

GOVERNMENT OF PAKISTAN
(REVENUE DIVISION)
FEDERAL BOARD OF REVENUE

Islamabad, the 09th July, 2019.

NOTIFICATION
(CUSTOMS)

S.R.O. **747(I)/2019.** — The following further amendments in the Export Oriented Units and Small and Medium Enterprises Rules, 2008 which are proposed to be made by the Federal Board of Revenue, in exercise of the powers conferred by sub-section (1) of section 219 of the Customs Act, 1969 (1969) and, as required by sub-section (3A) of the said section 219, are hereby published for information of all persons likely to be affected thereby notice is hereby given that any suggestions or objections thereon may, for consideration of Federal Board of Revenue, be sent within fifteen days of the publication of the proposed draft amendments in the official Gazette. Suggestions or objections received, if any, before the expiry of the said period shall be taken into consideration by the Federal Board of Revenue, namely.-

In the aforesaid Rules,-

(a) in rule 2, in sub-rule (1),-

- (i) in clauses (b), (d) and (f), for the word "Collector", the words "Regulatory Authority" shall be substituted; and
- (ii) after clause (j) the following new clause shall be inserted, namely:-
 - "(ja) "Regulatory Authority" means the Additional Collector of Customs designated by the Collector of Customs as the Regulatory Authority in relation to an export oriented unit, in whose jurisdiction the place of business or manufacturing unit of the export oriented unit applicant, duly registered under the Sales Tax Act, 1990, is situated;"

(b) in rule 3,-

- (i) in sub-rule (1), in clauses (c) and (j), for the word "Collector", wherever occurring, the words "Regulatory Authority" shall be substituted;

- (ii) in sub-rule (2), for the word "Collector", the words "Regulatory Authority" shall be substituted; and
 - (iii) in Schedule (1), after the words "unit shall apply to the", the words "Regulatory Authority designated by the" shall be inserted, and after the words "he shall apply to the", the words "Regulatory Authority designated by the" shall be inserted;
- (c) in rule 4, for the word "Collector", the words "Regulatory Authority" shall be substituted;
- (d) in rule 5, for the word "Collector", the words "Regulatory Authority" shall be substituted;
- (e) in rule 6,-
 - (i) for the words "up to two years", the words "of two years" shall be substituted; and
 - (ii) for the word "Collector", the words "Regulatory Authority" shall be substituted;
- (f) in rule 8, in sub-rule (5) for the word "Collector", the words "Regulatory Authority" shall be substituted;
- (g) in rule 9,-
 - (i) in sub-rules (1) and (2), for the word "Collector", the words "Regulatory Authority" shall be substituted;
 - (ii) in sub-rule (2), the expression "or the officer authorized by him in this behalf," shall be omitted and at the end for the full stop a colon shall be substituted; and
 - (iii) after sub-rule (2), amended as aforesaid, the following provisos shall be added, namely:-

"Provided that the Regulatory Authority may issue a provisional analysis certificate till the determination of input to output ratio and wastage by IOCO or EDB, as the case may be:

Provided further that if there is no change in the previously determined input and output ratio, then the Regulatory Authority may uphold the previously determined input output ratio without sending it to IOCO or EDB.";
- (h) in rule 10,-
 - (i) for the word "Collector", wherever occurring, the words "Regulatory Authority" shall be substituted; and

- (ii) in sub-rule (1), clauses (b) and (c) shall be omitted.
- (iii) in sub-rule (1), in clause (f),-
 - (A) in the first proviso for the word "ten", the word "five" shall be substituted;
 - (B) in the second proviso for the word "ten", the word "five" shall be substituted, and for clauses (i) to (iv) and entries relating thereto, the following Table shall be substituted, namely:-

"TABLE

Sr No	Disposal period	Duty and taxes
(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%

"; and

- (C) after the second proviso, amended as aforesaid, the following new proviso shall be inserted, namely:-

"Provided also that the replacement parts of machinery and spares, shall be allowed removal after three years from the date of importation from EOU subject to mutilation or scrapping under the supervision of an officer not below the rank of Assistant Collector."; and

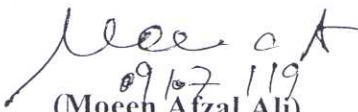
- (iv) in sub-rule (5), the expression "or the officer authorized by him, in this behalf" shall be omitted;
- (i) in rule 11, for the word "Collector", wherever occurring, the words "Regulatory Authority" shall be substituted;
- (j) in rule 12, in the first proviso, for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided further that the Chief Collector may consider any further extensions in exceptional circumstances on such terms and conditions as he may deem appropriate.";
- (k) in rule 13, for the word "Collector", the words "Regulatory Authority" shall be substituted;
- (1) in rule 14,-

- (i) for the word "Collector", wherever occurring, the words "Regulatory Authority" shall be substituted;
- (ii) in sub-rule (1), a proviso shall be added, namely:-

"Provided that the Collector of Customs will be responsible for overall monitoring of the scheme."
- (iii) in sub-rule (3), after the words "shall be conducted by the", the words "Regulatory Authority designated by the" shall be inserted; and
- (iv) in sub-rule (4), for the expression "The Collector of [Customs] having jurisdiction", the words "The Regulatory Authority" shall be substituted;
- (m) in Appendix-I, in Sr B(3), for the words "the Collector or any officer authorized in this behalf", the words "the Regulator Authority" shall be substituted; thereafter, in the approval column, the expression "Remarks of the Additional Collector", "Date" and "Signature & Stamp" shall be omitted; and for the words "the Collector", the words "the Regulatory Authority" shall be substituted;
- (n) in Appendix-11, for the words "the Collector", the words "the Regulatory Authority" shall be substituted;
- (o) in Appendix-VI,-
 - (a) for the words "The Collector", the words "The Regulatory Authority" shall be substituted; and
 - (b) in para 4 of "Undertaking", for the expression "the Collector of Customs or the officer authorized by him this behalf, the words "the Regulatory Authority" shall be substituted.
- (p) in Appendix-VII, for the words "The Collector", occurring for the first time, the words "The Regulatory Authority" shall be substituted, thereafter, in para 4, for the expression "the Collector of Customs or the officer authorized by him this behalf" the words "the Regulatory Authority" shall be substituted; and
- (q) in Appendix-VIII and Appendix-IX, for the word "Collector", wherever occurring, the words "Regulatory Authority" shall be substituted.

[C.No.3(1)EP/2019]


(Moeen Afzal Ali)
Secretary (Export Policy)

...of output goods. ... actual quantity of input goods used and wastage occurred in the
(3) One copy of the Analysis Certificate shall be given to the licensee and one copy shall be retained in the Collectorate.

(4) Analysis certificate shall not be required for every consignment or input goods if input goods and output goods are the same for which analysis certificate has already been issued. However, a separate analysis certificate shall be applied for and issued where there is a change of output goods or their input goods.

10. **Procurement, manufacture, export and removal of goods by a licensee of an Export Oriented Unit.** (1) The input goods for production of output goods according to the specification approved in the analysis certificate shall be procured by the licensee in any of the following manners, namely:-

Pakistan Customs Laws

- (a) the input goods may be imported by the licensee without payment of ⁷[customs duty, sales tax, federal excise duty and income tax] after declaring on the goods declaration that such input goods are being imported for export oriented unit for manufacture of export goods. The amounts of customs duty, sales tax, federal excise duty and income tax involved on clearance of imported input goods shall be secured by the Collector of the importing station against indemnity bond and post-dated cheque as set out in *Appendix-IV*;
- ¹[a1) the Collector of Customs may allow transfer of input goods from a Customs Bond to an Export Oriented Unit without payment of customs duty and other taxes against an indemnity bond as set out in *Appendix-VII* to this chapter on submission of an application, by the licensee, as set out in *Appendix-VIII* to this chapter
- (b) the local input goods liable to sales tax shall be supplied to the licensee against a zero rated sales tax invoice;
- (c) the local input goods liable to federal excise duty shall be supplied to the licensee against a zero-rated invoice;
- (d) the licensee may procure customs or federal excise duty-paid input goods manufactured locally for production of output goods and the licensee shall be entitled to payment of drawback of such duties, worked out on the basis of standard customs and/or federal excise duty drawback notifications, provided that the f.o.b. value for claiming such drawback, shall be the value excluding the duty-free value of input goods imported under these rules; or
- (e) the exemption from ⁷[customs duty, sales tax, federal excise duty and income tax], granted under the Board's Notification No. S.R.O.326(I)/2008, dated the 29th March, 2008, shall also be applicable to plant, machinery, equipment and apparatus, including capital goods to be used solely within the limits of an Export Oriented Unit ^{2,8}; or
- (f) the Collector, on submission of an application by the EOU, may allow sale or transfer of plant, machinery, equipment and apparatus from one EOU to another EOU. In case, the EOUs fall under the jurisdictions of different Collectorates, sale or transfer may be allowed after obtaining no objection certificate from the destination Collectorate. Any stated sale or transfer shall be subject to replacement of security and indemnity bond for the remaining period as prescribed in *Appendix-IX* deposited at the time of import. After sale or transfer of plant, machinery, equipment and apparatus, EOUs shall provide certificate to the respective Collectorate to the effect that such sale or transfer has been completed as per prescribed procedure.]

²[Provided that plant, machinery, equipment and apparatus including capital goods imported for an Export Oriented Unit shall be retained for a period of ten years from the date of importation

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

(i)	<u>Disposal Period</u>	<u>Duty and Taxes</u>
	If sold or otherwise disposed of before the expiration of five years from the date of	Full