI provided to the manufacturing sector in Budget 2021-22 on import of inputs and machinery/ equipment are given at **Annex-I**; whereas, overall sector wise duty exemptions to the engineering/ industrial goods manufacturers on import of inputs and machinery, equipment, etc, are provided at **Annex-II**;

## DUTY & TAX EXEMPTIONS PROVIDED IN BUDGET 2021-22

### CUSTOMS DUTY (CD)/ADDITIONAL CUSTOMS DUTY (ACD)/ REGULATORY DUTY (RD):

1. In budget 2021-22 Additional Customs Duty (ACD) on **2436 Tariff Lines (TLs)** of **20% C D Slab** have been reduced from 7% to 6% which also includes raw materials & intermediary products used in many engineering/industrial products and other goods; to reduce the cost of consumer.
2. Rationalization of tariff structure of **992 TLs** under **First Schedule** (Customs Tariff):
  - Rationalization of **103 TLs** related to **Auto Sector** (introduction of **850cc Car**)-No change in Duty
  - Duty reduction on 827 TLs:

Duty Reduced (2021-22)	Duty in 2020-21	Tariff Lines
0%	3%	379 Nos.
	11%	73 Nos.
	20%	17 Nos.
3%	11%	87 Nos.
11%	16%	116 Nos.
	20%	160 Nos.
16%	20%	47 Nos.

[0% items include raw materials of many industries including, Ceramic industry, Steel Industry, Chemical sector, paints, dyes, automotive sector, home appliances, pharmaceuticals, Rubber, paper and paperboard products, textile sector, heavy and medium scale engineering goods, fan sector, motors and pumps, transformers, automotive batteries, surgical and medical sector, etc.]

- Duty increase to 11% on 1 TL (Motor Spirit-2710.1210) from existing 3%:
- Enhancing scope of concessions on goods falling under Chapter 99 (**4 TLs**)- No change in CD
- Creation of New PCT Headings (5 TLs):

PCT Code	Description	CD Rate (%)	
		(2020-21)	(2021-22)
	- - - Rock salt:	20	
25010021	- - - - Himalayan rock salt		20
25010029	- - - - Other		20
39199020	- - - PVC electric insulation tapes in logs exceeding 100 cm:	20	16
	- - - Submersible pumps:	3	
84137011	- - - - Submersible pumps having 5 to 10 inches diameters		11
84137019	- - - - Other		3

3. Reduction / Exemption of CD & ACD on raw materials / inputs for;
  - Cables / optical fiber manufacturers
  - Electronics Manufacturing Industry.
  - Boiler manufacturing industry,
  - Paint Industry.
  - Chemical and Artificial Leather Industry.
  - Aseptic plastic packaging manufacturer.
  - Footwear industry.
  - furniture,
  - coating,
  - bobbins and cops manufacturing industry
  - Poultry industry.
4. Reduction/Rationalization of RD on import of;
  - **Mobile Phones** to encourage import substitution
  - Non-essential / luxury items to support local industry.
  - **Cocoa paste, butter and powder being industrial input goods.**
5. Incentives for the **pharmaceutical sector** and to keep the prices stable in the market, -
  - Exemption of CD & ACD on more than 350 APIs
  - Plant, machinery and equipment subject to concessionary rate of 5%
  - Exemption of CD & ACD on raw material of auto-disable syringes and Reduction in tariff on finished auto-disable syringes
6. Reduction / exemption of CD, ACD & RD on import of;
  - Goods falling under 589 PCT codes to incentivize the **textile industry**.
  - Flat rolled products of **HRC and stainless steel**.
7. Reduction / exemption of CD & ACD on import of;
  - **Uncoated paper and paperboard** for printing and graphic arts industry.
  - **Vaccines for veterinary medicines and feed additives to incentivize the dairy sector.**
  - Goods **relating to Tourism industry**.
  - Raw materials and intermediary goods and point of sale machines falling under **328 tariff lines** as a consequent of tariff rationalization.
  - Inputs of **Ready-To-Use Supplementary Foods (RUSF) and Ready-To-Use Therapeutic Food (RUTF)**.
  - **Grain storage hermetic bags and cocoons.**
  - **06 life-saving drugs**
8. Extension in exemption from CD on import of **COVID-19** related items for further six month.
9. Reduction / exemption on inputs / raw materials of **food processing industry**.
10. Reduction in Duty to 4% on following parts for Hybrid Electric Vehicle under AIDEP: -
  1. Battery pack and its parts:
    - (i) thermistor
    - (ii) resistor
    - (iii) capacitor
    - (iv) bus bar
  2. Cooling system for battery packs including blower, tubes, hoses, pump
  3. Sensor hybrid vehicle battery voltage

4. Inverter assembly with converter (Power control unit)
5. Electric motor and generator for Transaxle assembly
6. Battery charging system / inlet connectors
7. Hybrid system control unit / hybrid ECU
8. Junction box

**11. Reduction in Duty to 3% on following parts for Plug-in Hybrid Electric Vehicle: -**

1. Battery pack and its parts:
  - (i) thermistor
  - (ii) resistor
  - (iii) capacitor
  - (iv) bus bar
2. Cooling system for battery packs including blower, tubes, hoses, pump
3. Sensor hybrid vehicle battery voltage
4. Inverter assembly with converter (Power control unit)
5. Electric motor and generator for Transaxle assembly
6. Battery charging system / inlet connectors
7. Hybrid system control unit / hybrid ECU
8. Junction box
9. Charger
10. Charging port

**SALES TAX ACT 1990 & FEDERAL EXCISE ACT 2005:**

**1) Auto Sector**

- (i) Exemption on import of CKD kits for Electric Vehicles (EVs) by manufacturers (**S.No. 157, Sixth Schedule of Sales Tax Act (STA)**).
- (ii) 1% ST on locally supply of EVs (**Sixth Schedule of STA**).
- (iii) Exemption from Value Added Tax (VAT) and Reduction in ST from 17% to 12.5% on locally manufactured small cars upto 850cc.
- (iv) Withdrawal of VAT on import of EVs (4-wheelers) upto 50 Kwh battery in CKD/CBU condition and EVs LCV upto 150 kwh batter in CKD/CBU till 30th June, 2026.
- (v) Exclusion of EVs 2-3 wheelers and HCVs in CBU condition from the purview of VAT under Twelfth Schedule till 30th June, 2025.
- (vi) Exemption from FED on locally manufactured small cars upto 1000cc.
- (vii) Reduction in FED on locally manufactured vehicles, by 2.5% for each category, (S.No. 55B of Table-1, First Schedule to the FEA)
- (viii) Reclaimed lead and used lead batteries is an unorganized sector. Therefore, entire amount of sales tax in respect of sales of such goods is proposed to be withheld at source under Eleventh Schedule.

**2) Telecommunication sector:**

- (i) Exemption from ST import of plant, machinery, equipment and raw materials by IT industry under Special Technology Zone Authority (**S. No. 161 of Table-1 of the Sixth Schedule to the STA**).
- (ii) Deletion of fixed tax i.e. Rs. 250/- per SIM card from Table-I, Ninth Schedule to STA on SIM cards with effect from 1<sup>st</sup> July, 2020.
- (iii) The rate of FED on telecommunication is proposed to be reduced from 17% to 16%.

3) **Medical/Health Sector:**

- (iv) Tax exemption on import of auto disposable syringes and their raw material (**S. No. 159 & 160 of Sixth Schedule of STA**).

4) **FATA and PATA**

- (i) Exemption from levy of FED to the industrial units located in FATA and PATA.  
(ii) ST reduced to 16% for goods supplied from erstwhile FATA/PATA to the taxable areas.

5) **Misc.**

- (i) Increase in ST on potassium chlorate from Rs. 80 per kg to Rs. 90 per kg in addition to 17% GST.  
(ii) Minimum annual threshold of turnover for cottage industry from all supplies is increased from Rs. 3 million to Rs. 10 million.  
(iii) 100% ST adjustment for Public limited companies (**excluded from the purview of section 8B of ST Act**).  
(iv) Exemption on import and zero-rating on local supplies on raw materials, components, parts and plant and machinery to authorized exporters under Export Facilitation Scheme.

**INCOME TAX/WHT:**

1. **Auto Sector:**

(i) **Discouraging “on” money on vehicles:**

In order to discourage "on" money, additional tax of Rs.50,000 , Rs.100,000 and Rs.200,000 for vehicles upto 1000 cc, between 1000cc and 2000cc and beyond 2000cc respectively was imposed where a vehicle is sold within 90 days of its ownership. This was introduced vide Tax Laws (Amendment) Ordinance, 2021. It was applicable till 30.06.2021. Due to its positive impact, it has been continued. Further, the period of 90 days has been withdrawn. Now the persons buying motor vehicles would be required to get them registered in their own names otherwise, this tax would be collectable.

- (ii) The import of corn harvester & motor vehicles upto 1000 cc, currently subjected to tax at the rate of 5.5 % on import are exempted from collection of advance income tax at the import stage (**inclusion in Clause (56) of Part IV of the Second Schedule**).
- (iii) In order to promote documentation and corporatization of used vehicle market this sector has been granted exemption from withholding tax on the purchase of used vehicle from general public and reduced minimum turnover tax from 1.5% to 0.25%. (clause (45B) of Part IV of Second schedule).

2. **Telecommunication sector:**

- (i) Inclusion of telecommunication services in definition of industrial undertaking, enabling to adjust 1% tax deducted under section 148 on import of capital equipment and plant & machinery for their own use.  
(ii) Reduction of WHT rate under section 153(1) (b) on telecommunication services from 8% to 3% under minimum tax regime.  
(iii) Reduction of advance tax under section 236 on internet and mobile phone usage from 12.5% to 10% for tax year 2022 and 8% onwards.

3. **Special tax regime for manufacturing SMEs.**

a. **Definition of SME:**

As per clause (59A) of section 2 of ITO, 2001, SMEs are defined as manufacturing enterprises irrespective of their status as an individual, AOP or company having turnover up to 2 Rs. 250 million and are excluded from the definition of small companies.

b. **Legal Framework**

Enabling legal provision has been provided in section 100E and Fourteenth Schedule of the Ordinance. Board has been empowered to prescribe simplified return form for such SMEs.

c. **Rules for Taxability**

Fourteenth Schedule of the Ordinance; The SMEs have been divided into two categories for taxation purposes

(i) **Category-I:** SMEs having turnover upto Rs. 100 Million would pay tax at 7.5% of their taxable income

(ii) **Category-II:** SMEs having turnover exceeding Rs. 100 Million and upto Rs. 250 Million would pay tax at 15% of their taxable income.

Other option to pay tax on turnover basis under final tax regime.

(i) **Category-I:** SMEs having turnover up to Rs. 100 Million may opt to pay tax at 0.25% of their turnover.

(ii) **Category-II:** SMEs having turnover exceeding Rs. 100 Million and up to Rs. 250 Million may opt to pay tax at 0.5% of their turnover.

- Provisions of section 113 shall not apply and tax deducted under section 153 shall not be minimum tax.
- Moreover, tax collectible under section 148 on import of plant & machinery and raw material shall be adjustable in case of manufacturing SME being industrial undertaking.
- The export proceeds of SMEs shall be taxed at the reduced rate of 0.25% and 0.5% final tax on the basis of their category.
- The SMEs will be required to obtain reduced rate certificate from concerned Commissioner.

4. **National Power Parks Management Company**

(i) Exemption from tax on income from sale of electricity;

(ii) Exemption from minimum tax on turnover basis; and

(iii) Exemption from reversal of tax credits claimed by National Power Parks Management Company Limited (NPPMCL) which under law become reversible due to change in ownership or change in debt/ equity ratio.

5. **Reduced rate for specified offshore supply contracts**

Reduction in WHT from 1.4% to 1% under minimum tax regime to offshore supplies by non-resident suppliers in the cases of Karot and Kohala hydro power projects situated in AJK. **(Clause (18) of Part III of the Second Schedule to the Ordinance).**

6. **Minimum tax on turnover:**

Previously, minimum tax on turnover at the rate of 1.5% of turnover was payable by all companies and individuals/ AOPs having turnover exceeding Rs. 10 million. This is an alternative

tax. It is payable when the normal tax liability in cases of exemption, loss, tax credits or for any other reason, is less than tax payable on turnover basis. It can be carried forward for adjustment against next year's tax liability however it cannot be carried forward if person has sustained loss for a year. 4 different types of changes have been made in this regime and are summarized below:

- (i) Generalized reduction in minimum turnover tax paid from 1.5% to 1.25%.
  - (ii) Enhanced threshold for individuals and AOPs from 10 million to 100 million to pay minimum tax.
  - (iii) Allowing carrying forward of minimum tax for adjustment against normal tax liability even in cases of loss to provide relief to businesses sustaining loss and to maximize equity
- Division IX of Part I of First schedule has been substituted as below:

S.No.	Person(s)	Min. Tax as % of the person's turnover for the year
(1)	(2)	(3)
1.	(a) Oil marketing companies, Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds rupees one billion.) (b) Pakistan International Airlines Corporation; and (c) Poultry industry including poultry breeding, broiler production, egg production and poultry feed production;	0.75%
2.	(a) Oil refineries (b) Motorcycle dealers registered under the Sales Tax Act, 1990	0.5%
3.	(a) Distributors of pharmaceutical products, fast moving consumer goods and cigarettes; (b) Petroleum agents and distributors who are registered under the Sales Tax Act, 1990; (c) Rice mills and dealers; (d) Tier-1 retailers of fast moving consumer goods who are integrated with Board or its computerized system for real time reporting of sales and receipts; (e) Person's turnover from supplies through e commerce including from running an online marketplace as defined in clause (38B) of section 2. (f) Persons engaged in the sale and purchase of used vehicles (g) Flour mills	0.25%
4.	In all other cases	1.25%

## 7. Export of services

In order to promote export of services in all sectors of economy, a special regime at par with export of goods regime has been introduced through insertion of section 154A. The service providers would be subjected to 1% WHT on their export proceeds. This would be final tax.



(Division IVA of Part III of First Schedule)

8. **WHT on electricity consumption.**

Reduction in threshold of monthly electricity bill for WHT on electricity consumption from 75,000 to 25,000 from domestic users not appearing on Active Taxpayers' list.

9. **Income of builders and developers in excess of 10 times tax paid**

Builders and developers have been provided fixed tax regime and immunity from probe for sources of investment subject to conditions and limitations provided in section 100D and Eleventh schedule of the Ordinance. They have been further allowed to incorporate profits from such projects equal to 10 times of the taxes paid under fixed tax regime. The income in excess of 10 times was chargeable to tax at the normal applicable rates. Now changes have been introduced in Eleventh schedule to the effect that the income of builders and developers from such project in excess of 10 times of tax paid shall be chargeable at reduced rate of 20%.

10. **Special Economic Zones**

Special Economic Zones also include some key projects of CPEC. These zones are governed under Special Economic Zones Act, 2012. The law provides for exemption from income to the zone developers, co-developers and the zone enterprises for a period of 10 years from the commencement of business. However, they were liable to pay minimum tax on their turnover at the rate of 1.5% of turnover. This was causing hardship to the investors. SEZ enterprises have been exempted from minimum tax for tax year 2021 and onwards. The exemption has been provided by including SEZ enterprises in clause (I 1A) of Part IV of Second Schedule.

11. **Special Technology Zone**

The Special Technology Zones Ordinance, 2020 was promulgated to promote innovation, technology, entrepreneurship and to attract investment in technology driven industries and enterprises. Special tax incentives have been granted including:

- (a) Ten year tax exemption for Special Technology Zone Authority, Zone Developers and Zone Enterprises by introducing new clause (I26EA) in Part I of Second Schedule.
- (b) Exemption from minimum tax by inclusion in clause (11A) of Part IV of Second Schedule.
- (c) Tax exemption on the import of capital goods.
- (d) Tax exemption on dividend income of private funds from investment in zone enterprises.

12. **Women enterprises**

Any AOP having all women partners and a company having all women shareholders have been granted 25% tax reduction in tax liability in a year. **(Clause (19) in Part III of second schedule).**

13. **Exemption from tax on import**

Import of books and silage making machines, subjected to tax at the rate of 5.5 % on import have been exempted from collection of advance income tax at the import stage. **(inclusion in Clause (56) of Part IV of the Second Schedule).**

14. **Exemption to Bagasse fired power generating units**

Following concessions have been provided for Bagasse fired power generation units.

- a) Exemption to income from tax - clause (132C), Part I, Second Schedule.
- b) Reduced rate of tax of 7.5% on Dividend income from such projects - clause (18C), Part II, Second Schedule.
- c) Exemption from minimum tax on turnover basis — clause (11A), Part IV, Second Schedule.
- d) Exemption to baggase fired power generation units on import of plant and machinery under section 148 - clause (56), Part-IV, of Second Schedule.

**15. Conditional concessionary rate for supply chain below importers and manufacturer for ATL taxpayers;**

Certain distributors, dealers, sub-dealers, wholesalers and retailers subjected to WHT @ 4.5% on supply of goods and minimum turnover tax @ 1.5% are incentivized by reduced rate of 0.25% under sections 153(1)(a) and section 113 under clauses (24C) and (24D) of Part II of the second schedule subject to the condition that beneficiaries appear on Active Taxpayers' List of Income Tax and Sales Tax and are integrate with Board's Point of Sale real time reporting system as Tier-1 retailers.

**16. International Buying Houses**

International buying house act as facilitator for exports from Pakistan to their principals abroad. In order to reduce disputes the amount remitted in foreign exchange to meet the expense of these buying houses by their principals has been exempted from tax. Moreover, the salary of non-resident foreign experts employed/ engaged by international buying houses has been exempted from tax if such experts perform duties for these 20 international buying houses. (clause (149) of Part I of the Second Schedule).

**17. Tax credit for point of sale (POS) machines**

In order to encourage integration with point of sale real time reporting system of FBR, tax credit for POS machines has been introduced through introduction of new section 64D. Tax credit of Rs.150, 000 or the cost of the machine whichever is lower shall be extended to the Tier 1 retailers installing and integrating machines with Board's system.

**18. Assistance in recovery on the request of foreign jurisdictions**

Pakistan is signatory to many international bilateral and multilateral tax treaties and agreements. However, the law did not provide legal cover to recovery of taxes on the request of foreign jurisdiction. In order to cater to this, enabling provisions have been introduced by amending section 107 and introducing new section146C of the Ordinance.

**19. Reduced Rate of withholding tax for certain services**

- a) Oilfield services have been included in list of reduced rate services in Division II, Part III of First Schedule in case of payment to non-residents.
- b) Architectural services, oilfield services, telecommunication services, collateral management services and travel & tour series have been included in list of reduced rate services in Division III, Part RI of First Schedule.
- c) Rates for withholding tax on contracts under section 153(1)(c) have been reduced to 6.5% in case of companies and 7% in case of others.

**20. Delegation of powers of federal government**

The powers in respect of taxes, rates of tax and exemptions have been delegated to Board with the approval of the Federal Minister in charge in pursuant to the decision of the Economic coordination committee of the Cabinet from time to time (Section 53 of the Ordinance). Powers in relation to procedures have been delegated to the Board with the approval of the Federal Minister in charge and necessary changes have been made in sections 2, 99B, 99C, 114 and 204 of the Ordinance.

## **ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES) ORDINANCE, 2001**

In order to promote and encourage IT sector, it is proposed that export of services may be zero-rated.

## Product/sector wise Exemptions for Manufacturers

#	Sector	Product	Input Material Details	HS Code	CD (%)	Reference
1	Home Appliances,	Air Conditioners	(i) Refrigerant gas R-290 (propane)	2711.1200	0%	Fifth Sch. Part-III, # 116
		Refrigerators	(ii) Refrigerant gas Isobutane R-600 gas	2901.1010		
		Deep Freezers	(iii) Refrigerant gas R-410	3824.7800		
			(iv) Articles of glass	7020.0090		
			(v) Silver solder 5%	7106.9290		
			(vi) Stainless steel sheets	7220.2090		
			(vii) Copper welding rod	7407.2900		
			(viii) Copper capillary tube	7411.1010		
			(ix) Copper tube inner grooved	7411.1020		
			(x) Aluminium sheet stucco	7606.9210		
			(xi) Filter driers (02 hole/3 hole)	8421.3910		
			(xii) AC motors, single phase	8501.4090		
			(xiii) Transformers	8504.3100		
			(xiv) Magnetic strip	8505.1900		
			(xv) Magnetrons	8540.7100		
			(xvi) Glass board for manufacturing TV panels (LCD, LED, OLED, HDI etc.)	8529.9090		
			(xvii) Printed circuits	8534.0000		
			Compressors	8414.3010	0%	First Schedule
			Evaporators for Air Conditioners	8415.0000	16%	First Schedule
			Condensers for Air Conditioners	8415.9029	16%	First Schedule
			Covers for inner body for Air Conditioners	8415.9030	16%	First Schedule
			Other Parts of Air Conditioners	8415.9099	20%	First Schedule
			Evaporators (roll bond / fin / tube on plate types) for Refrigerators	8418.9910	0%	First Schedule
			Wire condensers	8418.9920	11%	First Schedule
			Other parts of Refrigerators / Deepfreezers	8418.9990	20%	First Schedule
			Thermostats used in refrigerators, deep-freezers and air-conditioners	9032.1010	0%	First Schedule
2	Electrical Power Goods Sector	LED lights	(i). Housing/Shell, shell cover and base cap for all kinds of LED Lights and Bulbs	Respective headings	0%	Fifth Sch. Part-I, # 23
			(ii). Pickling preparations for metal surfaces; soldering brazing or welding powders and pastes consisting of metal and other materials	3810.9090	0%	
			(iii). Poly Butylene Terephthalate	3907.7000	0%	
			(iv). Bare or Stuffed Metal Clad Printed Circuit Board (MCPCB)	Respective heading	0%	
			(v). Constant Current Power Supply for of LED Lights and Bulbs (1-300W)	8504.4090	0%	
			(vi). Lenses for LED lights and Bulbs	9001.9000	0%	
		DC Fans	Permanent magnets of metal	8505.1100	0%	Fifth Sch. Part-III, # 98
			(1) Insulation Varnish (Polyurithene / Polyester / Polyesterimide with Baking Temperature Ranging from 100C to 220C)	3208.1010	10%	SRO 565(i)/2006, Table, S.No. 6

#	Sector	Product	Input Material Details	HS Code	CD (%)	Reference
			(2) Composite paper and paperboard (made by sticking flat layers of paper or paperboard together with an adhesive), not surface-coated or impregnated, whether or not internally reinforced, in rolls or sheets.	4807.0000	10%	
			(3) Paper & Paper Board Cellulose Wadding & Webs of Cullulose Fibers, Cated, Impregnated Covered Surface	4811.4900	10%	
			Non Grain Oriented Electrical Steel Sheet	7225.1900	0%	
				7226.1900	5%	
		<b>Electrical Capacitors</b>	Raw Materials			SRO 565(0)/2006, Table, S.No. 2
			(1) Epoxy Resin	3907.3000	10%	
			(2) Polyurethane Resin	3907.3000	10%	
			(3) BOPP Film (Plain capacitor grade)	3920.2010	10%	
			(4) BOPP Film (Metalized capacitor grade)	3920.2030	10%	
			(5) Polyester / Polypropylene seal Film	3920.2090	10%	
			(6) Insulating Paper	4823.9090	10%	
			(7) Aluminum Foil (99.9 purity electrolytic grade, plain and etched)	7607.1100	10%	
			Sub-components & Components			
			(1) Silicon Rubber Seals	4016.9320	15%	
			(2) Supporting Kernels	8532.9090	15%	
			(3) Insulating Cover Sleeve	8546.9000	15%	
		<b>Transformers</b>	Other Electric Conductors exceeding 32000 V	8544.6090	11%	Fifth Sch. Part-I, # 37
			Grain Oriented Electrical Steel Sheet	7225.1100	0%	SRO 565(1)/2006, Table, S.No. 7
				7226.1100	0%	
		<b>Electric Motors</b>	Non Grain Oriented Electrical Steel Sheet	7225.1900	5%	
				7226.1900	5%	
3	<b>Capital Goods Sector</b>	<b>Boiler Industry</b>	(i) Butt welding	7307.9300	3%	Fifth Sch. Part-III, # 135
			(ii) Iron and alloy steel U- sections of various heights	7216.3110	10%	
				7216.3210		
				7216.3310		
			(iii) Safety or relieve valves	8481.4000	10%	
		<b>Compression- ignition Internal Combustion Piston Engines (Diesel Engines of 3 HP to 36 HP)</b>	for compression ignition internal combustion piston engines (diesel engines of 3 HP to 36 HP)	8408.9000	3%	Fifth Sch. Part-III, # 101
		<b>Welding Electrode</b>	Of circular cross-section measuring less than 7 mm in diameter	7213.9191 7227.9010	10%	Fifth Sch. Part-III, # 147
4	<b>Telecom Sector</b>	<b>Optical Fiber Cable</b>	(i) Cable filling/flooding compound	3824.9999	0%	Fifth Sch. Part-III, # 108
			(ii) Polybutylene Terephthalate	3916.9000	0%	
			(iii) Fiber reinforced plastic/glass reinforced polypropylene	3907.7000	0%	
			(iv) Polyester rigid film	3920.6310	5%	
			(v) Weighing more than 150 g/m2 (Nonwovens)	5603.9400	5%	
			(vi) Water blocking/ swelling tape	5604.9000	0%	

#	Sector	Product	Input Material Details	HS Code	CD (%)	Reference
			(vii) Gimped yarn, and strip and the like of heading 54.04 or 54.05, gimped (other than those of heading 56.05 and gimped horsehair yarn); chenille yarn (including flock chenille yarn); loop wale-yarn	5606.0000	5%	
			(viii) Backed	7607.2000	5%	
			(ix) Single/Multimode Optical Fiber	9001.1000	0%	
		<b>Cellular mobile phones</b>	Cellular mobile phones in CKD/SKD condition	8517.1211	0%	Fifth Sch. Part-III, # 101
			Plant, machinery and production line equipment used for the manufacturing of mobile phones.	Respective headings	0%	Fifth Sch. Part-I, # 23
		<b>SIM and Smart Card</b>	(i). Electronic integrated circuits (SIM Chip)	8542.3900	0%	Fifth Sch. Part-III, # 104
			(ii). Magnetic sheets	8519.8190		
			(iii). Glue Tape Lamination for dye bonding of chip	5807.1030		
			(iv). Polyvinyl Chloride (PVC) Rigid Film	3920.4910		
			(v). Biaxially Oriented Polypropylene (BOPP) film, laminated	3920.2040		
<b>5</b>	<b>Automotive Sector</b>					
		<b>A) Automotive Parts</b>				
		<b>Parts for Agricultural Tractors and Prime Movers</b>				
			Raw materials	Respective headings	1%	SRO 655(I)/2006, Table, # 1, 2 & 3
			Sub-components/Components	Respective headings	1%	
			Sub-assemblies	Respective headings	1%	
		<b>Parts for Buses, LCVs, HCVs and Other Vehicles</b>				
			Raw materials	Respective headings	1%	SRO 655(I)/2006, Table, # 4, 7, 9 & 13
			Sub-components/Components	Respective headings	10%	
			Sub-assemblies	Respective headings	15%	
		<b>Parts for Cars, 4-Stroke Auto Rickshaw, 3- Wheeler Cargo loader and Motorcycle Rickshaw</b>				
			Raw materials	Respective headings	1%	SRO 655(I)/2006, Table, # 5, 6, 8 & 11
			Sub-components/Components	Respective headings	10%	
			Sub-assemblies	Respective headings	20%	
		<b>Parts for Motorcycles</b>				
			Raw materials	Respective headings	1%	SRO 655(I)/2006, Table, # 10
			Sub-components/Components	Respective headings	10%	
			Sub-assemblies	Respective headings	13%	
		<b>B) Vehicle Assembly (TBS Regime)</b>				
		<b>Other Motor Cars, (Cars, SUVs, Jeeps, Vans, ATVs)</b>				
			i) CKD)- Non-localized parts.	Respective Headings	30%	SRO 656(I)/2006, Table-I
			ii) CKD- Localized parts.	Respective Headings	46%	SRO 693(I)/2006, Table
			iii) Tyres/Tubes	4011.1000	16%	SRO 656(I)/2006, Table-I
		<b>Motorcycles, Motorcycle Rickshaws, Auto Rickshaws &amp; 3-Wheeler Cargo Loaders</b>				
			i) CKD)- Non-localized parts.	Respective Headings	15%	SRO 656(I)/2006, Table-I

#	Sector	Product	Input Material Details	HS Code	CD (%)	Reference	
			ii) CKD- Localized parts.	Respective Headings	46%	SRO 693(I)/2006, Table	
			iii) Tyres/Tubes for Motorcycles & Motorcycle Rickshaws	4011.4000	20%	SRO 656(I)/2006, Table-I	
			iv) Tyres/Tubes for Auto Rickshaws & 3-Wheeler Cargo Loaders	4011.1000	16%	SRO 656(I)/2006, Table-I	
		<u>Agriculture tractors</u>					
			i) CKD)- Non-localized parts.	Respective Headings	1%	SRO 656(I)/2006, Table-I	
			ii) CKD- Localized parts.	Respective Headings	36%	SRO 693(I)/2006, Table	
			iii) Tyres/Tubes	4011.7000	20%	SRO 656(I)/2006, Table-I	
		<u>Prime movers &amp; Buses</u>					
			i) CKD)- Non-localized parts.	Respective Headings	5%	SRO 656(I)/2006, Table-I	
			ii) CKD- Localized parts.	Respective Headings	36%	SRO 693(I)/2006, Table	
			iii) Tyres/Tubes	4011.2090	3%	SRO 656(I)/2006, Table-I	
		<u>Buses (dedicated LNG/ LPG or CNG)</u>					
			i) CKD)- Non-localized parts.	Respective Headings	1%	SRO 656(I)/2006, Table-I	
			ii) CKD- Localized parts.	Respective Headings	36%	SRO 693(I)/2006, Table	
			iii) Tyres/Tubes	4011.2090	3%	SRO 656(I)/2006, Table-I	
		<u>Trucks / LCVs</u>					
			i) CKD)- Non-localized parts.	Respective Headings	20%	SRO 656(I)/2006, Table-I	
			ii) CKD- Localized parts.	Respective Headings	46%	SRO 693(I)/2006, Table	
			iii) Tyres/Tubes	4011.2010	16%	SRO 656(I)/2006, Table-I	
		<u>Trucks / HCVs</u>					
			i) CKD)- Non-localized parts.	Respective Headings	5%	SRO 656(I)/2006, Table-I	
			ii) CKD- Localized parts.	Respective Headings	36%	SRO 693(I)/2006, Table	
			iii) Tyres/Tubes	4011.2090	3%	SRO 656(I)/2006, Table-I	
		<b>C) Vehicle Assembly (New Make or Model)</b>					
		<u>Small Cars/Vehicles up to 850cc (New Make or Model)</u>					
			i) CKD)- Non-localized parts.	Respective Headings	15% for new make or model for two years from the date of issuance of manufacturing certificate or upto 30th June 2024, whichever is earlier	SRO 656(I)/2006, Table-I	
			ii) CKD- Localized parts.	Respective Headings	15% + 15% for new make or new model exceeding 200cc for two years from the date of issuance of manufacturing certificate or up to the 30th June, 2024, whichever is earlier.	SRO 693(I)/2006, Table	

#	Sector	Product	Input Material Details	HS Code	CD (%)	Reference
			iii) Tyres/Tubes	4011.1000	16%	SRO 656(I)/2006, Table-I
		<b>Motorcycles (New Make or Model)</b>				
			i) CKD)- Non-localized parts.	Respective Headings	10% for new entrant for a period of five years.	SRO 656(I)/2006, Table-I
			ii) CKD)- Localized parts.	Respective Headings	10% + 15% for new make or new model exceeding 125cc for two years from the date of issuance of manufacturing certificate or up to the 30th June, 2024, whichever is earlier.	SRO 693(I)/2006, Table
			iii) Tyres/Tubes	4011.4000	20%	SRO 656(I)/2006, Table-I
		<b>Motorcycles Rickshaw (New Make or Model)</b>				
			i) CKD)- Non-localized parts.	Respective Headings	15%	SRO 656(I)/2006, Table-I
			ii) CKD)- Localized parts.	Respective Headings	15% + 15% for new make or new model exceeding 200cc for two years from the date of issuance of manufacturing certificate or up to the 30th June, 2024, whichever is earlier.	SRO 693(I)/2006, Table
			iii) Tyres/Tubes	4011.4000	20%	SRO 656(I)/2006, Table-I
		<b>Agriculture tractors (New Make or Model)</b>				
			i) CKD)- Non-localized parts.	Respective Headings	1%	SRO 656(I)/2006, Table-I
			ii) CKD)- Localized parts.	Respective Headings	1% + 15% for new make or model for two years from the date of issuance of manufacturing certificate or up to the 30th June, 2024, whichever is earlier	SRO 693(I)/2006, Table
			iii) Tyres/Tubes	4011.7000	20%	SRO 656(I)/2006, Table-I
		<b>D) Electrical Vehicles Assembly under SRO 656(I)/2006</b>				
		<b>1) Electric Auto Rickshaw (8703.8030) for 5-Years from 1st July, 2020</b>				
			i) EV specific components		1%	Fifth Sch. Part-V(A), Table-II, # 1
			(a) Batteries other than lead acid	85.07		
			(b) Battery Charger	8504.4020		
			(c) Controller	8542.3100		
			(d) Electric Motor	8501.3290		
			(e) Three connection terminal	8504.9090		
			(f) Converter	8502.4000		



#	Sector	Product	Input Material Details	HS Code	CD (%)	Reference
			(g) Signal Hook ii) CKD)- Non-localized parts. iii) CKD- Localized parts. iv) Tyres/Tubes	8504.9090 Respective Headings Respective Headings 4011.1000	15% 46% 16%	SRO 656(I)/2006, Table-I SRO 693(I)/2006, Table SRO 656(I)/2006, Table-I
		<b>2) 3-Wheeler electric loader (8711.6060) for 5-Years from 1st July, 2020</b>				
			i) EV specific components  (a) Batteries other than lead acid (b) Gear (c) Electric motor with axle (d) Controller (e) Power Switch (f) Electric auto cut (g) Battery Connection (h) Battery Charger (i) Junction Box ii) CKD)- Non-localized parts. iii) CKD- Localized parts. iv) Tyres/Tubes	  85.07 8483.4019 8501.3290 8542.3100 8536.5029 8504.9090 8544.4229 8504.4020 8536.4910 Respective Headings Respective Headings 4011.1000	1%          15% 46% 16%	Fifth Sch. Part-V(A), Table-II, # 2          SRO 656(I)/2006, Table-I SRO 693(I)/2006, Table SRO 656(I)/2006, Table-I
		<b>3) Electric motorcycle (8711.6040) for 5-Years from 1st July, 2020</b>				
			i) EV specific components  (a) Electric Motor (b) Battery Charger (c) Switches (d) Junction Box (e) Controller (f) Converter (g) Batteries other than lead acid ii) CKD)- Non-localized parts. iii) CKD- Localized parts. iv) Tyres/Tubes	  8501.3290 8504.4020 8536.5029 8536.4910 8542.3100 8454.1000 85.07 Respective Headings Respective Headings 4011.4000	1%          15% 46% 20%	Fifth Sch. Part-V(A), Table-II, # 3          SRO 656(I)/2006, Table-I SRO 693(I)/2006, Table SRO 656(I)/2006, Table-I
		<b>4) Electric Buses (PCT code 8702.4090) for 5-Years from 1st July, 2020</b>				
			i) Components in any kit form (CKD)  ii) Tyres/Tubes	8702.4010  4011.2090	1%  3%	Fifth Sch. Part-V(A), Table-II, # 4 / SRO 656(I)/2006, Table-I  SRO 656(I)/2006, Table-I
		<b>5) Electric Trucks (PCT code 8704.9030) for 5-Years from 1st July, 2020</b>				
			i) Components in any kit form (CKD)  iii) Tyres/Tubes for Trucks / LCVs iii) Tyres/Tubes for Trucks / HCVs	8704.9020  4011.2010 4011.2090	1%  16% 3%	Fifth Sch. Part-V(A), Table-II, # 5 / SRO 656(I)/2006, Table-I SRO 656(I)/2006, Table-I SRO 656(I)/2006, Table-I
		<b>6) Electric Prime Movers (PCT code 8701.2060) for 5-Years from 1st July, 2020</b>				
			i) Components in any kit form (CKD)  ii) Tyres/Tubes	8701.2050  4011.2090	1%  3%	Fifth Sch. Part-V(A), Table-II, # 6 / SRO 656(I)/2006, Table-I SRO 656(I)/2006, Table-I
		<b>7) Electric Vehicles 4- wheelers (PCT Code 8703.8090) till 30th June 2026.</b>				
			i) EV specific components  ii) CKD)- Non-localized parts.	Respective Headings Respective Headings	1% 10%	Fifth Sch. Part-V(A), Table-II, # 7 / / SRO 656(I)/2006, Table-I SRO 656(I)/2006, Table-I

#	Sector	Product	Input Material Details	HS Code	CD (%)	Reference
			iii) CKD- Localized parts.	Respective Headings	25%	SRO 693(I)/2006, Table
			iv) Tyres/Tubes	4011.1000	16%	SRO 656(I)/2006, Table-I
		<b>8) Hybrid Electric Vehicles</b>				
			i) HEV specific components 1. Battery pack and its parts: (i) thermistor (ii) resistor (iii) capacitor (iv) bus bar 2. Cooling system for battery packs including blower, tubes, hoses, pump 3. Sensor hybrid vehicle battery voltage 4. Inverter assembly with converter (Power control unit) 5. Electric motor and generator for Transaxle assembly 6. Battery charging system / inlet connectors 7. Hybrid system control unit / hybrid ECU 8. Junction box	Respective Headings	4%	Fifth Sch. Part-V(B), # 1 / / SRO 656(I)/2006, Table-I
			ii) CKD)- Non-localized parts.	Respective Headings	30%	SRO 656(I)/2006, Table-I
			iii) CKD- Localized parts.	Respective Headings	46%	SRO 693(I)/2006, Table
			iv) Tyres/Tubes	4011.1000	16%	SRO 656(I)/2006, Table-I
		<b>9) Plug-in Hybrid Electric Vehicles</b>				
			i) HEV specific components 1. Battery pack and its parts: (i) thermistor (ii) resistor (iii) capacitor (iv) bus bar 2. Cooling system for battery packs including blower, tubes, hoses, pump 3. Sensor hybrid vehicle battery voltage 4. Inverter assembly with converter (Power control unit) 5. Electric motor and generator for Transaxle assembly 6. Battery charging system / inlet connectors 7. Hybrid system control unit / hybrid ECU 8. Junction box 9. Charger 10. Charging port	Respective Headings	3%	Fifth Sch. Part-V(B), # 2 / / SRO 656(I)/2006, Table-I
			ii) CKD)- Non-localized parts.	Respective Headings	30%	SRO 656(I)/2006, Table-I
			iii) CKD- Localized parts.	Respective Headings	46%	SRO 693(I)/2006, Table
			iv) Tyres/Tubes	4011.1000	16%	SRO 656(I)/2006, Table-I
		<b>E) Manufacturing of EV specific parts, of Electric Auto Rickshaw, 3-Wheeler electric loader and Electric mo</b>				
			Inputs for Manufacturing of EV specific parts,	Respective Headings	0%	Fifth Sch. Part-V(A), Table-III, # 2
		<b>F) Other Incentives for EV manufacturers</b>				

#	Sector	Product	Input Material Details	HS Code	CD (%)	Reference
			i) Plant and machinery specifically designed for use in manufacturing of electric vehicles. (one-time basis for setting up the new assembly and/ or manufacturing facility of electric vehicles, and for expansion in the existing units)	Respective Headings	0%	Fifth Sch. Part-V(A), Table-III, # 1
			ii) Import of CBU chargers with CKD kits for electric vehicles	Respective Headings	1%	Fifth Sch. Part-V(A), Table-III, # 3
		<b>G) Import of Electric Vehicles (EV) CBU &amp; their Parts Under Electric Vehicle Policy 2020</b>				
		Electric auto rickshaw		8703.8030	25%	Fifth Sch. Part-V(A), Table-I
		3-Wheeler electric loader		8711.6060	25%	Fifth Sch. Part-V(A), Table-I
		Electric motorcycle		8711.6040	25%	Fifth Sch. Part-V(A), Table-I
		Electric buses		8702.4090	1%	Fifth Sch. Part-V(A), Table-I
		Electric trucks		8704.9030	1%	Fifth Sch. Part-V(A), Table-I
		Electric prime movers		8701.2060	1%	Fifth Sch. Part-V(A), Table-I
		Electric Vehicles 4- wheelers		8703.8090	12.50%	Fifth Sch. Part-V(A), Table-I
6	<b>Light Engg. Sector</b>	<b>Shaving blades/razors</b>	Carbon steel strips of thickness 0.09 to 0.1 mm and width 22.2 to 22.4 mm	7226.9200	5%	Fifth Sch. Part-III, # 93
		<b>Bicycle chain manufacturers</b>	Bicycle Chain Parts	7315.1990	15%	Fifth Sch. Part-III, # 94
		<b>Industrial Chain</b>	Chain parts	7315.1990	15%	Fifth Sch. Part-III, # 138
		<b>Aluminum beverage cans</b>	(i) Coils of aluminium alloys	7606.1200	0%	Fifth Sch. Part-III, # 96
			(ii) Aluminum lids	8309.9010	0%	
		<b>Photo Polymers &amp; CTP Plates and Pre- Sensitized Printing Plate,</b>	(i) Aluminum sheets & Coils	7606.1100	5%	Fifth Sch. Part-III, # 114
				7606.9190		
				7606.9290		
			(ii) Aluminum foil	7607.1990		
		<b>Decorative Printed Industry</b>	Decorative base paper	4802.5510	0%	Fifth Sch. Part-III, # 132
		<b>Articles of Stationery.</b>	Raw Materials			SRO 565(0)/2006, Table, S.No. 3
			(1) Potato starch	1108.1300	0%	
			(2) Acid dyes whether or not premetallised, and preparations based thereon; mordant dyes and preparations based thereon (acid dyes / dyestuff ), non- textile grade	3204.1200	0%	
			(3) Pigments and preparations based thereon (pigments ), non-textile grade	3204.1700	0%	
			(4) Stamping foil	3212.1000	0%	
			(5) Inks for ball points pens, fine liners and fibre tips	3215.9010	0%	
			(6) Edenol	3824.9999	0%	
			(7) Hardners	3824.9999	0%	
			(8) Acrylic polymer (fast drying)	3906.9090	0%	
			(9) Alkyd resins (fast drying)	3907.5000	0%	
			(10) Amino-resins (fast drying)	3909.3900	0%	
		(11) Cellulose nitrate	3912.2010	0%		

#	Sector	Product	Input Material Details	HS Code	CD (%)	Reference
			(12) Carboxyl-methyl cellulose and its salts (carboxy methyl cellulose)	3912.3100	0%	
			(13) Porous fibre rods for making marker nibs	3916.9000	0%	
			(14) Heat transfer film	4908.9000	0%	
			(15) Electro galvanized wire	7217.2000	0%	
			(16) Spring wire	7217.9000	0%	
			(17) Brass alloy wire	7408.2100	0%	
			(18) Wood sandwich blocks with lead encased	9609.9000	0%	
			<u>Sub-components and Components</u>			
			(1) Carbon for lead	2803.0090	5%	
			(2) Steel balls not exceeding 1mm diameter	7326.9040	3%	
			(3) Sharpener blades	8214.1000	5%	
			(4) Synthetic fiber reservoirs of the kind used in writing instruments (ink reservoirs)	9608.6000	5%	
			(5) Nibs made of special metal for use in manufacture of writing instruments (fountain pen nibs)	9608.9100	5%	
			(6) Nibs points( for fiber tip	9608.9100	5%	
			(7) pens and markers) Tips for fine liners	9608.9100	5%	
			(8) Raw cores used for making black lead	9609.2010	5%	
			(9) Color lead	9609.9000	5%	
		<b>Interlining/ Buckram,</b>	Other saturated Polyesters	3907.9900	5%	Fifth Sch. Part-III, # 121
		<b>Metalized Yarn</b>	Uncoated Film of Poly (ethylene terephthalate)	3920.6200	11%	Fifth Sch. Part-III, # 62
			Aluminium Wire not alloyed	7605.1900	11%	Fifth Sch. Part-III, # 95
		<b>Hemodialyzers</b>	(i) Dextrose	1702.3000	0%	Fifth Sch. Part-III, # 112
			(ii) Sodium Chloride pharma grade	2501.0090		
			(iii) Calcium Chloride pharma grade	2827.2000		
			(iv) Magnesium Chloride Pharma grade	2827.3100		
			(v) Potassium Chloride	2827.3900		
			(vi) Sodium bicarbonate pharma grade	2836.3000		
			(vii) Potassium Chloride pharma grade	3104.2000		
		<b>Paper sizing agents</b>	(i)AKD wax	3809.9200	5%	Fifth Sch. Part-III, # 115
			(ii)Finishing agent	3809.9200	5%	
			(iii)Cationic	3402.1290	5%	
		<b>Film and Yarn from PET.</b>	Yarn and film grades	3907.6110	5%	Fifth Sch. Part-III, # 123
		<b>Decorative Printed Industry</b>	Specialized decorative printed papers	4802.5510	0%	Fifth Sch. Part-III, # 132
		<b>Manufacture of Aerosol</b>	Spray Valves/Pumps with or without spray cap/ actuator for aerosol products	8481.8090	0%	Fifth Sch. Part-III, # 133
<b>7</b>	<b>Renewable Energy Sector</b>	<b>Solar Cell Manufacturing Equipment.</b>	(i). Crystal (Grower) Puller (if machine).	8479.899	0	Fifth Sch. Part-I, # 21(8)
			(ii). Diffusion furnace.	8514.3000	0%	
			(iii). Oven.	8514.3000	0%	
			(iv). Wafering machine.	8486.1000	0%	
			(v). Cutting and shaping machines for sil	8461.9000	0%	
			(vi). Solar grade polysilicon material.	3824.9999	0%	
			(vii). Phosphene Gas.	2853.9000	0%	
			(viii). Aluminum and silver paste.	Respective headings	0%	

#	Sector	Product	Input Material Details	HS Code	CD (%)	Reference
		Lithium- Ion Batteries	Lithium Ion Cells	8507.6000	0%	Fifth Sch. Part-III, # 143
8	<b>Medical &amp; Health Sector</b>					
		PPE (VTM)	Raw materials	Respective heading	0%	Fifth Sch. Part-III, # 145
		PPE (N95 Masks)	Raw materials	Respective heading	0%	Fifth Sch. Part-III, # 145
		PPE (Surgical Masks)	Raw materials	Respective heading	0%	Fifth Sch. Part-III, # 145
		PPE (Face Shields)	Raw materials	Respective heading	0%	Fifth Sch. Part-III, # 145
		PPE (Tyvek Suits)	Raw materials	Respective heading	0%	Fifth Sch. Part-III, # 145
		I.V. Canola	Raw materials	Respective heading	0%	Fifth Sch. Part-III, # 145
			Blister Paper	4802.6990	10%	Fifth Sch. Part-III, # 69
		Disposable/Auto disable syringes	Plastic Film (Medical grade)	3920.2040	10%	Fifth Sch. Part-III, # 61
			(i) Other	3215.1190	0%	Fifth Sch. Part-III, # 125
			(ii) Polypropylene	3902.1000	0%	
			(iii) Propylene copolymers	3902.3000	0%	
			(iv) Plasticised	3904.2200	0%	
			(v) Epoxide resins	3907.3000	0%	
			(vi) Biaxially Oriented Polypropylene (BOPP) film, laminated	3920.2040	0%	
			(vii) Other	3921.9090	0%	
			(viii) Gaskets of rubber	4016.9310	0%	
			(ix) Printing paper	4802.5510	0%	
		(x) Tubular metal needles and needles for sutures	9018.3200	0%		
		Disposable Syringes and Saline Infusion sets	Plasticised (Poly Vinyl Chloride)	3904.2200	0%	Fifth Sch. Part-III, # 120
		Pharmaceutical Packaging	(i) Aluminum foil rolled but not further worked "7 microns to 100 microns"	7607.1100	0%	Fifth Sch. Part-III, # 126
			(ii) Film and sheet of polyamides " 20 microns to 40 microns"	3920.9200	0%	
		First Aid Bandages Manufacturing Industry	(i) Other	3005.9090	5%	Fifth Sch. Part-III, # 127
			(ii) Other	3920.2090	5%	
			(iii) Other woven fabrics (Dyed)	5407.5200	5%	
		Hemodialyzers,	(i) Dextrose	1702.3000	0%	Fifth Sch. Part-III, # 113
			(ii) Sodium Chloride pharma grade	2501.0090		
			(iii) Calcium Chloride pharma grade	2827.2000		
			(iv) Magnesium Chloride Pharma grade	2827.3100		
			(v) Potassium Chloride	2827.3900		
			(vi) Sodium bicarbonate pharma grade	2836.3000		
			(vii) Potassium Chloride pharma grade	3104.2000		
9	<b>Chemical and Plastic Industry</b>					
		Powder Coatings	Chrysotile Asbestos	2524.9000	15%	Fifth Sch. Part-III, # 32 & 52
			(i) Polyester Resin	3907.9900	10%	
			(ii) Epoxide resin	3907.3000		
		Solid Surface Sheet	Unsaturated Polyester Resin (UPR)	3907.9100	5%	Fifth Sch. Part-III, # 61, 140 (Till 30th June 2022.)
			Aluminium Wire not alloyed	7605.1900	11%	
		Sodium Lauryl Ether Sulphate,	Fatty Alcohol Ethoxylate	3402.1300	5%	Fifth Sch. Part-III, # 43
		Chemical Industry	Ethylene	2901.2100	0%	Fifth Sch. Part-III, # 34
			Ethylene Dichloride	2903.1500	0%	Fifth Sch. Part-III, # 36

#	Sector	Product	Input Material Details	HS Code	CD (%)	Reference
			Ethylene glycol (ethanediol) (MEG)	2905.3100	0%	Fifth Sch. Part-III, # 37
		PTA	(i) Para xylene (ii) Acetic acid (iii) Hydrogen Bromide (iv) Palladium on carbon	2902.4300 2915.2100 2811.1990 3815.1200	0%	Fifth Sch. Part-III, # 35
		Butyl Acetate	Organic composite solvents and thinners not elsewhere specified or included; prepared paint or varnish removers.	3814.0000	5%	Fifth Sch. Part-III, # 119
		Stearic Acid/ Fatty Acid (DFA)Distilled	(1) Palm Stearin.  (2) Inedible Animal Or Vegetable Oil and Fats	1511.9010  1518.0000	5%  15%	SRO 565(0)/2006, Table, S.No. 4
		PET.	Yarn and film grades	3907.6110  3907.6910	5%	Fifth Sch. Part-III, # 123
<b>10</b>	<b>Leather &amp; Rubber Products</b>					
		Tyres and other Rubber Ind.	Carbon black other than rubber grade	2803.0020	5%	Fifth Sch. Part-III, # 141
		Shoe manufacturers	(i) Shoe adhesives  (ii) Phenolic resins (iii) Of polymers of ethylene (iv) Other (v) Other (vi) Shoe lasts (vii) Uppers and parts thereof, other than stiffeners (viii) Outer soles and heels of rubber  (ix) Buckle (x) Weighing more than 150 g/m <sup>2</sup>  (xi) Weighing more than 70 g/m <sup>2</sup> but not more than 150 g/m <sup>2</sup>	3506.9110  3909.4000 3920.1000 3920.2090 3921.9090 3926.9060 6406.1000  6406.2010  8308.9020 5603.1400  5603.9300	5%  5% 5% 5% 5% 5%  15%  5% 5%  5%	Fifth Sch. Part-III, # 130
		Artificial Leather	(i) PVC Emulsion grade (subject to lab test.) (ii) Release paper	3904.1010  4811.5990	0%  3%	Fifth Sch. Part-III, # 131
		Machine made Carpets	Woven fabrics obtained from strip and the like	5407.2000	5%	Fifth Sch. Part-III, # 137
		Hand-woven Carpets	Carpets	5701.1010	0%	Fifth Sch. Part-III, # 146
		Polyester Staple Fiber	PET Scrap	3915.9000	11%	Fifth Sch. Part-III, # 134
		Diapers/Sanitary Napkins	(i) Other  (ii) Other (iii) Of polymers of ethylene (iv) Of other plastics (v) Of polymers of ethylene (vi) Weighing not more than 25 g/m <sup>2</sup>  (vii) Weighing more than 25 g/m <sup>2</sup> but not more than 70 g/m <sup>2</sup> (viii) Weighing more than 70 g/m <sup>2</sup> but not more than 150 g/m <sup>2</sup>	3506.9190  3906.9090 3920.1000 3921.1900 3923.2100 5603.1100  5603.9200 5603.9300	5%  5% 16% 16% 5% 11%  16% 11%	Fifth Sch. Part-III, # 111
		Diapers manufacturers	(i). Adhesives based on polymers or rubbers (ii). Hot melt adhesives Pre-laminated Tape  Frontal Tape  PE + NW laminate sheet Poly back sheet Perforated Poly Film	3506.9190  3919.1090 3920.9900 3919.9090 3920.9900 3920.1000 3920.1000 3920.9900	11%  16% 16% 16% 16% 16% 16% 16%	Fifth Sch. Part-III, # 44, 56, 57, 58, 59, 63, 64

#	Sector	Product	Input Material Details	HS Code	CD (%)	Reference
			Waist Band Barrier	3921.9090	16%	
			Non-wovens, whether or not impregnated, coated, covered or laminated for man-made filaments.	5603.1100	11%	Fifth Sch. Part-III, # 88
			Acquisition layer	5603.1200		Fifth Sch. Part-III, # 89
			Loop pile fabric	5603.9200	11%	
				6001.2210	16%	Fifth Sch. Part-III, # 90
				6001.2290		
		<b>Bobbins, Cops and Cores</b>	(i) Other uncoated paper and paperboard	4805.9390	0%	Fifth Sch. Part-III, # 136
			(ii) Vegetable parchment	4806.1000	0%	
		<b>Aerosol</b>	Spray Valves/Pumps with or without spray cap/ actuator for aerosol products	8481.8090	0%	Fifth Sch. Part-III, # 133
<b>11</b>	<b>Food Processing &amp; Packaging</b>	<b>Aseptic liquid food packaging material</b>	(i) Other craft paper	4804.3900	15%	Fifth Sch. Part-III, # 109
			(ii) Multi-ply (clay coated paper and paper board	4810.9200		
			(iii) Aluminum foil (rolled but not further worked)	7607.1100		
			Film of ethylene	3920.1000	15%	Fifth Sch. Part-III, # 60
		<b>Liquid food packaging industry for dairy and juices</b>	Uncoated paper and paperboard	4805.9290	15%	Fifth Sch. Part-III, # 70
		<b>Food Processing Industry</b>	(i) Ednozym Pectofruit	3507.9000	3%	Fifth Sch. Part-III, # 128
			(ii) Endozym Pectofruit PR			
			(iii) Endozym Alphamyl MG			
			(iv) Silite Normal Speed,	3824.9999	3%	
			(v) Silite High Speed and			
			(vi) Spindasol FJ under			
		<b>Infant Formula Milk</b>	(i) Malt extracts & Food prep	1901.9020	5%	Fifth Sch. Part-III, # 112
			(ii) Other	1901.9090	5%	
			(iii) Cans of Iron and steel	7310.2900	10%	
		<b>Flexible Packaging Industry</b>	Specialty paper 40-50 grams having specification of wood free, white, glossy and one side coated for Gravure Printing Process	4810.9900	0%	Fifth Sch. Part-III, # 61, 139
		<b>Coning Oil, White Oil and Other Textile Oils,</b>	Base oil	2710.1993	0%	Fifth Sch. Part-III, # 117
		<b>Ready to Use Supplementary Foods (RUSF) and Ready-To-Use Therapeutic Food (RUTF),</b>	(i) Skimmed milk powder	402.1000	0%	Fifth Sch. Part-III, # 122
			(ii) Whey powder	404.1010		
			(iii) Peas (Pisum sativum)	713.1000		
			(iv) Grams (dry whole)	713.2010		
			(v) Other	713.3990		
			(vi) Groundnuts shelled weather or not broken	1202.4200		
			(vii) Other	1507.9000		
			(viii) Palm Olein	1511.9030		
			(ix) Other	1514.9900		
			(x) Vegetable fats and their fractions	1516.2010		
			(xi) Other	1517.9000		
			(xii) Malto dextrins	1702.9030		
			(xiii) Other	2106.9090		
			(xiv) Other	3404.9090		
			(xv) Other	3824.9999		