

GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE, REVENUE AND ECONOMIC AFFAIRS
(REVENUE DIVISION)

Islamabad, the 19th January, 1995

NOTIFICATION
(CUSTOMS)

S.R.O. 71(I)/95.- In exercise of the powers conferred by section 19 of the Customs Act, 1969 (IV of 1969), and sub-section (1) of section 13 of the Sales Tax Act, 1990, the Federal Government is pleased to direct -

- (a) that all such industries, excluding those specified in the table below, which commence **commercial operations upto the 31st December, 2002**, in **Special Industrial Zones** whose locations and perimeters shall be notified by Board of Investment and whose letters of credit are **opened upto the [31st January, 1996]**, shall be exempt from twenty-five percent of the customs-duty leviable ²[under the First Schedule to the Customs Act, 1969 (IV of 1969)], on the import of such raw materials which are not produced locally for the manufacture of their goods; and
- (b) all such industries, excluding those specified in the table below, which are not already existing till the date of this notification in Pakistan and are set up in Special Industrial Zones shall be exempt, **for a period of ten years**, from whole of customs-duty ²[leviable under the First Schedule to the Customs Act, 1969 (IV of 1969)], and sales tax on import of raw materials which are not produced locally provided the letters of credit for their plant and machinery are opened upto the ¹[**31st January, 1996**], and commercial operations are **commenced upto the 30th June, 1999**, subject to the following conditions, namely:-
 - (i) For industries covered, under (a) above the project shall cost more than US \$ ten million and should employ minimum one hundred persons;
 - (ii) the manufacturer has suitable in-house facilities for manufacture of goods in respect of which he claims exemption under this notification;
 - (iii) the manufacturer shall furnish to the ⁴[Director Input/Output Co-efficient Organization (IOCO),] or any other officer authorized by him in this behalf the list of goods he is manufacturing or intends to manufacture alongwith the details of raw materials required and the ⁴[Director, IOCO or such officer authorized by him,] as the case may be, in consultation with the Collector of Customs, Collector of Central Excise or Collector of Sales Tax shall certify the annual capacity of the unit for the manufacture of such goods and total requirement of various types of raw materials alongwith the quantity required for the manufacture of each item;
 - (iv) in the case of industries covered under (b) above, the manufacturer shall, at the time of import of raw materials, make a written declaration on the bill of entry to the effect

that the raw materials have been imported in accordance with the conditions specified in this notification;

- (v) at the time of import, the manufacturer shall furnish to the Collector of Customs an ⁴[undertaking] to abide by the conditions laid down in the Notification failing which conditions he shall pay the customs-duty and sales tax leviable on each consignment in excess of any other penalties that may be imposed by the Collector of Customs in this behalf;
- (vi) the manufacturer shall maintain record of the raw materials and components manufactured out of them in such form as may be prescribed by the Central Board of Revenue;
- ⁴(vii) Omitted;
- (viii) Omitted;]
- (ix) the manufacturer shall maintain a record of the sale of the manufactured goods and machinery in Form-II set out below and shall produce on demand, such record and other evidence of sales as may be required for inspection by an officer of Customs not below the rank of Assistant Collector of Customs in whose jurisdiction the manufacturing unit is located or nay other officer authorized by the Central Board of Revenue in this behalf.
- ⁴[(x) the manufacturer shall communicate to the concerned Collector of Customs in writing about the consumption of imported goods within one month of consumption. In case of non-consumption within 180 days, the importer shall pay the customs-duty and other taxes involved or shall give plausible reasons to the Collector of Customs and seek extension for a reasonable period; and
- (xi) in case the manufacturer does not provide information regarding consumption or otherwise of the imported goods within a period of 180 days of import or such extended period as allowed by the Collector or if otherwise deemed necessary, the record of importer-cum-manufacturer shall be audited by the Duty Suspension Audit Organization (DSAO) or by any other person duly appointed by the Collector. If upon audit consumption of goods is not found satisfactory the Collector of Customs shall initiate proceedings for the recovery of leviable duty and other taxes besides penal action under the relevant provisions of the laws in force.]

²[**Explanation.-** For the purposes of this notification the expression "not manufactured locally" shall mean the goods which are not included in the list of locally manufactured goods, specified in the General Order, issued by the Central Board of Revenue.]

TABLE

S. No.	List of industries
(1)	(2)
1.	Arms and ammunition.
2.	Security printing, currency and mint.
3.	High explosive.
4.	Radioactive substances.
5.	Alcohol, except industrial alcohol.
6.	Cotton ginning.
7.	Spinning, except as part of integrated textile unit.
8.	Sugar (white) manufacturing.
9.	Flour milling.

10. Steel Re-rolling and furnace.
11. Tobacco industry.
12. Ghee or vegetable oil industry.
13. Plastic bags including polypropylene and polyethylene.
14. Beverage excluding fruit juices.
15. Polyester industry.
16. Automobile assembly.
17. Cement industry.

FORM - I

⁴[Omitted.]

FORM - II

Register of sale of goods, equipment and machinery manufactured from raw materials imported under Notification No. S.R.O. _____ dated _____.

S. No.	Name and address of buyer	Date of sale	Goods sold	Quantity Consumption	No. and date of th
(1)	(2)	(3)	(4)	(5)	(6)

Explanation.- For the purposes of this Notification, the expression "set up" shall mean the date on which the industrial unit commences its commercial production, which date shall be intimated in writing, by the manufacturer to the Assistant Collector of Sales Tax having jurisdiction in the area at least fifteen days before commencing such production but shall not include the date of expansion, balancing, modernization or replacement of such industry.

INDEMNITY BOND

⁴[Omitted.]

{C.No.1/9/Mach/92-9-95}

RIAZ HUSAIN NAQVI
Additional Secretary

As amended :

- | | |
|--|-------------------|
| 1. Time limit extended vide S.R.O.84(I)/96,- | dated 30.01.1996 |
| 2. Inserted vide S.R.O.703(I)/99, | dated, 12.06.1999 |
| 3. Time limit extended vide S.R.O.__(I)/2001 | dated 10.12.2001 |
| 4. Substituted /omitted SRO 449(I)/2004 | dated 12.06.2004 |

**GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE AND ECONOMIC AFFAIRS**

NOTIFICATION

Islamabad, the 12th June,1998.

(CUSTOMS)

S.R.O.554(I)/98.- In exercise of the powers conferred by section 19 of the Customs Act,1969(IV of 1969), and clause (a) of sub-section (2) of section 13 of the Sales Tax Act,1990, and in supersession of its Notification No.S.R.O.424(I)/97, dated the 13th June,1997, the Federal Government is pleased to exempt such machinery ⁴[for which letters of credit are opened the 12th June,2004, and import is made upto the ^{5&6}[30TH June,2005] from the customs-duties leviable under the First Schedule to the Customs Act, 1969 (IV of 1969), and sales tax chargeable thereon under the said Act as are not manufactured locally, imported for setting up a manufacturing unit or for the expansion, balancing, modernization and replacement of existing units in bond subject to the following conditions namely:-

- (i) The importer shall at the time of importation, by documents in his possession, satisfy the Collector of Customs that the machinery or spares have been imported for setting up a manufacturing unit in bond and shall furnish an indemnity bond in the form set out below to the extent of customs duty and sales tax exempted under this notification. The said indemnity bond shall be discharged on production of a certificate from the Assistant Collector, Customs and Central Excise, or in the case of a unit located in Azad Jammu and Kashmir or Northern Areas, from the Secretary, Kashmir Affairs and Northern Affairs Division or an officer authorized by him in this behalf to the effect that the machinery or spares as declared to the customs has been duly installed or used in the bonded premises and such other evidences as the Collector of Customs may require and after such inquiry as he deems fit in order to establish such installation. Officers of Customs having jurisdiction shall monitor the production and sales of output of the manufacturing unit in the local market and abroad and shall ensure that the conditions of the notification are duly complied with;
- (ii) the importer shall, at the time of importation of the machinery, furnish an undertaking to the Collector of Customs to abide by the conditions laid down in this notification failing which he shall pay the amount of customs-duty and sales tax due and make payment of any penalties that may be imposed in this behalf;
- (iii) the certificate of installation referred to in condition (i) shall be submitted to the Collector of Customs alongwith certificate from concerned Collectorate regarding realization of customs-duty and sales tax as a result of default as per condition(v) of this notification not later than one year from the date of filing of bill of entry for home consumption relating to such machinery or spares;
- (iv) the machinery or spares released under this notification shall not within a period of five years from the date of filing of bill of entry for home consumption relating thereto be used for any purpose or at any place other than for a manufacturing unit in bond. In case, this condition is violated the amount of customs-duty and sales tax exempted under this

notification and such penalties as may be imposed in this behalf, shall be recovered under section 202 of the Customs Act, 1969 (IV of 1969); and

- (v) (a) export targets specified in the Table shall have to be achieved by industrial or manufacturing unit from the date of installation of the machinery or equipment and upto a period of five years, namely:-

TABLE

Type of Unit	Period	Export Target
(1)	(2)	(3)
A. Leather footwear and engineering goods.	First three years	20% of the value of their actual production.
	After three years	50% of the value of their actual production.
B. Expansion of existing units.	First three years	50% of additional capacity due to expansion.
	After three years	60% of additional capacity due to expansion.
C. Others	First two years	50% of the value of actual production.
	After two years	60% of the value of actual production.
² [D. Imports effected under Notification No. S.R.O.962(I)/90, dated the 12 th September, 1990, and Notification S.R.O.No.424(I)/97 dated the 13 th June, 1997.	First two years	50% of the value of actual production.
	After succeeding three	60% of the value of years.actual production.]

- (b) An industrial unit which fails to achieve export targets specified above to the satisfaction of Collector of Customs. shall pay the whole of customs-duty and sales tax leviable at the time of importation of such machinery:

^{5&6}[Provided that in case an importer fails to achieve targets of exports as required under this notification or under any other notification, whether in currency or rescinded, and/or opts to forego the benefit of duty concession at post import stage, shall make payment of minimum customs duty at the rate of one percent per year of default with a maximum of 5% of the dutiable value ascertained at the time of import for which bills of entry were filed on or before 12th June, 2004. Where import is made against bills of entry filed after ⁷[12th June, 2004] the importer shall pay

5% of the dutiable value as ascertained at the time of import. This shall be considered full and final discharge of the entire liabilities. The aforesaid facility shall be available till 30th September, 2005, for imports made before, on, or after the 12th June, 2004,] while in respect of imports made after 12.6.2004, this facility can be availed upto 30th September, 2005. Thereafter the importer shall pay statutory rate of duty and the other taxes alongwith penalties as per relevant conditions of respective notifications. This one time relief shall however not entitles anyone to claim refund.:]

⁵[Provided further that the aforesaid facility of concessionary rate of duty shall be available till the 31st March,2005. Thereafter, the importers shall pay statutory rate of duty alongwith penalties as per condition of relevant Notifications under which concession on imports had been availed.]

Explanation.- For the purpose of this Notification:

- (i) Production year shall be deemed to start from the date on which the industrial unit starts commercial production;
- (ii) The expression "existing units" shall mean those units which are or have been set upon or before the date of issue of this notification; and
- (iii) For the purposes of this notification the expression "not manufactured locally" shall mean the goods which are not included in the list of locally manufactured goods in the General Order, issued by the Central Board of Revenue.
- ³[(iv) Machinery shall mean –
 - (a) machinery operated by power of any description, such as is used in industrial process;
 - (b) apparatus and appliances, including mertering and testing apparatus and appliances specially adapted for use in conjunction with machinery specified in sub-clause (a);
 - © mechanical and electrical control and transmission gear adapted for use of goods specified in sub-clause (a); and
 - (d) component parts of machinery specified in sub-clauses (a) and (b), identifiable for use in or with such machinery.]

FORM

[See condition (i)]

(On appropriately stamped non-judicial paper)

THIS DEED OF INDEMNITY is made on the _____ date of _____BETWEEN Messrs_____ having registered office at _____(hereinafter called "the importers" which means and includes their successors, administrators, executors and assignees) of the one part, AND the President of Pakistan through the Collector of Customs _____ (hereinafter called the "Collector of Customs", of the other part.

WHEREAS the Federal Government, by its decision contained in Notification No. S.R.O._____- dated the _____ and subject to the conditions given in the said Notification, has been pleased to direct that such machinery or spares, as are not

manufactured locally, shall be exempt from the whole of customs-duty and sales tax leviable thereon, if imported for setting up of a manufacturing unit, or for the expansion, balancing, modernization and replacement of existing units in accordance with the said notification.

AND WHEREAS M/S. _____ having registered office at _____ (hereinafter called the importers) have imported the machinery mentioned in the Schedule to this Bond for purposes of establishing a manufacturing unit in accordance with the conditions given in the said Notification;

NOW, THEREFOR, in consideration of the release of the machinery without recovery of leviable duty and taxes, the importers bind themselves to pay on demand to the Government of Pakistan the sum of Rs. _____ being the duty and taxes leviable on the machinery, if the importers fail -

- (i) to produce a certificate from Assistant Collector of Customs and Central Excise, Secretary, Kashmir Affairs Division or an officer authorized by him in this behalf, as the case may be, within one year from the date of the importation of the machinery, to the effect that the machinery has been installed in bond; and
- (ii) to produce such other evidence as the Collector of Customs may require to satisfy himself that the plant or machinery has been installed in accordance with the conditions of the said Notification.

The importers further agree and bind themselves that the amount covered by this Bond shall be recovered as arrearsof customs duty under section 202 of the Customs Act,1969 .

This Bond shall become void when the aforesaid certificate has been produced and the Collector of Customs is satisfied that the importers have fulfilled all the conditions of this Bond in the said Notification.

Signed by importers on this _____ day of _____ 199 _____.

Managing Director
(Name and permanent address)

Collector of Customs
(On behalf of President)

Witness _____
(signature, name, designation and full address)

Witness _____
(signature, name, designation and full address).

Note: The bond shall be written on appropriate non-judicial stamp paper and shall be witnessed by a Government servant in BPS 16 or above, an Oath Commissioner, a Notary Public or an officer of a Scheduled Bank.

SCHEDULE OF MACHINERY

[C.No.6(25)/97-CB]

(KHALIL MASOOD)
Additional Secretary

As amended

1.	S.R.O.732(I)/99,	-	dated	12.06.1999
2.	S.R.O.354(I)/2002	-	dated	15.06.2002
3.	S.R.O.479(I)/2003	-	dated	07.06.2003
4.	S.R.O.452(I)/2004	-	dated	12.06.2004
5.	S.R.O.732(I)/2004	-	dated	28.08.2004
6.	S.R.O.573(I)/2005	-	dated	06.06.2005