

**GOVERNMENT OF PAKISTAN  
REVENUE DIVISION  
FEDERAL BOARD OF REVENUE**

\*\*\*

Islamabad, the 30<sup>th</sup> July, 2021.

**NOTIFICATION**

**S.R.O. 957 (I)/2021.** - In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), section 50 of the Sales Tax Act, 1990, section 40 of the Federal Excise Act, 2005 and section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Customs Rules, 2001, which, as required under sub-section (3A) of the said section 219, were previously published *vide* Notification No.S.R.O. 902(I)/2021, dated the 9<sup>th</sup> July 2021, namely:-

In the aforesaid Rules, after Chapter XXXIX, the following new Chapter shall be added from the 14<sup>th</sup> August 2021, namely:-

**“Chapter XL**

**Export Facilitation Scheme 2021**

**871. Definitions.-** In this chapter, unless there is anything repugnant in the subject or context,-

- (a) **“acquisition”** means import or purchase of foreign origin goods from authorized user, Common Export House and users of export schemes under SRO 450(I) 2001 dated 18.06.2001 Chapter XV, DTRE, SRO 327(I)2008 dated 29.03.2008, including banned or restricted items or procurement of locally manufactured goods and taxable or excisable services covered under this Chapter, including energy sources such as coal, coke of coal, carbon blocks, diesel, furnace oil or gas etc. for in house energy production or use in the manufacturing process and also includes Engineering Goods as classified under chapter 72 to 96 or as approved by Engineering Development Board (EDB):

Provided that acquisition of banned or restricted items shall be subject to prior permission from the Ministry of Commerce;

- (b) **“Act”** means the Customs Acts, 1969 (IV of 1969), the Federal Excise Act, 2005, the Sales Tax Act, 1990, and the Income Tax Ordinance, 2001(XLIX of 2001);
- (c) **“analysis certificate”** means a certificate issued by the Regulatory Collector or the Director Input Output Co-efficient Organization (IOCO), as the case may be,



either manually or electronically, showing input and output ratios of input goods vis-a-vis finished goods along with wastages, as per Appendix II under these rules

- (d) **“appendix”** means an Appendix to this Chapter;
- (e) **“applicant”** means a person who files an application in the form set out in Appendix I for grant of authorization under this chapter;
- (f) **“commercial exporter”** means a person engaged in purchase and export of goods in the same state from the domestic market or from an indirect exporter and export these goods;
- (g) **“Common Export House”** means a warehouse authorized by the Collector under this chapter, for import, warehouse and supply of input goods without payment of customs duty, sales tax, federal excise duty and withholding tax, to the small and medium export enterprises, direct or indirect exporters or commercial exporters;
- (h) **“corporate export enterprise”** means an export unit registered with the SECP;
- (i) **“direct exporter”** means a manufacturer cum exporter who is exporting the goods under the name of his firm or company;
- (j) **“engineering goods”** includes goods classified under Chapter 72 to Chapter 96 of the First Schedule of the Customs Act, 1969 or as approved by the EDB;
- (k) **“export”** includes supply of goods,—
- (a) by an indirect exporter to a direct exporter;
  - (b) against international tenders either for local supply or supply abroad;
  - (c) to projects or sectors entitled to import or purchase such goods free of duties and taxes; and
  - (d) to export processing zones, and Gwadar free zone;
- (l) **“indirect exporter”** means a person who has a firm contract or export purchase order from a direct exporter or commercial exporter for the manufacture and supply of goods to such exporter;
- (m) **“input goods”** means goods whether imported or procured locally and includes services eligible for acquisition. Such “import” includes the purchase of input goods from a Common Export House or from the licensees of S.R.O 450(I)/2001, dated the 18<sup>th</sup> June, 2001, Chapter XV, DTRE or S.R.O 327(I)/2008, dated the 29<sup>th</sup> March, 2008, used in the manufacture of output goods, as approved in the analysis certificate;
- (n) **“insurance guarantee”** means a guarantee issued by an insurance company registered with the Ministry of Commerce and has a minimum Pakistan Credit Rating Agency rating of “AA”;
- (o) **“international toll manufacturing”** means an arrangement wherein a foreign principal provides input goods to an exporter to produce finished goods for subsequent export;
- (p) **“large export enterprise”** means an export unit having export quantum above five million US dollars per annum;



- (q) **"manufacture"** includes any process incidental, or ancillary undertaken in the manufacturing of output goods under this Chapter;
- (r) **"manufacturer"** includes any person engaged in the process of manufacture and duly authorized to do so under these rules, duly registered as manufacturer under the Sales Tax Act, 1990;
- (s) **"manufacturer-cum-exporter"** means any person or firm registered under the Sales Tax Act, 1990 as a manufacturer-cum-exporter;
- (t) **"Pakistan Single Window (PSW)"** means a facility as defined under clause (m) of section 2 of the Pakistan Single Window Act, 2021;
- (u) **"regulatory authority"** means Additional Collector of Customs duly authorized by the Collector to act on his behalf under these rules;
- (v) **"regulatory collector"** means the Collector of Customs in whose jurisdiction the place of business or manufacturing unit of the applicant, duly registered under the Sales Tax Act, 1990, is located. In case an applicant has multiple manufacturing facilities in different jurisdictions, the Collector in whose Jurisdiction, the head office of the applicant is located shall act as the Regulatory Collector;
- (w) **"small and medium export enterprise"** means an export unit having export quantum up to five million US dollars per annum;
- (x) **"utilization period"** means the period commencing from the date of import or local purchase of the input goods to the-date of export of the output goods as specified in rule 783;
- (y) **"user"** means a person authorized to utilize this scheme; and
- (z) **"vendor"** means a person who is registered under the Sales Tax Act, 1990; and to whom goods are provided by the authorized exporter under this chapter for further processing towards the manufacture of output goods.

**872. Scope of the scheme.**— (1) This scheme shall be available to the following persons subject to authorization of import, warehouse and purchase of input goods under these rules and registration in the WeBOC or PSW:

- (a) persons registered under the Sales Tax Act, 1990, as manufacturer-cum-exporter, who make value-addition in the manufacture and export of goods, which shall not be less than ten per cent;
- (b) manufacturers who act or intend to act as contracted vendors of foreign principal as toll manufacturers;
- (c) commercial exporters;
- (d) persons registered under the Sales Tax Act, 1990, as manufacturer and operating as indirect exporters;
- (e) manufacturers including manufacturers of engineering goods who intend to supply against international tenders; and
- (f) Common Export House:



Provided that this scheme shall be allowed for the export of goods authorized under the export policy order. In case of export of goods restricted or prohibited under the export policy order, specific permission from the Ministry of Commerce shall be required.

**873. Authorization for acquisition of input goods.** – (1) Acquisition of input goods without payment of duty and taxes under these rules shall be granted based on:

- (a) export performance for last two financial years; and
- (b) firm contract of export.

(2) The applicant can apply for authorization based on both performance and contract basis simultaneously.

(3) An applicant having multiple contracts of export may apply for consolidated approval for all such contracts.

**874. Categorization of exporters.** - (1) For the purpose of this chapter exporters shall be treated as per the following categories:

- (i) **Category A:** Manufacturers-cum-exporters with 60% or above exports of their total annual production in last two years.
- (ii) **Category B:** Manufacturers-cum-exporters with less than 60% total annual production being exported, this category shall be further subcategorized as under
  - (a) **Category B1:** Manufacturers-cum-exporters having more than 3 years of export history.
  - (b) **Category B-2:** Manufacturers-cum-exporters having less than 3 years export history.
- (iii) **Category C:** Indirect exporter, commercial exporters and international toll manufacturers
  - (a) **Category C1:** Manufacturers having more than 3 years history of supplying to direct exporters or export as commercial exporter or international toll manufacturing;
  - (b) **Category C2:** Manufacturers having less than 3 years history of supplying to direct exporters or export as commercial exporter or international toll manufacturing.

(2) All existing users of any of export schemes issued under S.R.O 450(I)2001, dated 18.06.2001, Chapter XV, DTRE, S.R.O 327(I)2008, dated 29.03.2008, before issuance of these rules shall be eligible to be classified under the respective category, as the case may be, provided they have a good compliance record.



(3) Category A and B shall include all corporate, non-corporate large and small, and medium manufacturer-cum-exporters as the case may be.

(4) A manufacturer cum exporter with no export history, applying for authorization under these rules with a firm contract of export shall be classified as per the claimed percentage of production to be exported i.e., Category A or B, which shall be subject to review by the Regulatory Collector after one year.

(5) An applicant showing a poor compliance profile, i.e., having one or more contravention cases adjudged against him or having pending recovery cases or pending criminal proceedings during the last three years, at the time of application, shall be downgraded for a period of one year, as under

**Table**

<b>Sr. No.</b>	<b>Category as per % of export or export history</b>	<b>Category Allocation due to poor profile for a period of one year.</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1	Category A	Category B1
2	Category B1	Category C1
3	Category B2	Category C2
4	Category C1	Category C2
5	Category C2	No Authorization

(6) All exporters whose category has been downgraded under sub-rule (5), their performance shall be reviewed by the Regulatory Collector after one year and in case good compliance record during the year, the original category shall be restored. In case the compliance record of the user at the time of review is again ascertained to be poor, the authorization granted shall be suspended immediately and the Regulatory Collector may initiate proceedings for cancellation of the authorization:

Provided that contravention cases involving procedural issues or individually or collectively involving revenue less than rupees five million, shall not affect the categorization of the exporter.

**875. Application for authorization.-** Any applicant covered under rule 872 of this chapter and desirous of utilizing this facility may apply online to the Regulatory Collector, in the WeBOC or PSW system, as per the prescribed format given in Appendix I to this chapter.

- (2) The application shall be supported by the following documents:
- ISO certification if available;
  - ownership documents in case of self-owned manufacturing facility;



- (iii) in case of rented premises lease agreement of the manufacturing facility covering the entire utilization period;
- (iv) ownership or lease agreement covering the entire utilization period of the office OR business premises in case of Commercial exporters;
- (v) copy of contract/contracts or supply order, in case of contract-based application and Toll Manufacturing, if applicable;
- (vi) bank statement for last two years or from the date of incorporation of the entity;
- (vii) export performance supported by a summary of foreign exchange realized through e-forms if applicable;
- (viii) list of the installed plant and machinery in case of manufacturer-cum exporter, indirect exporter and toll manufacturer etc;
- (ix) approximate value of the input goods;
- (x) input-output ratio for the manufacture of one unit of output good; and
- (xi) recommendation of respective Chamber of Commerce and Industry, respective trade association or Small and Medium Enterprise Development Authority (SMEDA) in case of small and medium exporters.

**876. Security instrument for authorization.-** (1) The applicant shall submit a security instrument equal to the duty and taxes being deferred or remitted, **on the approximate value of input goods, during the authorization period** along with the application as detailed below:

- (a) **Category A:** Indemnity bond as set out in Appendix-III and PDC;
- (b) **Category B1:** Indemnity bond as set out in Appendix-III and PDC for manufacturer cum exporters with a self-owned manufacturing facility and Revolving Insurance Guarantee covering their annual requirement, for Manufacturer-cum- exporters with a rented production facility;
- (c) **Category B2:** Revolving Insurance Guarantee for manufacturers with self-owned manufacturing facility covering their annual requirement, Revolving Bank Guarantee for manufacturers with rented production facility covering their annual requirement till three years benchmark is crossed and graduating to B1 category;
- (d) **Category C1:** Indemnity Bond as set out in Appendix-III and PDC for manufacturers with self-owned manufacturing facility and Revolving Insurance Guarantee for manufacturers with rented production facility and commercial exporters, covering their annual requirement; and
- (e) **Category C2:** Revolving Insurance Guarantee for manufacturers with a self-owned manufacturing facility and Revolving Bank Guarantee for manufacturers with rented production facility and commercial exporters, covering their annual requirement till three years benchmark is crossed and graduating to C1 category.



**877. Processing of application for authorization to use the scheme.-** (1) The application for authorization to operate under this scheme shall be submitted online to the Regulatory Collector. The WeBOC or PSW system shall assign a unique identification number to each application for authorization. In the case of goods other than same-state goods, the input-output ratios and wastages under this chapter shall be declared by the applicant in the application.

(2) Subject to rule 898 (2), in case the applicant is the existing user of any of the previous export schemes like S.R.O 450(I)2001, dated 18.06.2001, Chapter XV, DTRE and S.R.O 327(I)2008, dated 29.03.2008, and intends to shift to Export Facilitation Scheme, 2021, he may be considered for authorization by the Regulatory Collector under these rules subject to his satisfaction and satisfactory compliance history under previous schemes. If the applicant has stocks of input goods imported under any of the previous schemes, he shall declare description, PCT, quantity and value of the stocks, at the time of application and the Regulatory Collector shall upload the same in WebOC or PSW against the authorization of the applicant.

(3) Subject to rule 898 (2), the online application along with approved Analysis Certificate, of all existing users of export promotion schemes under SRO 450(I)2001, dated 18.06.2001, Chapter XV, DTRE, SRO 327(I)2008, dated 29.03.2008, shall be processed by the Regulatory Collector by uploading the approved value of the input goods along with the details of the security instrument as applicable in the WeBOC or PSW system and IOCO database after satisfying himself regarding the compliance profile of the applicant and the value of the input goods being commensurate with performance and production capacity of the applicant, within seven days of its receipt.

(4) In case the application has new input goods or output goods, or the applicant claims that there is change in the Input out ratio already determined due to any change in technology, the Regulatory Collector shall refer the case to the Directorate General of IOCO or the EDB as the case may be immediately after receipt of the application, for determination of the Input-Output ratios within thirty days of the receipt of the application, showing the actual quantity of input goods used and wastages occurred in the manufacture of one unit of output goods. A new Analysis Certificate shall be issued and uploaded in the WeBOC OR PSW system by the Director IOCO:

Provided that the exporters falling under "category A" can apply to the Regulatory Collector, within seven days of the import of the goods or sixty days before the first export of the output goods, for issuance of analysis certificate if not issued already, showing the input and output ratio of input goods vis-a-vis finished goods along with wastages in the prescribed format.

(5) In case of an application by an exporter who was not using any of the export promotion schemes prior to issuance of these rules, the Regulatory Collector shall in case of a new application upload the authorization if the input output ratios already exist in the IOCO database and are acceptable to the applicant. In case the input goods or output goods are not



covered in any Analysis Certificate issued previously, he shall refer the case to IOCO for determination of input out ratios and production capacity of the unit after satisfying himself regarding the compliance profile of the applicant, within seven days of its receipt.

(6) The IOCO shall commence processing of the case immediately. The Director IOCO shall complete the exercise within thirty days of the date of the application. In case the Regulatory Collector or the IOCO fails to process the application within thirty days, the WeBOC or PSW system shall automatically allow acquisition against 100% of the value of input goods involved as declared by the applicant provisionally, based on the declared input output ratios. The provisional permission shall be subject to modification once the IOCO finalizes its assessment of the input out ratios, the Director IOCO shall upload the authorized value in the WeBOC or PSW System

(7) The IOCO after determining the Input and output ratios and production capacity of the exporter will issue an "Analysis certificate" showing quantities of input goods required for the manufacture of the one unit of output goods and the ratio of wastages.

(8) The Director IOCO shall upload the value of input goods to be acquired by the user. The Director IOCO may reduce the demanded authorization according to the production capacity of the exporter.

(9) Director IOCO may determine the production capacity through designating a team comprising of at least two officials of IOCO, by visiting the manufacturing premises of the applicant. Director IOCO may also acquire services of any third party including accredited Chartered accountant firm or any other body recognized by the Government of Pakistan to handle industrial affairs for determination of production capacity, input-output ratios and wastages including the Engineering Development Board

(10) Tags and printed materials supplied by a foreign supplier without the involvement of foreign exchange from Pakistan shall be allowed to be imported without any quantitative restriction for the purpose of this Chapter.

(11) The IOCO shall establish a central database of all determination of input or output ratios and wastages by it, as well as by EDB on a sectoral basis. The Regulatory Collector shall also upload all authorizations granted by him in the database without referring the case to IOCO.

(12) No application shall be rejected without affording an opportunity of being heard to the applicant. In case of rejection or disagreement with the input-output ratios, production capacity or wastages determined by the Director IOCO, the applicant shall have the right to file a review before the DG IOCO and in case of processing of application by the Regulatory Collector, to the Chief Collector of Customs, which shall be decided within fifteen days.

(13) In the case of Contract based application where the applicant so demands, 50% of the value of input goods demanded shall be allowed provisionally by the system at the time of submission of application which shall be subject to final determination of input-output ratios and



production capacity of the applicant by the Director IOCO or the Regulatory Collector as the case may be.

(14) where the applicant claims that the contract is urgent and input goods are being imported through air cargo exclusively, the system shall allow 100% of the value demanded based on input output ratio claimed by the applicant, which shall be subject to modification once Director IOCO or the Regulatory Collector may finalize the Analysis Certificate.

**878. Authorization to import or acquire goods.** – (1) On the basis of scrutiny of an application, Regulatory Collector or Director IOCO, shall upload the value of the input goods allowed to be imported or procured locally in the WeBOC or PSW system.

(2) The authorization for acquisition of input goods can be issued for the maximum period as specified against each category in the table below, namely:-

**Table**

<b>Sr.No.</b>	<b>Category</b>	<b>Authorization Period</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
I	Category A	Five years
II	Category B1	Four years
III	Category B2	Two years
IV	Category C1	Four years
V	Category C2	Two years

(3) The authorization of the value of input goods shall be uploaded for each year based on annual estimated requirement, for the entire authorization period. Authorization to acquire goods for the subsequent year wherever applicable shall be triggered automatically upon submission of the annual reconciliation report by the exporter in the WeBOC or PSW.

(4) The renewal of the authorization shall be subject to satisfaction of Regulatory Collector that no action under the Acts is pending against the user and the user has duly submitted all reconciliation statements as set out in Appendix-IV.

**879. Amendment, suspension, or cancellation of the approval.** – (1) A user may apply to the Regulatory Collector or Regulatory Authority for amendment (increase or decrease) in the previous authorization or its cancellation and each such request shall be decided for reasons to be recorded on bonafides of the request of the user within ten days of receipt thereof and fed into WeBOC or PSW

(2) No request for amendment in the existing approval shall be rejected and no approval shall be canceled without affording to the applicant or the user an opportunity of showing cause in writing and being heard.



(3) The Regulatory Collector may, on his own or otherwise, suspend any approval pending his decision to cancel such approval by recording reasons of suspension and each such suspension shall be fed into WeBOC or PSW. The Regulatory Collector shall decide the case within thirty days of the suspension failing which the suspension shall stand revoked.

(4) The Regulatory Collector may, in addition to any other action under the law, require the input goods already acquired or output goods produced under the suspended or canceled approval to be disposed off by way of auction, sale to an existing user by debiting his authorization to acquire input goods or destruction of the goods in case they are not fit for human consumption or any intellectual property rights are involved etc. under the relevant provisions of the Act and the rules made thereunder.

**880. Acquisition of input goods.-** (1) A user shall be entitled to acquire input goods without payment of customs duty, Federal excise duty, sales tax, or withholding tax as per his authorization under these rules, all such acquisitions shall be retained in the manufacturing facility or premises of the user declared under these rules, namely:-

- (a) input goods may be imported free of duty and taxes on filing of a Goods Declaration giving number of the authorization granted;
- (b) local input goods liable to sales tax shall be supplied against a zero-rated invoice;
- (c) the input goods manufactured or produced in excisable premises shall be supplied without charging federal excise duty, against a valid document prescribed under the Federal Excise Act 2005, or the rules made thereunder; and
- (d) duty and taxes paid goods from the domestic market against sales tax invoice.

(2) The user shall upload the information in the WeBOC or PSW system regarding domestic acquisitions within thirty days of acquisition.

(3) The Regulatory Collector may allow a user to utilize his duty and tax-free acquired input goods for his new approval if he is shifting from any previous export scheme to this scheme or any previous approval has been canceled due to pre-mature termination or cancellation of the export order or supply contract of such input goods has been rendered surplus for any valid reason and each such approval shall be fed by the Regulatory Collector into WeBOC or PSW.

(4) In case it is found out as a result of any information, audit, or snap checking ordered by the Regulatory Collector, the information that was required to be uploaded in WeBOC or PSW regarding acquisition of goods by the user, has not been uploaded in time, the user shall be liable to suspension or cancellation of the authorization besides any other action as provided under the law.

**881. Acquisition of plant, machinery and spares.-** (1) The user shall be allowed to acquire plant, machinery, equipment and spares required for the manufacture of output goods by



the authorized user under these rules subject to authorization by the Regulatory Collector in WeBOC or PSW:

(2) The plant, machinery and equipment imported under sub rule (1) shall be retained for a period of five years from the date of importation, whereas the retention period of spares shall be two years from the date of importation:

Provided that the disposal of plant, machinery and equipment before the expiration of five years shall be subjected to following reduced rates of duty and taxes leviable at the time of importation, namely:-

**TABLE**

Sr. No	Disposal period	Duty and taxes
(1)	(2)	(3)
(i)	If sold or otherwise disposed of before the expiration of three years from the date of importation.	Full
(ii)	If sold or otherwise disposed of after three and before four years from the date of importation.	75%
(iii)	If sold or otherwise disposed of after four and before five years from the date of importation.	50%
(iv)	If sold or otherwise disposed of after five years from the date of importation.	0%

*Red* Provided further that the disposal of spares imported under sub rule (1) before the expiration of two years shall be subjected to following reduced rates of duty and taxes leviable at the time of importation, namely:-

**TABLE**

Sr. No	Disposal period	Duty and taxes
(1)	(2)	(3)
(i)	If sold or otherwise disposed of before the expiration of one year from the date of importation.	Full
(ii)	If sold or otherwise disposed of after one year and before two years from the date of importation.	50%
(iii)	If sold or otherwise disposed of after two years	0%

**882. Utilization of input goods.**— (1) The input goods acquired under this chapter shall be utilized in the manufacture and export of output goods within the utilization period or disposed of in a manner as prescribed under these rules.



(2) The user may remove input goods out of his premises for partial manufacture or processing by a vendor as declared in the application after as set out in Appendix-V intimating the Regulatory Collector, in this behalf.

Provided that in case the manufacturing process performed by the vendor is liable to sales tax and or federal excise duty, the processed goods shall be returned to the manufacturer in such manner as if these were exported without payment of sales tax and/or federal excise duty:

Provided further that the output goods may be removed directly for export from the vendor to the customs station.

**883. Utilization period.-** The input goods acquired under these rules shall be utilized within the time-period prescribed as under:

<b>Sr. No.</b>	<b>Category</b>	<b>Utilization period</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
I	Category A	60 Months
II	Category B1	48 Months
III	Category B2	24 Months
IV	Category C1	48 Months
V	Category C2	24 Months

**884. Export of output goods or supply against international tenders .-** A Goods Declaration filed for export of a consignment under this chapter shall contain the authorization number and shall be subject to all formalities for other declarations or endorsements if any, and the procedure in respect of processing and examination of export goods, for the time being in force, shall be observed:

Provided that no Goods Declaration of export or Goods Declaration shall be filed for supply of goods against international tenders or to exempt projects or sectors in Pakistan:

Provided further that supplies against international tenders or to exempt projects or sectors in Pakistan shall be reported by the user to the Regulatory Collector who shall enter the relevant particulars in WeBOC or PSW.

**885. Procedure for international toll manufacturing.-** (1) A user holding a contract for Toll manufacturing may import input goods directly or indirectly from the foreign principal without involving any remittance of foreign exchange.



(2) The user shall provide an NOC from State Bank of Pakistan that there is no requirement of EIF against the input goods.

(3) After the production of the output goods the user shall export the goods on submission of an NOC by the State bank of Pakistan for Export without an E-Form along with confirmation that service fee has been repatriated to the user in foreign currency as per contract.

**886. Domestic sales.-** (1) A user shall be allowed to sell up to 20% of the output goods manufactured from input goods in the domestic market on payment of leviable duty and taxes on filing of a Goods Declaration which shall be assessed as if goods are imported into Pakistan in that condition, subject to satisfaction of the Regulatory Collector regarding reasons for domestic sale.

(2) In case the user is unable to export the output goods and desires to sale output goods exceeding the percentage given in sub-rule(1) in the domestic market, he may sale them in the domestic market subject to payment of duty and taxes on filing of goods declaration which shall be assessed if goods are imported in Pakistan in that condition and subject to the satisfaction of the Regulatory Collector. In addition, surcharge at the rate of KIBOR plus 3% per annum shall also be charged on the value of input goods used in the output goods being sold in the domestic market under this sub rule.

(3) The user shall be allowed to sell factory rejects or B grade goods in the domestic market on payment of leviable duty and taxes if any on filing of a Goods Declaration which shall be assessed as if the goods are imported into Pakistan in that condition.

(4) No wastage of input goods in terms of quantity, volume weight or number, as the case may be, shall be allowed except as determined in the Analysis Certificate and no duty and taxes shall be charged on such wastages of the input goods, provided that such wastages is either destroyed in the presence of an officer of Customs, not below the rank of an Assistant Collector. Or on payment of leviable Federal excise duty and sales tax is paid on such wastage before removal and the information is uploaded in the WeBOC or PSW System by the Regulatory Collector.

(5) In case a user claims that the wastage has exceeded the limits prescribed in the Analysis Certificate he may be allowed by the Regulatory Collector to sell it in the domestic market on payment of duties and taxes on the input goods along with surcharge of KIBOR Plus 3 % per annum.

(6) In case the goods or input goods are banned under the import policy order, domestic sale of these goods shall be subject to the approval of the Ministry of Commerce.

**887. Unused input goods.-** (1) A user may, with the approval of the Regulatory Collector, dispose of the unused input goods in the following manner:

(a) in case a user is unable to consume the input goods acquired before the end of the



year, the same shall be carried forward into the next year on submission of the reconciliation statement;

- (b) the user may transfer unused input goods to other authorized users specified under rule 741, before the end of utilization period without payment of duty and taxes; or
- (c) the user may sell the unused input goods in the domestic market after expiry of utilization period on payment of duties and taxes, and a surcharge of KIBOR plus 3%:

Provided that banned or restricted goods shall be sold in the domestic market only if the Ministry of Commerce authorizes the sale;

- (d) the user may re-export un-used input goods if allowed under the Export Policy Order; and
- (e) destruction, if goods are not fit for consumption or sale.

(2) The Regulatory Collector shall reduce the equivalent value of input goods authorized to the user by feeding the information into WeBOC or PSW within seven days.

(3) In case of transfer of input goods to the other user, the Regulatory Collector shall reduce the transferred quantities or value from the authorized value of the user transferring it and shall add the value to acquisitions of the user receiving the input goods by feeding it in WeBOC or PSW within seven days.

(4) Where the user is unable to export goods as per declared category for consecutive two years, the Regulatory Collector may reduce the authorized value accordingly, for the remaining utilization period by amending the authorized value in the WeBOC system after giving an opportunity of being heard to the user.

**888. Un-exported output goods.**— (1) A user may, with the approval of the Regulatory Collector, dispose of the un-exported output goods in the following manner:

- (a) transfer the un-exported output goods to another user prescribed under rule 741 of this chapter; or
- (b) destruction if the goods are not fit for consumption or sale:

Provided that where any of the above options are allowed, the Regulatory Collector shall reduce the equivalent value/quantity of output goods and input goods as the case may be, by feeding the information into WeBOC or PSW within seven days of intimation by the user.

**889. Duty drawback of duty paid input goods.**— A user shall be entitled to claim duty drawback on the acquisition of duty paid input goods subject to the applicable duty



drawback notification only after full discharge of the liabilities and obligations under this chapter and that the f.o.b value for claiming such drawback, shall be the value excluding the duty-free value of input goods imported or acquired under these rules:

Provided that where a person is already in possession of stocks of duty-paid input goods, he may declare at the time of seeking approval and use such stocks for the purpose of this rule, any such declaration may be verified by the Regulatory Collector or Director IOCO at the time of processing the application.

**890. Refund of sales tax.**— The user shall be entitled to refund of sales tax on the acquisitions of tax paid input goods including refund of Sales tax on electricity or gas or services utilized as input goods for the manufacture of output goods to be exported under these rules, as admissible under the Sales Tax Act, 1990.

**891. Records and documents.**— A user shall keep and maintain separate from other business records if any, the following records and documents in a manner as prescribed under the Acts and rules made thereunder, including the following:—

- (a) copies of applications and approvals;
- (b) records of acquisitions of input goods and exports;
- (c) record for destruction or another authorized disposal of input goods and output goods;
- (d) export contracts or orders and supply contracts or orders;
- (e) bank statements;
- (f) record of transfer or acquisition of goods to and from other exporters or users; and
- (g) Ancillary record.

**892. Reconciliation statement.**— (1) The user falling under category A shall submit an annual reconciliation statement as set out in Appendix-IV showing the input goods acquired and output goods exported, domestically sold, and wastages and their disposal within thirty days of the end of the year. Users falling under categories B & C shall submit a biannual reconciliation statement within thirty days of the end of six months.

(2) In case of failure to submit a reconciliation statement, the WeBOC or PSW system shall not allow further imports or acquisition to the user.

(3) On submission of reconciliation statements as prescribed under sub rule(1), the WeBOC or PSW system shall automatically allow the value of input goods authorized at the time of application for the next year.

**893. Audit.**— (1) The Directorate of Post Clearance Audit shall conduct an audit of the



users as under

- (a) Category A; once in five years;
- (b) Category B; once in Four years;
- (c) Category C; once in three years ; and
- (d) Contract based: once in three years:

Provided that the Directorate of Post Clearance Audit may conduct audit of any users based on risk assessment or random selection, on specific information, or on request of the Regulatory Collector at any time.

(2) Audit under this subchapter shall be a combined or consolidated audit for exports under the scheme and other taxable activities, if any, and shall cover all the duties and taxes for which the security instrument has been furnished.

(3) In case of a user holding an authorization under these rules, the Regulatory Collector may discharge the security instrument of such user, on the basis confirmation of export documents or domestic sale as the case may be authorized under these rules, that the goods acquired by him against such approval have been exported or disposed of in full.

(4) Where, as a result of the post-exportation audit, there arises any discrepancy, irregularity, or any violation of the provisions of this Chapter or any other law applicable on this behalf by the user, the same shall be reported to the adjudication officer of competent jurisdiction for adjudication under the relevant acts and rules.

(5) Where, as a result of the audit, it is found and established after due process of law that the user is guilty of fiscal fraud, the user i.e., owner, proprietor, partners, or directors of the entity may be blacklisted for any trade by blacklisting the CNIC in the WeBOC or PSW system and for sales tax by the Regulatory Collector.

**894. Power to suspend the facility.-** The Board shall have the authority to suspend, restrict or cancel the authorization issued for any particular goods or class of goods by notification in the Official Gazette,

**895. Remission of Customs duty, Federal Excise duty and sales tax in case of a force majeure or destruction of goods.-** Subject to the satisfaction of the Regulatory Collector the Customs duty, Federal Excise duty and Sales tax if any, may be remitted in full or in part, as the case may be, in the following cases namely:

- (a) when the goods are damaged or destroyed by unavoidable circumstances or for causes beyond the control of the user; or
- (b) when the wastages of input goods, as determined in the analysis certificate, is destroyed ; or



- (c) when goods procured are *bonafide* samples drawn under this chapter or samples for study, testing or design; or
- (d) when the input goods or finished goods that are rendered unfit for consumption or sale, are destroyed in the manner as determined by the Regulatory Collector.

**896. Transfer of ownership.-** A user shall not be allowed to transfer the ownership or title of the manufacturing facility unless all outstanding customs duty, federal excise duty and sales tax and other taxes are paid, and all other liabilities are discharged to the satisfaction of the Regulatory Collector.

**897. Miscellaneous.-** (1) An officer authorized by the Regulatory Collector shall have free access to any place where goods covered under the authorization issued under this scheme are stored, processed or manufactured, or otherwise dealt with and to the records, documents, and information relating to such goods.

(2) All liabilities or dues as and if payable or outstanding under any of the provisions of these rules shall be finally ascertained and recovered by the Regulatory Collector.

**898. Saving.-** (1) All approvals under S.R.O 450(I)2001 Chapter XV, DTRE and S.R.O 327(I)2008 if otherwise in order and correct, may remain operative for a period of two years from the date of issuance of these rules and shall stand abolished thereafter. However, any user of the schemes mentioned above can voluntarily submit application for authorization under these rules to the Regulatory Collector for revocation of previous approval and issuance of authorization under these rules.

(2) A user cannot operate under this scheme and the schemes existing previously under SRO 450(I)2001, dated 18.06.2001, Chapter XV, DTRE, SRO 327(I)2008, dated 29.03.2008, simultaneously.

(3) All provisions of the Customs Acts, 1969 (IV of 1969), the Federal Excises Act, 2005, the Sales Tax Act, 1990 and the Income Tax Ordinance 2001 shall be applicable on the users unless specifically addressed in these rules.

**899. Authorization to operate as common export house.-** (1) Any person desirous of operating a Common Export House under these rules shall apply to the Regulatory Collector in the form set out in Appendix I to these rules along with the following documents, namely:--

- (a) application form;
- (b) ISO Certification if available;
- (c) the site plan of the proposed warehouse indicating the location of the premises and the details of the total area and covered area;
- (d) bank statement of the applicant for the last two years; or from the date of incorporation;
- (e) Memorandum and Articles of Association in the case where the applicant is



registered under the Companies Ordinance, 1984 (XLVII of 1984), or partnership deed if it is a partnership firm;

- (f) ownership documents or lease or tenancy agreement; and
- (g) comprehensive insurance policy covering all risks such as fire burglary, etc., issued by an insurance company registered with the Ministry of Commerce, in the sum equal to the amount of customs duties and sales tax involved on the imported input goods intended to be stored in the warehouse.

(2) On receipt of an application along with the documents prescribed in sub-rule (1), the Regulatory Collector, after such verification as he deems necessary, issues authorization within one month of such verification to the applicant to operate a Common Export House:

Provided that a public warehouse already operating under warehousing rules may also apply to operate as a Common Export House simultaneously.

**900. Cancellation of authorization.**--The authorization may be canceled by the Regulatory Collector on conviction of the user for any offense under any of the Acts or non-utilization of the authorization or on the request of the user, in writing.

**901. Suspension of authorization.**-(1) Pending consideration whether an authorization is canceled, the Regulatory Collector may suspend the authorization, if he is of the opinion that it is expedient to do so and for the reasons to be recorded, in writing, by him.

(2) In a case referred to in sub-rule (1) the reasons for such suspension shall be communicated to the user within twenty-four hours of such suspension.

**902. Revalidation or revival of authorization.**-The authorization shall be issued for a period of three years and the same shall stand revalidated for successive periods of three years by the Regulatory Collector without further application thereof by the user, provided the regulatory Collector is satisfied that no action under the Acts is pending against the user or the user himself has applied to the regulatory Collector for revoking his authorization.

**903. Import of input goods.**- For import of input goods into a Common Export House a Goods Declaration shall be filed with the name and NTN of the authorized user of the Common Export House as importer. The Goods Declaration shall be processed as per procedure applicable for clearance into the public bonded warehouses under the Customs Act, 1969 (IV of 1969).

**904. Removal of input goods from warehouse.**- Removal of input goods to the users shall be done on the filing of an ex-bond Goods Declaration giving the name of user as well as



the buyer. The WeBOC or PSW system shall debit or credit the value from the account of the Common Export House as well as of the buyer.

**905. Re-export of imported input goods.-** The user may be allowed to re-export input goods imported for manufacture of export goods under these rules in their original and unprocessed form within three years of their import subject to the limitations and restrictions of Import Policy Order and Export Policy Order for the time being in force.

**906. The retention period for the procured input goods.-** The user shall supply the input goods to the SMEs and other users within a period of two years from the date of importation.

**907. Transfer of ownership or title.-** The user shall not be allowed to transfer the ownership or title of the Common Export House unless all outstanding customs-duty, central excise duty, sales tax, and income-tax are paid and any other liabilities are discharged.

**908. Unaccounted input goods.--**If any user fails to give a proper account of the input goods to the satisfaction of an officer of customs not below the rank of an Assistant Collector, the user shall pay on demand an amount equal to the customs duty, federal excise duty, sales tax and income-tax leviable thereon as if they were imported and used for home consumption plus surcharge at the rate of KIBOR plus 3% and shall also be liable to penalties imposed for such violation under the Acts.

**909. Destruction of input goods.--**Any imported input goods that are rendered unfit for consumption or sale may be allowed to be destroyed by an officer of Customs not below the rank of an Assistant Collector, in such manner as the Regulatory Collector may, by order in writing specify.

**910. Reconciliation report.-**The Common Export House user shall submit a monthly reconciliation report in WeBOC or PSW showing complete details of goods imported and sold and stock position.











Name

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NTN																				

CNIC																				

Name

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NTN																				

CNIC																				

Name

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*Sh*

NTN																				

CNIC																				

4. Information about Business Premises

(i) Ownership Status (tick the relevant box)

Self-owned/Company owned	Leased If Yes name and CNIC of the owner of the Premises



5. Legal Status

(a) Whether the premises, is involved in any legal case: (If yes provide details)

(b) Whether The premises, is mortgaged to any bank or any financial institution against any loan (If yes provide details)

(c) Whether the premises has been attached by a recover officer under any law for outstanding recovery (if yes provide details)

6. Details about Operations of the Unit

- i. Date and year of establishment, incorporation
- ii. Nature, Type and estimated annual value of the imported input goods
- iii. Nature, Type and estimated annual value of the locally procured input goods
- iv. Total storage area for input goods in the premises
- v. Total Production capacity of the Unit
- vi. Nature, type and estimated value of output goods
- vii. Details of sister concern(s) of the applicant if any
- viii. Details about any previous license/permission/ authority to use any of the export facilitation schemes issued from time to time by the Government
- ix. Details about any contravention, or criminal case against the unit or its sister concern(s) if applicable
- x. Details about the bank account with branch name and address where the business account of the unit is being maintained

7. Export performance

(a) Goods Exported in last two years as manufacturer cum exporter

Years	Goods Description	Total Value of Manufactured goods (Rs)	Total Value of Exported goods (Rs)	Name of the Direct Exporter	Exporting Since the year




**(b) Goods Exported in last two years as indirect exporter**

Years	Goods Description	Total Value of Manufactured goods (Rs)	Total Value of Exported goods (Rs)	Name of the Direct Exporter	Exporting Since the year

**(c) Goods exported in last two years as commercial exporter:**

Years	Goods Description	Total Value of Exported goods (Rs)	Mode of acquisition of export goods	Name of Indirect exporter if applicable

*Sh*

8. Name, NTN, STRN and address of the vendor/vendors and provide details of the process to be carried out by the vendor (if applicable) please upload copy of the agreement with vendor.
9. Name, NTN, STRN and address of the indirect exporter/exporters and provide details of the process to be carried out by the indirect exporter (if applicable) please upload copy of the agreement with indirect exporter.
10. Additional details if Contract based application
  - i. Name of the Buyer
  - ii. Country of the buyer
  - iii. Output goods to be exported
  - iv. Period of contract



11. Additional details if application is for Toll manufacturing

- i. Name of the international Supplier
- ii. Details of the goods that will be imported
- iii. Country from which the input goods will be imported
- iv. Approximate value of the input goods
- v. Approximate duty and taxes on the input goods
- vi. Input/output ratio and wastages

12. Details of the input goods stocks acquired free of duty and taxes under any previous scheme (if applicable)

Sr No	Description of Goods	PCT	Quantity	Per unit Value in US \$ declared at the time of import	Total value in Rs.
i					
ii					
iii					



13. Details of duty and taxes paid stocks acquired under any previous scheme (if applicable)

S No	Description of Goods	PCT	Quantity	Mode of Acquisition	GD number and date or Invoice number and date	Total value in Rs.
i						
ii						
iii						



**B. UNDERTAKING**

1. I/We hereby declare that the information furnished by me/us is true to the best of my/our knowledge and belief.
2. I/We would agree to abide by any and specific conditions as may be laid down from time to time.
3. I/We also agree to inform the Collector or any Officer authorized in this behalf, of any change in the information provided in this application.
4. I/We have enclosed all documents required.
5. I/We undertake to furnish any further information or document as may be required for consideration of this request.

Date: \_\_\_\_\_

Signature of the Applicant \_\_\_\_\_



(CEO / Authorized Partner/Proprietor/  
Authorized Representative)







6. Detailed specifications of the output goods to be manufactured:

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7. Details of the input goods to be used for the manufacture of output goods:

S. No.	Description of Input Goods	PCT Code	Per Unit Requirement	Wastage
(i)				
(ii)				
(iii)				
(iv)				
(v)				
(vi)				
(vii)				

8. Average per unit cost of input goods  
9. Average incidence of duties and taxes  
10. Average per unit value of output goods  
11. Any special instructions



Prepared by  
Name and Designation  
Signature and Seal

Signature and seal

Countersign by  
Name and Designation, Signature and Seal

Signature and seal







IN WITNESS WHEREOF the parties hereto have put their respective hands and seals on the day above written.

(1) M/s. \_\_\_\_\_  
(Address)

(2) \_\_\_\_\_  
(Name and permanent address)

For and on behalf of the President

Witness No.1

Witness No.2

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

Designation \_\_\_\_\_

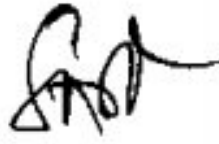
Designation \_\_\_\_\_

Full address \_\_\_\_\_

Full address \_\_\_\_\_

CNIC No. \_\_\_\_\_

CNIC No. \_\_\_\_\_









(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Opening Balance on 1st Day of Reconciliation period.	G.D No. & date / Sales tax invoice No. & Date for acquisition of input goods	Description and PCT of input goods	Quantity of Each item received.	Value of each item.	Rate of duty/taxes on each item.	Total duty/taxes involved.	Country of origin/ Sales Tax Registration No. of the supplier.

(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Quantity & value of input goods used for manufacture of output goods.	Quantity & value of goods manufactured	Quantity & value of output goods exported	G.D of Export No.& Date	Quantity & value of factory rejects	Quantity & value of wastage	Quantity & value of goods provided to vendor for further processing	Quantity & value of goods returned by vendor

(17)	(18)	(19)	(20)	(21)	(22)	(23)
Quantity & value input goods removed to premises of indirect exporter for further processing	Quantity & value input goods received from indirect exporter after further processing	Quantity & value of goods sold in the domestic market	Quantity & value of goods transferred to another exporter	Quantity & value of goods destroyed	Closing balance of input goods on the last day of Reconciliation period	Quantity and value of Output goods not exported and available in premises

Signature:

Name and Designation

CNIC No.



APPENDIX-V

(See sub rule(2) or rule 882)


GOVERNMENT OF PAKISTAN  
COLLECTORATE OF CUSTOMS

APPLICATION FOR TRANSFER OF GOODS TO A VENDOR.

The Collector, Collectorate of Customs,  
Customs House

I/We M/s \_\_\_\_\_ intend to transfer the following goods from  
(Name, address & Authorization No. of the User) to  
(Name, address & Sales Tax Registration No. of the vendor) for the purpose of

Description	G.D./Sales Tax invoice No. & date	Quantity.	Value in Rs.	Total value (per unit)	Duty & taxes rate (item wise)	Total duty & taxes involved.
(1)	(2)	(3)	(4)	(5)	(6)	(7)



Indemnity bond No. & date.	Nature of further Processing, if required.	Date on which Transfer is required.	Date on which Transferred goods will be retrieved /exported	Extent of value addition, if any.
(8)	(9)	(10)	(11)	(12)

Signatures with date  
Name & Designation of consigner

Signature with date  
Name & Designation of consignee



**UNDERTAKING:**

I/We hereby declare that the information furnished by me/us is true to the best of my/our knowledge and belief.

I/We would produce further documentary evidence in support thereof if and when called for.

I/We also agree to abide by any such specific conditions as may be laid down from time to time.

I/We also agree to inform the Collector, or any officer authorized in this behalf of any change in the information provided in the application.

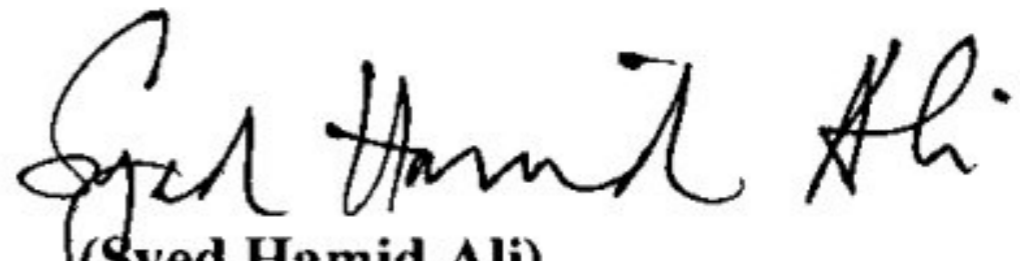
Date

Signature of the Applicant

(CEO Authorized Partner/Proprietor/Authorized Representative)".

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File No.5(7)EP/2019 Pt.

  
(Syed Hamid Ali)  
Member Customs (Policy)