

**THE  
FEDERAL EXCISE  
RULES 2005**

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# FEDERAL EXCISE RULES, 2005

Notification No. S.R.O. 534(1)/2005, dated 6th June, 2005.--In exercise of the powers conferred by <sup>1</sup>[sub-section (3) of section 6, sub-section (5) of section 12 and] section 40 of the Federal Excise Act, 2005 <sup>2</sup>[\* \* \*], the Federal Board of Revenue is pleased to make the following rules, namely:--

## Chapter I

### PRELIMINARY

**1. Short title and commencement.--** (1) These rules may be called the Federal Excise Rules, 2005.

(2) These rules shall take effect from the 1<sup>st</sup> day of July, 2005.

**2. Definitions.--**In these Rules, unless there is anything repugnant in the subject or context:--

- (a) **'Act'** means the Federal Excise Act, 2005 <sup>3</sup>[\* \* \*];
- (b) **'Agreement'** means the agreement executed between the Board and the Bank for the purpose of receipt of duty of excise and allied matters under the Act or these rules;
- (c) **'aggrieved person'** means a person or a class of persons who has brought a dispute for resolution under section 38 of the Act;
- <sup>4</sup>[(ca) **"aircraft operator"** includes any airline or person or company undertaking the carriage of passengers on an air journey within

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<sup>1</sup> The words, brackets, comma and figures inserted by Notification No. S.R.O. 561 (I)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>2</sup> The brackets, word and figures "(of 2005)" omitted by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

<sup>3</sup> The brackets, word and figures "(of 2005)" omitted by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

<sup>4</sup> Clause (ca) substituted by Notification No. S.R.O. 656(1)12007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19. Before substitution clause (ca) was added by Notification No. S.R.O. 780(1)/2006, dated 1st August, 2006, reported as PTCL 2007 St: 102.

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Pakistan or outside Pakistan for or from any airport or aerodrome located within the territory of Pakistan;]

<sup>5</sup>[(cb) **"air ticket"** means a ticket or electronic record on the basis of which a person is treated as being entitled to travel as a passenger on a particular flight or flights]

(d) **'Bank'** means the National Bank of Pakistan or any of its branches designated, by notification in the official Gazette, for the purpose of receiving duties of excise under the Act or these rules;

<sup>6</sup>[(da) **'Banking company'** means a banking company as defined in the Banking Companies Ordinance, 1962 (LVII of 1962), and includes any body corporate which transacts the business of banking in Pakistan;]

<sup>7</sup>[\* \* \*]

<sup>8</sup>[(e)] **'cable TV'** <sup>9</sup>[**operator'** means a person, a company, a firm, an establishment or an organization involved in the collection and distribution or dissemination of audio-video signals for public viewing <sup>10</sup>whether through a cable, MMDS, LMDS or DTH (through satellite receiver);

<sup>11</sup>[(f) **"challan"** means challan STR-11 Form as prescribed under Sales Tax Rules 2006;]

<sup>12</sup>[(g) **'Collector'** means a Federal Excise Officer appointed to exercise powers and discharge duties conferred or imposed upon Collector

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<sup>5</sup> Clause (cb) added by Notification No. S.R.O. 780(1)/2006, dated 1st August, 2006, reported as PTCL 2007 St. 102.

<sup>6</sup> Clause (da) inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>7</sup> Sub-para (c) omitted by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974. At the time of omission sub-para (e) was "(c) 'Banking company' means a banking company which transacts the business of banking as defined in the Banking Companies Ordinance, 1962 (LVII of 1962);"

<sup>8</sup> Existing sub-para (f) read as sub-para (e) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

<sup>9</sup> Substituted for the word "network" by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>10</sup> Clause (f) substituted by Notification No. S.R.O. 546(1)/2008, dated 11th June, 2008, reported as PTCL 2008 St.1927(iii). At the time of substitution Clause (f) was " Clause(f)] 'challan' means T.R-6 prescribed under rule 92 of the Treasury Rules Vol. I;" Existing sub-para (g) read as sub-para (f) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

<sup>11</sup> Clause (g) substituted by Notification No. S.R.O. 546(1)/2008, dated 11th June, 2008, reported as PTCL 2008 St.1927(iii).

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under this Act or rules made thereunder in relation to the areas or as the case may be, cases falling under the jurisdiction of Regional Tax Offices or as the case may be, Large Taxpayers Units notified by the Board for the purposes of the Sales Tax Act, 1990;]

<sup>13</sup>[(ga) **'Collectorate'** means the office of the Collector of Federal Excise having jurisdiction and includes the Large Taxpayers Units (LTUs) and the Regional Tax Offices (RTOs), where the offices of Income Tax, Sales Tax and Federal Excise are co-located;]

<sup>14</sup>[(h)] **'committee'** means a committee constituted under sub-section (2) of section 38 of the Act;

<sup>15</sup>[(i)] **'declared premises'** means any premises declared in the application for registration for the purposes of the Act or these rules and such premises shall be treated as registered premises;

<sup>16</sup>[(j)] **'curing'** includes wilting, drying, fermenting and any process of rendering an unmanufactured product fit for marketing or manufacture;

<sup>17</sup>[(k)] **'dispute'** means, a case where for evidently valid reasons, a registered person is aggrieved in connection with any matter of Federal excise specified in sub-section (1) of section 38 of the Act and prima facie deserves relief for the elimination of possible hardship;

<sup>18</sup>[(l)] **'Federal excise practitioner'** means a person registered as Federal excise practitioner in the prescribed manner;

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<sup>12</sup> Existing sub-para (h) read as sub-para (g) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

Substituted for the word "Collector" by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

<sup>13</sup> Clause (ga) inserted by Notification No. S.R.O. 546(1)/2008, dated 11th June, 2008, reported as PTCL 2008 St.1927(iii).

<sup>14</sup> Existing sub-para (i) read as sub-para (h) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

<sup>15</sup> Existing sub-para (j) read as sub-para (i) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

<sup>16</sup> Existing sub-para (k) read as sub-para (j) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

<sup>17</sup> Existing sub-para (l) read as sub-para (k) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

<sup>18</sup> Existing sub-para (m) read as sub-para (l) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.



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<sup>19</sup>[(Ia) **'foreign exchange dealer'** includes an exchange company or money changer;]

<sup>20</sup>[(m) **"Form"** means the STR Form as annexed to the Sales Tax Rules, 2006;]

<sup>21</sup>[(ma) [\* \* \* ]]

<sup>22</sup>[(mb) **'franchiser'** means any person who enters into franchise and includes any associate of franchiser to enter into franchise on his behalf, and the term 'franchisee' shall be construed accordingly;

(mc) **'Non-banking finance company'** means a company or a body corporate licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003;]

<sup>23</sup>[(n)] **'head of account'** means the relevant head of account specified by the Federal Government;

<sup>24</sup>[\* \* \* ]

<sup>25</sup>[(o)] **'officer'** means a Federal excise officer by whatever designation or rank he is called; and

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<sup>19</sup> Clause (Ia) inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>20</sup> Clause (m) substituted by Notification No. S.R.O. 546(1)/2008, dated 11<sup>th</sup> June, 2008, reported as PTCL 2008 St.I 927(iii). At the time of substitution Clause (m) was [(m)] 'Form' means the Federal Excise series of forms prescribed under these rules;". Existing sub-para (n) read as sub-para (m) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

<sup>21</sup> Clause (ma) omitted by Notification No. S.R.O. 546(1)/2008, dated 11th June, 2008, reported as PTCL 2008 St.1927(iii). At the time of omission Clause (ma) was [(ma) 'franchise' means an agreement by which the franchisee is granted representational rights to sell or manufacture goods or to provide service or to undertake any process identified with franchiser against an agreed fee or consideration including royalty, whether or not a trade mark, service mark, trade name or logo or any such symbol, as the case may be, is involved;]. Clause (ma) was inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>22</sup> Clauses (mb) & (mc) inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>23</sup> Existing sub-para (o) read as sub-para (n) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-H, page 2974.

<sup>24</sup> Sub-para (p) & (q) omitted by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974. At the time of omission sub-para (p) & (q) were "(p) 'leasing company' means a company which is primarily engaged in the business of leasing and includes modarabas; (q) 'non-banking financial company' means a company licensed by the Securities and Exchange Commission of Pakistan for the purpose of Part VIII-A of the Companies Ordinance, 1984 (XLVII of 1984) and includes modaraba or modaraba company in the same meaning as assigned under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980);"

<sup>26</sup>[(oa) **"Port Operator"** includes Karachi Port Trust (KPT) or any other person or organization managing the operations of any customs-port as declared under section 9 of the Customs Act, 1969 (IV of 1969);]

<sup>27</sup>[<sup>28</sup>[(ob) **'post paid telecommunication service'** means the service in respect of which charges are collected by the service provider after the use of the telecommunication services; and]

<sup>29</sup>[<sup>30</sup>[(oc) **'pre-paid telecommunication service'** means the service in respect of which charges are collected by the service provider prior to the use of the telecommunication services;]

<sup>31</sup>[(P) **'shipping agent'** means a person, whether licensed or not under the Customs Act, 1969 (IV of 1969), or the rules made thereunder, who provides or renders any service in relation to entrance or clearance of conveyance at a customs port and issues line or carrier bill of lading, for or on behalf of a shipping line and includes non-vessel operating common carriers (NVOCC), slot carriers, charters, international freight forwarders and Consolidators, rendering services in relation to import and export of cargo, whether independently or as subsidiary of shipping line, carrier and non-vessel operating common carriers.

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<sup>25</sup> Existing sub-para (r) read as sub-para (l) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

<sup>26</sup> Clause (oa) inserted by Notification No. S.R.O. 475(1)/2009, dated 13th June, 2009, w.e.f. 1st July, 2009.

<sup>27</sup> Clause (oa) was inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 S1. 1724.

<sup>28</sup> Clause (oa) re-lettered as clause (ob) by Notification No. S.R.O. 475(1)/2009, dated 13th June, 2009, w.e.f. 1st July, 2009.

<sup>29</sup> Clause (ob) was inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 S1. 1724

<sup>30</sup> Clause (ob) re-lettered as clause (oc) by Notification No. S.R.O. 475(1)/2009, dated 13th June, 2009, w.e.f. 1st July, 2009.

<sup>31</sup> Existing sub-para (s) read as sub-para (p) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

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<sup>32</sup>[(q) "**Terminal Operator**" includes Karachi International Container Terminal (KICT); Pakistan International Container Terminal (PICT) and Qasim International Container Terminal (QICT);]

(2) The words and expressions used but not defined herein, shall have the same meaning as assigned to them in the Act.

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<sup>32</sup> Clause (q) added by Notification No. S.R.O. 475(1)/2009, dated 13th June, 2009, w.e.f 1st July, 2009.

**Chapter II**  
**REGISTRATION AND ALLIED MATTERS**

**3. Application for registration.--** (1) A person required to be registered under the Act shall, if not already registered before commencing manufacturing of any excisable goods or before rendering or providing any excisable services, shall apply to the Collector for registration in the Form <sup>33</sup>[STR-1].

(2) In case of a corporate person, that is, a listed public limited company or an unlisted public limited company or a private limited company the application for registration shall be filed to the Collector having jurisdiction over that area where the registered head office of such company is located.

(3) A non-corporate person, having a single manufacturing unit, whose business premises and manufacturing unit are located in different areas; shall apply to the Collector of the area in whose jurisdiction his manufacturing unit is located:

Provided that a corporate person shall have the option to apply for transfer of registration to the Collector having jurisdiction over the area where manufacturing unit is located.

(4) In case of excisable services, application for registration shall be filed to the Collector of the area where the head office of the applicant is located.

(5) Where the application for registration is complete in all respects, the Collector or an officer authorized by him in this behalf, after conducting such verification or inquiry as is deemed necessary, shall forward the application to the Central Registration Office in the Board who shall issue a certificate of registration containing the registration number, to the applicant in the Form <sup>34</sup>[STR-5].

(6) The application for registration may be filed electronically.

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<sup>33</sup> Substituted for the expression "FE-I" by Notification No. S.R.O. 546(1)/2008, dated 11<sup>th</sup> June, 2008, reported as PTCL 2008 St.1927(iii).

<sup>34</sup> Substituted for the expression "FE-II" by Notification No.S.R.O. 546(1)/2008, dated 11<sup>th</sup> June, 2008, reported as PTCL 2008 St. 1927(iii).

<sup>35</sup>[3A **Failure to get registration.--** (1) Where a person is required to be registered under section 13 of the Act, does not apply for registration, the Collector or any other officer authorized by him in this behalf shall, if after such inquiry as deemed appropriate is satisfied that such person is required to be registered, issue notice to such person informing him about the grounds for the proposed registration and offering an opportunity of showing cause within fifteen days against such registration.

(2) In case the Collector, or the authorized officer, receives a written reply from the person required to be registered within the time specified in the notice contesting his liability to be registered, the Collector or the officer shall grant such person an opportunity of personal hearing, if so desired by the person, and shall thereafter pass an order whether or not such person is liable to be registered compulsorily.

(3) Where the person to whom a notice is given under sub-rule (1), does not respond within the time specified in the notice, the Collector or the authorized officer may pass an order for compulsory registration specifying therein the reasons for such registration.

(4) A copy of the order as referred to in sub-rules (2) and (3), shall be provided to the person registered under these rules. Another copy thereof shall be sent to the Central Registration Office (CRO), FBR, along with the relevant particulars of the person to be registered. The CRO shall compulsorily register the person and allot him a registration number which shall be delivered to the person either in person through the Collectorate or through registered mail or through courier service.

(5) A person registered compulsorily under this rule is required to comply with all the provisions of the Act and rules made thereunder from the date of compulsory registration, and in case of failure to do so, the Collector having jurisdiction may order an audit of his records in terms of section 46 and recovery of dues in terms of section 14 of the Act.

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<sup>35</sup> Rule 3A inserted by Notification No. S.R.O. 27(Q/2007 dated 10th January, 2007, reported as PTCL 2007 St. 1417(ii)

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(6) If at any time it is established that a person was not liable to registration but was wrongly registered under this rule due to inadvertence, error or misconception, the CRO shall cancel his registration. In case of such cancellation of registration, such person shall not be liable to pay any duty, default surcharge or penalty under the Act or rules made thereunder, subject to the conditions, limitations and restrictions prescribed under section 11 of the Act.]

**4. Change in the particulars of registration.--** (1) In case there is a change in the name, address or other particulars as stated in the registration application or registration certificate, the registered person shall notify the change to the Collector within fourteen days of such change.

**5. Transfer of Registration.--** (1) The Board may, subject to such conditions, limitations or restrictions as it may deem fit to impose, by an order, transfer the registration of a registered person from the jurisdiction of one Collectorate to another Collectorate or, as the case may be, to the Large Taxpayers Unit.

(2) In case of transfer of registration, the Collector in whose jurisdiction the registration has been transferred shall issue a new certificate of registration to the taxpayer in lieu of the previous certificate, and such new certificate shall contain a reference to the previous certificate of registration.

(3) Where a registered person intends to shift his business activity from the jurisdiction of one Collector to another, or he has any other valid reason for such transfer, he shall apply to the Collector for transfer of his registration and the provisions of this rule shall, *mutatis mutandis*, apply to such cases.

(4) In cases, where registration of any person has been transferred by the Board from one Collectorate to another or to the Large Taxpayers' Unit for the purposes of Sales Tax Act, 1990, the registration of such person for the purpose of the Act shall *ipso facto* stand so transferred.

**6. Other matters relating to registration.--**(1) In case a person ceases to manufacture excisable goods or provide or render excisable services, he shall

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apply to the Collector for cancellation of his registration in the Form <sup>36</sup>[STR-3] and the Collector may, after such enquiry or audit as he may deem fit to have, cancel the registration of that person from such date as may be specified, but not later than three months from the date of such application or the date on which all the dues under the Act or these rules and arrears, if any, outstanding against such person are deposited by him, whichever is later.

(2) Where a Collector has reasons to believe that a registered person is found to have issued false invoices, or evaded duty or has committed any offence or irregularity to evade duty or avoid his obligations under the Act or these rules, he may, after confirming the facts and veracity of the information and giving opportunity to such person to clarify his position, suspend his registration.

(3) In case a person, whose registration has been suspended under sub-rule (2) subsequently approaches the Collector for withdrawing the order for suspension of registration, the Collector may, after conducting such inquiry as he may deem fit, including consultation with the concerned trade association or body, withdraw such order subject to his satisfaction that such person is not engaged in the activities specified in sub-rule (2).

(4) A person manufacturing or producing more than one excisable goods or excisable as well as non-excisable goods or providing or rendering more than one excisable services or excisable as well as non-excisable services, shall apply for and take or shall be issued only one registration provided that in cases where goods are liable to excise duty and are also chargeable to sales tax, the registration issued for sales tax purpose shall be valid for excise purpose as well.

(5) Notwithstanding anything contained in this Chapter, in case of persons who are registered also for the purposes of sales tax, the procedures prescribed under the Sales Tax Law relating to the following matters shall mutatis mutandis apply,--

(a) de-registration;

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<sup>36</sup> Substituted for the expression "FE-III" by Notification No. S.R.O. 546(1)/2008, dated 11th June, 2008, reported as PTCL 2008 St..I927(iii).

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- (b) supersession or cancellation of registration;
- (c) transfer of registration; and
- (d) changes or amendments in registration



**Chapter III**  
**ASSESSMENT AND COLLECTION**  
**OF DUTY**

**7. Liability of duty.**--Every person who produces or manufactures any excisable goods or provides or renders any excisable services shall pay duty due on such goods or services on such date and in such manner as is prescribed under the Act or these rules provided that the duty in respect of goods imported into Pakistan shall be charged and collected in the same manner and at the same time as if it were a duty of customs payable under the Customs Act, 1969 (IV of 1969).

**8. No refund of duty erroneously levied or paid, unless claimed within one year.**--No duty or part thereof which has been paid or overpaid through inadvertence, error or misconstruction, shall be refunded unless a written claim is lodged to the Collector within one year from the date of such payment.

**9. Payment of duty not to be postponed.**--Under no circumstances whatsoever, any registered person shall on his own or otherwise defer or postpone the payment of duty on the pretext or ground that he has not received the price inclusive of duty or the amount of duty from a person to whom he has sold excisable goods or rendered or provided excisable services.

**10. No default surcharge for holidays.** \_\_ In situations where any amount of duty due to be paid on a given day is not deposited owing to holiday, no default surcharge shall be paid or required to be paid if such amount of duty is paid on the next working day.

**Chapter IV**  
**INVOICING AND DUTY ADJUSTMENT**

**11. Numbering of invoices.** -- (1) The application of this rule is restricted to persons who are not required to issue invoice for the purposes of sales tax.

(2) A person engaged in the manufacture of excisable goods or providing or rendering of excisable services shall issue a serially numbered invoice in triplicate and serial numbering shall unless otherwise required due to commencement of business at any point of time during the year, commencing from the first day of each financial year.

(3) Unless otherwise required under the Act or these rules, invoice shall be issued at the time when goods are physically removed from the registered premises for intended sale or export and in case of services, on the day when services are provided or rendered regardless of the time or day of receipt of the price of such goods or services from the buyer.

(4) Consolidated, clubbed or aggregated invoices shall not be issued under any circumstances.

**12. Computer generated invoices.**--A registered person may issue computer generated invoices provided that each copy of such invoice shall invariably be signed by him or a person authorized by him in this behalf.

**13. Proof in support of adjustment.** -- (1) No adjustment of duty already paid shall be admissible against duty payable on any excisable goods unless a registered person has a valid proof in the form of purchase invoice or goods declaration or any other lawful document in his own name besides a proof to the effect that he has paid the price of goods inclusive of duty at previous stage through banking channels as laid down in the Act.

(2) Where the excisable raw materials or input goods cannot be procured or purchased by any person directly from a manufacturer of such raw materials or input goods due to the policy or regulations of the Government, a photocopy of excise invoices issued by the manufacturer to an authorized marketing company along with concerned invoice issued by such marketing company shall be treated

as valid document for the purpose of duty adjustment provided other requirements of the Act and these rules are fulfilled.

<sup>37</sup>[(3) Notwithstanding anything contained in the Act or these rules, a registered person shall be entitled to claim adjustment of duty already paid on his inputs within a period of six months provided that in case of un-manufactured tobacco, the manufacturers of cigarettes shall be entitled to claim adjustment within two years.]

**14. Apportionment of adjustment.**--In case a registered person is manufacturing and selling both excisable and non-excisable goods manufactured or produced from duty-paid inputs, he shall be entitled to adjustment of duty only to the extent and in respect of excisable goods.

<sup>38</sup>[**14 A. Credit and debit notes.**-- Where a registered person has issued an invoice in respect of a supply made by him and as a result of cancellation of supply or return of goods or a change in the nature of supply or some such event, the amount shown in the invoice or the return needs to be modified, the registered person may, issue a debit or credit note and make corresponding adjustment in the return in the manner, as far as applicable, as prescribed in Chapter III of the Sales Tax Rules, 2006.]

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<sup>37</sup> Sub-para (3) substituted by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974. At the time of substitution sub-para (3) was "(3) Notwithstanding anything contained in the Act or these rules, a manufacturer of cigarettes shall be entitled to claim adjustment of duty paid on un-manufactured tobacco within a period of two years."

<sup>38</sup> Rule 14A inserted by Notification No, S.R.O. 371(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St 1853.

**Chapter V**

**MANUFACTURING OF GOODS AND REMOVAL THEREOF**

**15. Declaration of business premises and equipment.**--Every manufacturer or service provider in respect of dutiable goods or services shall, at the time of applying for registration, declare in writing all details of his business premises including godowns along with the name, address, copy of National Identity Card, details of plant, machinery, raw materials, dutiable or other goods to be produced or dutiable or other services to be provided and any change in these particulars shall be intimated to the Collector within fifteen days of the change.

**16. Storage of excisable goods.** -- (1) Every manufacturer of excisable goods shall maintain a separate store-room or any other place of storage on his registered manufacturing premises and deposit in such room or place all excisable goods manufactured or produced by him.

(2) No duty paid goods or goods other than excisable goods shall be deposited in such store room or place of storage.

**17. Daily account of production, clearance and balances of excisable goods.**

-(1) Every manufacturer shall maintain a production account in appropriate manner and shall enter daily in such account the description, quantity and rating of all excisable and other goods which are:--

- (a) manufactured or produced in his factory;
- (b) removed on payment of duty from the factory for home consumption;
- (c) removed without payment of duty from factory for export outside Pakistan;
- (d) issued for use in the manufacture of other goods within the factory or reprocessing or remanufacture;
- (e) goods sent for value addition or further processing to other manufacturing premises; and
- (f) in balance at the close of each day.

## Federal Excise Rules, 2005

(2) In the case of removal of exempted goods, or of excisable goods on payment of duty, or without payment of duty for export, the manufacturer shall maintain accounts, separately for each type of such removal.

(3) The manufacturer shall also maintain records of such inputs used in connection with manufacturing of goods within the factory like electricity, fuel (used in manufacturing process) gas, telephone, wages of labour and salaries and other emoluments of staff and rent paid for the premises.

**18. The manner of maintaining records and accounts etc.**-Where any person is required by the Act or these rules to maintain any record or account in respect of excisable goods produced or manufactured by him or in respect of excisable services provided or rendered by him, he shall:--

- (a) at the time of making any entry, insert the date when the entry is made;
- (b) keep the record at all times ready for the inspection" of the officers, and shall permit any officer to inspect it and make any such entry therein or take out any extract there from as the officer thinks fit, and shall, at any time, if demanded, send it to such officer; and
- c) preserve them for a period of three years from the close of the financial year to which they relate.

**19. Determination of duty in case proper records and accounts are not maintained.**- (1) If the manufacturer of any excisable goods fails to keep or render proper accounts regarding the manufacture, storage, or disposal of such goods or of the receipt, storage, utilisation or disposal of raw materials including manufactured and semi-manufactured products acquired and used in the manufacture of such goods to the satisfaction of the officer not below the rank of Assistant Collector, the said officer shall determine the amount of duty payable in respect of such goods in his discretion in accordance with the Act or rules made thereunder.

## Federal Excise Rules, 2005

(2) If the officer is satisfied that the accounts maintained by a manufacturer show a lesser quantity of excisable goods manufactured on the basis of the quantities of raw materials including manufactured and semi-manufactured products received by the manufacturer, he may demand from the manufacturer such amount of duty as is, in his discretion under the Act or rules made thereunder, payable by the manufacturer.

(3) The provisions of sub-rules (1) and (2) shall mutatis mutandis apply to excisable services.

(4) Any demand for duty under this rule shall not prejudice action under any other provisions of the Act or these rules.

**20. Destruction of excisable goods.--**Where any excisable goods are rendered unfit for consumption or for further manufacture and the owner intends to claim immunity from duty thereon, he shall, after obtaining the permission in writing of the Collector, destroy them in the presence of the officer deputed by the Collector for the purpose.

**Explanation.--**For the purpose of this rule, immunity includes repayment of duty already paid on the sale of goods in case such goods have been received back from or returned by the buyer due to genuine reasons.

**21. Power to forgo duty on excisable goods lost or destroyed while lodged within registered premises. --** (1) If any excisable goods lodged within a registered premises or during movement therein are lost or destroyed by any unavoidable accident, the Collector may after such verification as he may deem necessary to satisfy himself about such incident, forego duty which might be payable on their future sale had they not been so lost or destroyed.

(2) Notwithstanding anything contained in sub-rule (1) no adjustment of duty paid on the inputs shall be admissible or allowed under any circumstances in respect of excisable goods lost or destroyed under these rules.

**22. Record of destructions and remissions.--** In each Collectorate there shall be maintained a register relating to all destructions and remissions recording all

## Federal Excise Rules, 2005

particulars about name and address of the applicant, date of application, number and date of Collector's order, description and quantity of goods, value of goods and the amount of duty involved and remitted, date of destruction and name of the officer with designation who supervised the destructions and each entry in the register shall be signed by the said officer along with the Assistant or Deputy Collector incharge of the section or branch where such register is maintained.

## **Chapter VI**

### **Tobacco and Tobacco Products**

**23. Receipt of non-duty paid un-manufactured tobacco in a factory.--** (1) If a manufacturer of cigarettes, smoking mixtures for pipes and cigarettes and dutiable cigars and cheroots receives from outside the registered premises any un-manufactured tobacco, then, the weight of each package, bale or bag shall be legibly marked and numbered serially and record the same accordingly so as to render them easily identifiable from their entries in the relevant accounts and records.

(2) The refuse, dust or sand obtained from the processes of duty paid tobacco during the manufacture of cigarettes or other tobacco products shall be accounted for by the person manufacturing such products.

**24. Manufacture and disposal of excisable tobacco products.--** No excisable tobacco products other than cigarettes shall be sold from any registered premises except under the following conditions, namely:--

- (a) such products shall be packed into separate packages of distinct specifications, sizes or weights;
- (b) each such packet shall be enclosed in a wrapper or other outer covering the expenses of which shall be borne by the manufacturer; and
- (c) the duty on the products shall be paid at the rates applicable on such products under the Act, unless such products are intended for export out of Pakistan .

<sup>39</sup>**[24A. Printing of retail price, health warning and the name of the manufacturer on each packet of cigarettes.--**(1) No packet of cigarettes for consumption in domestic market shall be cleared from the manufacturing

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<sup>39</sup> Section 24A inserted by Notification No. SRO. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 S1. 1724.



premises without printing thereon the retail price, health warning and the name of the manufacturer.

(2) The cigarette packets cleared from manufacturing premises for export shall bear the marks, as specified under clause (c) of sub-rule (2) of rule 33.]

<sup>40</sup>[**24B. Minimum retail price of cigarettes.**--For the purposes of payment of Federal Excise duty, the minimum retail price (excluding sales tax) of cigarettes, shall not be less than eighty-four per cent of the retail price specified under column (<sup>41</sup>[2]) of serial No. 11 of Table I of the First Schedule to the Act.]

<sup>42</sup>[**24C. \*\* \***]

**25. Excise stamps in respect of cigarettes.**-- From such date as may be prescribed by the Federal Board of Revenue, no packet of cigarettes shall be removed and sold by the manufacturer or any other person without affixing excise stamp in such style and manner as may be prescribed by the Board in this behalf.

**26. Affixing banderole in respect of cigarettes.**--From such date as may be prescribed by the Board, no packet of cigarettes shall be removed and sold by the manufacturer or any other person without affixing banderole in such form, style and manner as may be prescribed by the Board in this behalf.

**27. Expenditure or cost of excise-stamping and banderoles.**- All expenses or cost incurred or required to be incurred on printing, making and affixing excise stamps and banderoles under rules 25 and 26 shall be borne by the manufacturer or as the case may be, by the concerned person.

**28. Imported cigarettes.**-- If so required by the Board, the provisions of rules 25, 26 and 27 shall mutatis mutandis apply in case of cigarettes imported from abroad for consumption in Pakistan and all obligations in this behalf shall be discharged by a person importing and selling such cigarettes ..

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<sup>40</sup> Section 24B inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>41</sup> Substituted for the figure "4" by Notification No. S.R.O. 647(1)/2006, dated 21st June, 2006, reported as PTCL 2007 St.33(ii).

<sup>42</sup> Rule 24C omitted by Notification No. S.R.O. 656(1)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>43</sup>[28A. **Declaration regarding machinery used in the manufacture of cigarettes and other tobacco products.** -- (1) Every manufacturer of cigarettes and other tobacco products shall make a written declaration to the Collector of Federal Excise having jurisdiction stating the number of machines, their make and model, minimum production capacity in respect of each machine and the brand names of the products he intends to manufacture.

(2) The declaration given under sub-rule (1) shall also include on offer from the manufacturer that any machine not intended to be used for production of taxable goods shall be permanently closed by sealing it with argon gas welding.

(3) The impression of the signatures of a Federal Excise Officer, not below in rank of a Deputy Collector of Federal Excise, shall be affixed on each such closed and sealed machine with the Stamping Seal. The affixing of signatures shall be done in such a manner that any tempering with the sealed machine is immediately detectable on inspection.

(4) The owner, if desirous of getting any of the sealed machinery under sub-rule (3) to be de-sealed, shall make a written request to the Collector of Federal Excise having jurisdiction that he intends to increase the production of cigarettes or any other tobacco products, for which he needs to utilize the sealed machinery.

(5) Notwithstanding the provisions of sub-rules (1) and (2), if any installed machine is remodeled, repaired or reconditioned in such manner that the declared production capacity thereof is enhanced, the manufacturer shall inform in writing the Collector of Federal Excise having jurisdictions to redetermine the production capacity of such machine after such inquiry of inspection, as he may deem fit to make.

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<sup>43</sup> Rule 28A inserted by Notification No. S.R.O. 91 (1)/2006, dated 4th February, 2006 reported as PTCL 2006 St.1475.

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(6) A Federal Excise Officer, not below in rank of an Assistant or a Deputy Collector of Federal Excise having reasons to believe that certain machinery declared to be used in production of taxable goods is actually being used for production of non-duty paid cigarettes of any other tobacco products, may, subject to the approval of the Collector of Federal Excise, seal such machinery after serving upon the owner or his authorized representative a notice to this effect.

(7) The machinery sealed under sub-rule (3) or (6) shall, subject to approval of the Collector of Federal Excise, be de-sealed in the presence of a Federal Excise Officer.

(8) Any person who de-seals or attempts to de-seal the sealed machinery without approval of the authorized Federal Excise Officer or in any way tampers with the seal, shall be liable to a fine that may extend to ten times of the value of machinery, besides confiscation thereof.]

**29. Confiscation of cigarettes in case of violation.** -- The cigarettes removed and sold in violation of this Chapter shall be liable to outright confiscation and ownership of such confiscated cigarettes shall rest with the Federal Government.

**30. Disposal of confiscated cigarettes.** -- The cigarettes confiscated under rule 29 shall be disposed off in such manner as may be specified by the Collector of Federal excise.

Explanation.--For the purpose of this rule, disposal includes destruction.

**31. Printing of nicotine and tar contents etc.--**(1) From such date as the Board may specify, no cigarettes shall be cleared from any factory unless these conform to the health standards prescribed by the Federal Government and nicotine and tar contents are duly printed on each packet of cigarettes and in case of failure to observe any such condition, embargo shall be imposed on clearance of cigarettes in such manner as may be directed by the Collector.

## Federal Excise Rules, 2005

(2) From such date as may be specified by the Federal Government or the Board, every manufacturer of cigarettes or other tobacco products shall meet all the conditions and restrictions which may be imposed by the Federal Government in compliance of the Framework Convention for Tobacco Control (FCTC) adopted on the 23rd May, 2003.

**Chapter VII**

**EXPORT <sup>44</sup>[DRAWBACK] AND REFUND OF DUTY**

**32. <sup>45</sup>[Drawback] of duty paid on goods exported.--** (1) Subject to the conditions and limitations contained in this Chapter, <sup>46</sup>[ drawback] of duty paid on any excisable goods may be granted by the Collector of Federal excise or the officer authorized by him in this behalf, if such goods are exported.

(2) The Board may withdraw or disallow grant of <sup>47</sup>[drawback] of duty paid on any excisable goods.

(3) The claim for the <sup>48</sup>[drawback] of duty shall be lodged, within three months of the date on which the goods were exported, with the Collector in whose jurisdiction the person is registered.

(4) The <sup>49</sup>[drawback] may be granted by the Collector or the authorized officer if he is satisfied that duty had actually been paid on the goods which were exported and that the goods were duly exported in accordance with the prescribed procedure.

(5) No <sup>50</sup>[drawback] under this rule shall be admissible if the goods, after removal from the factory on payment of duty, were subjected to any further process of manufacture or otherwise tampered with after such removal and before export.

**33. <sup>51</sup>[Drawback] of duty on exported goods which are made from excisable goods. --** (1) The Central Board of Revenue may, by notification in the official Gazette, grant <sup>52</sup>[drawback] of duty paid on any goods used in the manufacture of any goods exported out of Pakistan, except those specified by the Board under

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<sup>44</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006. reported as PTCL 2006 St. 1724.

<sup>45</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006. reported as PTCL 2006 St. 1724.

<sup>46</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006. reported as PTCL 2006 St. 1724.

<sup>47</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006. reported as PTCL 2006 St. 1724.

<sup>48</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 St. 1724.

<sup>49</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 St. 1724.

<sup>50</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 St. 1724.

<sup>51</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 St. 1724.

<sup>52</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 St. 1724.

## Federal Excise Rules, 2005

sub-rule (2) of rule 32 at such rate or rates and subject to such conditions and limitations as may be specified in the notification.

(2) No <sup>53</sup>[drawback] of Federal excise duty shall be granted in the following cases, namely:--

- (a) goods exported from Pakistan by land route except as declared exportable against <sup>54</sup>[drawback] of Federal excise duty as per conditions prescribed under the relevant Export Policy;
- (b) export of consumer goods to any country, in retail packings bearing the retail price in Pakistani rupees; and
- (c) export of excisable goods in retail packing not printed, in bold letters, with the words:--
  - (i) "NOT FOR SALE IN PAKISTAN" or such other code as the Federal Board of Revenue may, for reasons to be recorded in writing, approve;
  - (ii) "FOR EXPORT ONLY"; or  
MANUFACTURED FOR \_\_\_\_\_  
(the name of their customer).

(3) A person desiring to be granted a <sup>55</sup>[drawback] of duty under sub-rule (1) in respect of goods in the manufacture of which excisable goods have been used and which are to be exported shall make an application in quadruplicate signed by him or his authorized agent to the Board declaring therein the name and address of his business, the description, quantity and value of excisable and non-excisable goods used, the rate and amount of excise duty levied and the value of goods for export.

(4) On the receipt of an application under sub-rule (3), the Board may cause such surveys or enquiries to be made as it deems necessary to enable it to decide

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<sup>53</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>54</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>55</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

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whether any <sup>56</sup>[drawback] should be granted and if so, at what rate or rates and from what date.

(5) In order to obtain payment of <sup>57</sup>[drawback] the applicant shall produce before the officer authorized by the Collector of Federal excise in this behalf, the shipping documents certifying the export of the consignment. After satisfying himself that the claim is in order, officer shall sanction the payment of the <sup>58</sup>[drawback] in accordance with the relevant notification and these rules.

(6) If any of the particulars entered in the application submitted under this rule is found to be incorrect, either before or after the export of goods, the applicant shall be liable:--

- (a) to a penalty under the Act and these rules for each breach of any provision of this rule;
- (b) to refund to the Government the sums received by him as [drawback]; and
- (c) to be deprived of the benefit of such <sup>59</sup>[drawback] for a period of one year.

(7) No <sup>60</sup>[drawback] shall be granted if the claim for <sup>61</sup>[drawback] is filed after one hundred and twenty days of the exportation or of the publication of notification, whichever is later.

**34. Pecuniary competence to sanction <sup>62</sup>[drawback] or refund. --** The claims for refund or <sup>63</sup>[drawback] of duty of excise shall be decided by the following officers of Federal excise, namely:--

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<sup>56</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 51. 1724.

<sup>57</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 51. 1724.

<sup>58</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 51. 1724.

<sup>59</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 51. 1724.

<sup>60</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 51. 1724.

<sup>61</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 51. 1724.

<sup>62</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 51. 1724.

<sup>63</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 51. 1724.

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S.No.	Description	Limit in each claim
(1)	(2)	(3)
1	Assistant Collector	Not exceeding rupees two hundred thousand.
2	Deputy Collector	Not exceeding rupees one million.
3	Additional Collector	Unlimited.

**35. Additional documents in support of refund claims in certain cases.--** In a case where goods involved in any refund claim have been purchased by or sold and supplied to any government, semi-government, public-sector agency or department on account of the entitlement of the later for any concession or exemption of duty of excise, the claim shall, in addition to other necessary documents, be supported with a copy of the relevant contract or purchase order and an undertaking of the claimant that benefit of the admissible refund has been passed on to such agency or department and outcome of such claim shall be communicated to such department or agency in such manner as may be deemed proper by the officer dealing with the claim.

**36. Refund in case of POL products sold to diplomats and diplomatic missions.-** (1) The refund claims of duty of excise in respect of petrol sold to diplomats and diplomatic missions for use in their official and personal vehicles shall be admissible on reciprocity basis as certified by the Ministry of Foreign Affairs and filed on monthly basis accompanied by the suppliers receipt and statement-cum-certificate showing the names and designations of the foreign missions and the quantity of petrol purchased by each during the preceding month



duly certified and signed by the officer concerned of the mission confirming that the quantities supplied were either for personal or for official use.

(2) The Assistant Collector of Federal excise after necessary scrutiny of the refund claim, shall issue refund sanction order along with advice to the Treasury Officer of the Collectorate retaining one copy thereof for his official record, for payment of the sanctioned amount and the Treasury Officer shall make payment accordingly and return the advice back to the Assistant Collector after giving the date of encashment under his signature and official stamp and the supplier's receipt shall be cancelled as paid.

(3) Verification of original credit of duty shall not be done and the Accounts Officer of the Collectorate shall not be required to countersign the refund sanction orders in such cases.

(4) The Assistant Collector who grants refund in these cases shall maintain a register of such refunds and entries in the register shall be kept mission-wise and payments shall be reconciled with the Treasury Officer and the concerned mission on monthly basis and consolidated position of such monthly payments and reconciliation shall be reported to the Collector for onward intimation to the Federal Board of Revenue.

(5) The provisions of rule 34 shall not apply to cases of refund covered under this rule and the Assistant Collector of Federal excise shall be competent to process and decide these cases without any financial limit.

**37. Refund in case of POL products used in official cars and air crafts of the President, Prime Minister and Provincial Governors.--** The provisions of rule 36 shall mutatis mutandis, apply in case of refund claims filed in respect of POL products purchased for use in the official cars and air crafts of the President, Prime Minister and Provincial Governors provided that necessary verifications and certifications shall be done by the concerned Military Secretary or an officer duly authorized by him under intimation to the Collector and the principle of reciprocity shall not be relevant to such cases.

**38. Treatment of imported POL products.--**The facility provided under rules 36 and 37 shall also be admissible in case of such POL products as are imported on payment of duty of excise and supplied under the said rules without involving any process of manufacture and in such case the amount of duty of excise paid at import stage shall be refunded.

**39. Rejection of refund or export <sup>64</sup>[drawback] claim.--** No claim for refund of duty of excise or <sup>65</sup>[drawback] of such duty on exported goods shall be rejected on any account unless a written show cause notice has been issued and opportunity for hearing has been afforded to the claimant and order for rejection shall be issued in the form and manner of an adjudication order.

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<sup>64</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 St. 1724

<sup>65</sup> Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June. 2006, reported as PTCL 2006 St. 1724

**Chapter VIII**  
**SPECIAL PROCEDURES FOR EXCISABLE SERVICES**

**40. Special procedure for insurance companies.** -- (1) All insurance companies shall pay the Federal excise duty leviable on services provided or rendered by them in respect of <sup>66</sup>[all kinds of insurance except life insurance <sup>67</sup>[health insurance, crop insurance and marine insurance for export]].

<sup>68</sup> [(2) The duty shall be paid on the gross amount of premium charged on risk covered in the insurance policy.

(3) The duty in respect of an insurance policy shall be accounted for in the same month when the premium is received and shall be deposited by the insurance company <sup>69</sup>[as provided in rule 44 along with the return in the manner prescribed in rule 47].

<sup>70</sup> (4) \*\*\*]

(5) In case duty is not paid by any insurance company by the due date, the insurance company shall, in addition to the payment of duty and default surcharge, be also liable to penalty under the Act or these rules.

(6) An insurance company shall not be liable to pay the duty in respect of the contract or any part thereof is cancelled.

(7) The insurance companies shall maintain such records and submit such returns as the Collector <sup>71</sup>[or Board] may prescribe from time to time.

(8) A copy of annual audit report, duly audited by a Chartered accountant, shall be submitted to the Collector within fifteen days of its receipt by the insurance company from its chartered accountant and any short payment of duty found out as a result of such audit shall be paid by the insurance company within

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<sup>66</sup> Substituted for the words "goods insurance" by Notification No S. R.O. 561 (1)/2006 dated 5th June. 2006, reported as PTCL 2006, St.1724.

<sup>67</sup> The words and comma inserted by Notification No. S.R.O. 475(1)/2009, dated 13th June. 2009, w.e.f. 1st July, 2009.

<sup>68</sup> Sub-rule (2), (3) & (4) substituted by Notification No S. R.O. 561 (1)/2006 dated 5th June. 2006, reported as PTCL 2006, St.1724

<sup>69</sup> Substituted for the words and figure "on the 7th day following the month in which the premium is received". by Notification No. S.R.O. 371(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St. 1853.

<sup>70</sup> Sub-rule (4) omitted by Notification No. S.R.O. 371(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St. 1853.

<sup>71</sup> The word inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

fifteen days of the receipt of the audit report and proof of such payment shall be furnished to the Collector.

<sup>72</sup>[**40A. Special procedure for collection of excise duty on** <sup>73</sup>[\* \* \*] **services provided by banking companies, financial institutions and non-banking finance companies . --** (1) The provisions of these rules shall apply for collection and payment of excise duty by persons providing or rendering financial services as <sup>74</sup>[notified under the First Schedule to the Act].

<sup>75</sup>[(2) Every banking company and non-banking financial company shall pay the excise duty leviable on all <sup>76</sup>[\* \* \*] services rendered or provided to any person except the services of utility collection, Umra and Hajj service, cheque book issuance <sup>77</sup>[, cheque return, Musharika and Modaraba Financing].]

(3) The Head Offices of the banking companies, financial institutions and non-banking financial companies shall apply to the Central Registration Office located at Federal Board of Revenue for excise registration in the Form, <sup>78</sup>[STR-I] under rule 3.

(4) The duty under these rules shall be paid by the banking company or financial institution or non-banking finance company on the gross amount charged for service provided to the customers <sup>79</sup>[, excluding mark-up or interest].

<sup>80</sup>[(5) The duty due for each month shall be paid by the Head Office of the company or institution as provided in rule 44 along with the return in the manner as prescribed in rule 47.]

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<sup>72</sup> Rule 41A inserted by Notification No S. R.O. 561 (1)/2006 dated 5th June. 2006, reported as PTCL 2006 St. 1724

<sup>73</sup> The words "[non-fund]" omitted by Notification No. S.R.O. 475(1)/2009, dated 13th June. 2009, w.e.f. 1st July, 2009.

<sup>74</sup> The words inserted by Notification No. S.R.O. 656(1)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>75</sup> Substituted for the words "defined under these rules" by Notification No. S.R.O. 656(1)/2007 dated 29 June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>76</sup> Sub-rule (2) substituted by Notification No. S.R.O. 656(1)/2007, dated 29th June. 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 SI. 19.

<sup>77</sup> The word "non-fund" omitted by Notification No. S.R.O.475 (1)/2009 dated 13th June, 2009, w.e.f. 15<sup>th</sup> July, 2009.

<sup>78</sup> Substituted for the words "and cheque return" by Notification No. S.R.O. 475(1)/200;9, dated 13th June, 2009, w.e.f. 1st July. 2009.

<sup>79</sup> Substituted for the expression "FE-I" by Notification No. S.R.O. 546(1)/2008 dated 11th June, 2008. reported as PTCL 2008 St.1927(iii).

<sup>80</sup> The words and comma inserted by Notification No. S.RO. 475(1)/2009 dated 13th June, 2009, w.e.f. 1st July. 2009

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(6) In case duty is not deposited by the company or institution by the due date, it shall, in addition to the payment of duty and default surcharge, be also liable to penalty under the Act or these rules.

<sup>81</sup>[(6A). The banking companies <sup>82</sup>[and non-banking financial companies] shall not be required to issue invoices in respect of the services provided or rendered. A reconciliation statement in the format set out in Annex to these rules shall be filed by banking companies <sup>83</sup>[and non-banking financial companies] registered under the Act by the 15th of the month following the end of every quarter.]

(7) The Head Office of the company shall maintain records of the services provided or rendered under these rules and the collection of duty thereon in such manner as will enable the distinct ascertainment of payment of excise duty on each of the services mentioned in the scope of these rules. The Head Office shall also submit a copy of annual audit report to the Collector of Federal Excise within 15th day of its publication and any short payment of duty found out as a result of such audit report shall be paid by the registered person within 15th day of the notice received for such payment.]

<sup>84</sup>[40B. \* \* \*]

<sup>85</sup>[41. **Special procedure for payment of Federal Excise duty by shipping agents.--** {1) Every shipping agent, hereinafter referred to as the agent, shall charge, collect and pay the duty in respect of each ship handled by him which calls at any port of Pakistan after calling on a foreign port.

(2) Every agent shall pay duty at the rate of fifteen per cent of the value of excisable services which shall be the commission charged by an agent on the net ocean freight amount of cost and freight export cargo for such services provided or rendered by him:

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<sup>81</sup> Sub-rule (5) substituted by Notification No. S.R.O. 371(1)/2008 dated 14th April, 2008 reported as PTCL, 2008 St. 1853.

<sup>82</sup> Substituted for the figure "49" by Notification No. S.R.O. 64 7(1)/2006, dated 21st June, 2006, reported as PTCL 2007 St.33 (ii).

<sup>83</sup> Sub-rule (6A) inserted by Notification No. S.R.O. 647(1)/2006 dated 21st June, 2006 reported as PTCL 2007 St. 33(ii).

<sup>84</sup> Rule 40B omitted by Notification No. S.R.O. 656(1)/2007 dated 29th June 2007, w.e.f. 1st July, 2007 reported as PTCL 2008 St. 19.

<sup>85</sup> Rule 41 substituted by Notification No. S.R.O. 561(1)12006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

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Provided that in case of Non-Vessel Operating Common Carriers (NVOCC), International Freight Forwarders, Consolidators and Slot Carriers, duty shall be charged and paid at the rate of two hundred rupees per house bill of lading negotiated in the bank, instead of the rate specified above.

(3) For the purposes of levy of Federal Excise duty, the value of excisable services shall not include reimbursable expenses incurred by an agent, such as freight, pilotage and berth-hiring charges, port dues, cargo expenses, brokerage paid on export cargo and ship handling expenses paid to the stevedores including all ancillary charges.

(4) The Assistant Collector of the concerned Customs House shall not grant final port clearance to a ship unless the agent furnishes proof of payment of duty.

(5) The agent shall furnish to the Collector of Federal Excise a monthly statement in respect of ships handled by him by the 15th day of the following month, in the following Form, namely:--

**MONTHLY STATEMENT FOR SERVICES RENDERED BY SHIPPING AGENTS**

(i) Name of shipping agent

(ii) Month to which return relates

S.NO.	Date of arrival of ship handled By the agent	IGMNo And date	Port Of arrival	Amount of FED paid	Treasury challans No. & date
1	2	3	4	5	6

**[<sup>86</sup>41A. Special procedure for collection of excise duty on services provided by aircraft operators in respect of travel by air of passengers within Pakistan and international air travel of passengers embarking from Pakistan for abroad or embarking for Pakistan from anywhere in the world.--(1) The**

provisions of these rules shall apply for collection and payment of excise duty by the aircrafts operators in respect of carriage of passengers on an air journey within Pakistan and international air travel of passengers embarking from Pakistan' for abroad or embarking for Pakistan from anywhere in the world, including chartered flights. Excise duty shall not be charged from Hajj passengers, transit passengers, supernumerary crew, and diplomats.

(2) The Head Offices of the airlines and aircraft operators, if not already registered, shall apply to the Central Registration Office located at Central Board of Revenue for registration in the Form, <sup>87</sup>[STR-I] under rule 3. The foreign airlines shall have the option to obtain a single registration of an authorized office or separate registration of each branch office. In case of single registration, the centralized office shall be responsible for the payment of excise duty in respect of all the branch offices.

(3) For the purpose of levy of excise duty on travel by air of passengers within the territorial jurisdiction of Pakistan, the value of services provided by the aircraft operators shall represent the total charges received from the passengers excluding the amount of excise duty leviable thereon.

(4) Where a passenger undertakes a domestic journey at concessional rate or without being charged any fare, the fare ordinarily payable for the journey shall, for the purposes of these rules, be deemed to have been paid by such passenger for the purpose of levy of excise duty.

(5) Excise duty shall be leviable on travel by air as per rates specified in the First Schedule to the Act. .

(6) The excise duty shall be chargeable on all international air tickets issued

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<sup>86</sup> Rule 41A substituted by Notification No. S.R.O. 656(1)/2007 dated 29th June 2007, w.e.f. 1st July, 2007 reported as PTCL 2008 St. 19.

<sup>87</sup> Rule 41-B omitted by Notification No. S.R.O. 546(1)/2008, dated 11th June, 2008, reported as PTCL 2008 St.1927(iii).

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directly by the airlines or through their agents for the international journey starting from any where in Pakistan or terminating in Pakistan, whether such tickets are issued in Pakistan or outside Pakistan.

(7) An air ticket issued for international travel covering more than one destination on flights operated by one or more airlines shall be chargeable to excise duty by the airline issuing the ticket and shall be charged at the rate of excise duty applicable for the farther destination in terms of distance from Pakistan.

(8) Excise duty under these rules shall be charged and collected by the airline itself or through its authorized sales or travel agents at the time of issuance of tickets or at the time of chartering of flights:

Provided that if due to some unavoidable reasons excise duty is not collected at the time of issuance of tickets the same shall be charged before boarding of the passenger on the aircraft.

<sup>88</sup>[(9) The duty due for each month shall be deposited by the airline by the 15th day of the following second month in respect of the services provided up to the last working day of each calendar month. The procedure for payment of duty and filing of the return shall be the same as provided in rules 44 and 47.]

(10) In case excise duty is not deposited by the airline by the due date, it shall, in addition to the payment of duty be, liable to pay default surcharge at the rate given in section 8 of the Act and shall also be liable to penalty of ten thousands rupees on every such ticket on which excise duty has not been paid under the Act or these rules.

(11) No airline or person-in-charge of aircraft shall allow any passenger to board the aircraft unless such passenger has paid the excise duty.

<sup>89</sup>[(11a) The Collector of Federal Excise having jurisdiction may require an

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<sup>88</sup> Sub-rule (9) substituted by Notification No. S.R.O. 371(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St. 1853.

<sup>89</sup> Sub-rule (11a) added by Notification No. S.R.O. 546(1)/2008 dated 11th June, 2008. reported as PTCL 2008 St.1927(iii).



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aircraft operator to furnish a copy of the passengers manifest in such form and manner as may be specified by him, in respect of the flights carrying passengers on inland or international journey.]

(12) Excise duty charged on tickets which are subsequently cancelled or not utilized for travel shall be refundable to the passengers in the same manner as the fare is refunded. The refunded amount in respect of tickets cancelled during a tax period shall be adjustable against the total liability of the airline for the same tax period. However no refund of excise duty shall be admissible on tickets which are partially utilized. Record of cancelled tickets shall be kept separately.

(13) <sup>90</sup>[\* \* \*] The airlines shall maintain the records prescribed under section 17 of the Federal Excise Act, 2005 for a period of five years. Copies of all treasury challans or vouchers indicating the amounts deposited as excise duty shall also be preserved in the records by the airlines.

(14) The airlines shall deposit in the treasury of Government of Pakistan, the entire amount of excise duty collected on international air travel without making any input tax adjustments.

(15) The excise duty collected under these rules on international travel to and from Pakistan shall be called Air Travel Tax (ATT). The component of net collection proceeds of excise duty on international travel equivalent to the share of the erstwhile Government Airport Tax and Foreign Travel Tax, as may be specified by the Board, shall not be utilized for the purpose of allocation to Divisible Pool.]

<sup>91</sup>[41-B. \* \* \*]

<sup>92</sup>[41-C. \* \* \*]

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<sup>90</sup> The words, letters, brackets, figures and full stop "The airlines and aircraft operators shall file a monthly return electronically in the Form FE-IV (d) under rule 47 by the 15th day of the following second month to the Collectorate in whose jurisdiction it is registered." omitted by Notification No. S.R.O. 371(1)/2008, dated 14th April, 2008 reported as PTCL 2008 St. 1853.

<sup>91</sup> Rule 41-B omitted by Notification No. S.R.O. 546(1)/2008, dated 11<sup>th</sup> June, 2008, reported as PTCL 2008 St.1927(iii).

<sup>92</sup> Rule 41C- omitted by Notification No. S.R.O. 546(1)/2008, dated 11<sup>th</sup> June, 2008, reported as PTCL 2008 St.1927(iii).

<sup>93</sup>[41-D. \* \* \*]

<sup>94</sup>[41-E. \* \* \*]

<sup>95</sup>[41-F. \* \* \*]

<sup>96</sup>[41-G. \* \* \*]

<sup>97</sup>[41-H. \* \* \*]

**(42) Special procedure for advertising agents.--**(1) Every person providing or rendering services as an advertising agent shall pay duty in the manner specified hereinafter provided that no duty shall be payable on the salary and allowances ancillary to the salary of such person.

(2) The advertising agent shall maintain account of all services provided or rendered by <sup>98</sup>[him] and shall issue a bill of charges for each transaction from a duly bound book of serially numbered bills of charges which shall include the particulars of the person providing or rendering service, description of the service provided or rendered and the amount charged.

(3) A copy of the bill referred to in sub-rule (2) shall be given to the person to whom such services have been provided or rendered and one copy thereof shall be retained by the person providing or rendering services in the said bound book of bills of charges.

(4) Not more than one book of bill of charges shall be used at one time provided that where such person has one or more branches of the establishment, separate book of bill of charges may be used for each such branch.

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<sup>93</sup> Rule 41-D omitted by Notification No. S.R.O. 546(1)/2008, dated 11<sup>th</sup> June, 2008, reported as PTCL 2008 St.1927(iii).

<sup>94</sup> Rule 41-E omitted by Notification No. S.R.O. 546(1)/2008, dated 11<sup>th</sup> June, 2008, reported as PTCL 2008 St.1927(iii).

<sup>95</sup> Rule 41-F omitted by Notification No. S.R.O. 546(1)/2008, dated 11<sup>th</sup> June, 2008, reported as PTCL 2008 St.1927(iii).

<sup>96</sup> Rule 41-G omitted by Notification No. S.R.O. 546(1)/2008, dated 11<sup>th</sup> June, 2008, reported as PTCL 2008 St.1927(iii).

<sup>97</sup> Rule 41-H omitted by Notification No. S.R.O. 546(1)/2008, dated 11<sup>th</sup> June, 2008, reported as PTCL 2008 St.1927(iii).

<sup>98</sup> Substituted for the word "them" by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

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(5) The advertising agent shall also maintain their accounts in register on a weekly basis ending every Thursday in the following Form, namely:--

Name and location of the agent: \_\_\_\_\_

Bill of charges No. and date	Name of client customer	Name of the media company	Brief of the job	Amount of charges bills/to be billed	Commi-ssion involved	Amount of Federal excise duty
1	2	3	4	5	6	7

(6) The person providing or rendering service shall pay duty on quarterly basis by the 15th day of November, February, May and August on the basis of the amount of commission charged or billed during the last quarter.

(7) The person liable to pay duty shall, along with the evidence of payment of duty, submit to the Collector quarterly statement, before-the last day of the month of November, February, May and August, in the following Form, namely:--

Quarterly statement for services rendered by M/s \_\_\_\_\_ for the  
(Name and complete address)  
quarter ending: \_\_\_\_\_ 20 \_\_\_\_\_

- 
1. Amount of commission billed during the quarter.
  2. Excise duty paid by the agent:
    - (i) Treasury's name.
    - (ii) Treasury Challan number and date.
    - (iii) Amount.
  3. Excise duty paid by others as withholding duty:
    - (i) Name of the person paying the withholding duty.
    - (ii) Treasury's name.
    - (iii) Treasury Challan number and date.
    - (iv) Amount.

(8) The advertisements sponsored out of funds provided under grant-in-aid agreements shall not be charged to duty and the registered person shall keep the proper record of all such advertisements.

<sup>99</sup>[42A. \* \* \*]

<sup>100</sup>[43. **Special procedure for collection of Federal Excise duty on telecommunication services.**--(1) Every person, firm or company, hereinafter referred to as the person, engaged in providing or rendering telecommunication services as mentioned in the First Schedule to the Act, if not already registered, shall obtain Federal Excise registration from the Collector of Federal Excise in whose jurisdiction the said person, or as the case may be, his head office is located:

Provided that where the person is already registered under the Sales Tax Act, 1990, he shall not be required to take separate registration for excise purposes and his Sales Tax registration shall be deemed to be a registration for the purpose of the Act.

- (2) The person shall pay duty in the following mode and manner, namely:--
- a) in case of post paid telephone services, duty shall be paid by the 21st day of the following second month;
  - (b) in case of pre-paid telephone services, duty shall be paid by the 21st day of the following month; and
  - (c) in case of other telecommunication services, duty shall be paid by the 21st day of the following month.

(3) While determining his liability, the person shall be entitled to deduct input tax paid on procurement of any equipment or the duty paid on acquiring services in connection with the provision of telecommunication services.

(4) The person, or as the case may be, the head office of the person shall, along with the proof of payment of duty, submit its Revenue Office-wise or, as the case may be, service outlet-wise statement by the date specified in sub-rule (2), in the following <sup>101</sup>[Form], namely:--

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<sup>99</sup> Rule 42A omitted by Notification No. S.R.O. 656(1)/2007, dated 29th June, 2007, w.e.f 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>100</sup> Rule 43 substituted by Notification No. S.R.O. 561 (1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>101</sup> Substituted for the word "forms" by Notification No. S.R.O. 475(1)/2009, dated 13th June, 2009, w.e.f. 1st July, 2009.

**MONTHLY STATEMENT FOR TELECOM SERVICES**

RENDERED BY M/S. \_\_\_\_\_

DURING THE TAX PERIOD \_\_\_\_\_

<b>S.NO.</b>	<b>Description</b>	<b>Value</b>	<b>Federal Excise Duty/Sales Tax paid</b>
<b>1.</b>	<b>Pre-paid mobile services (cards sold/easyload/top-up etc.).</b>		
<b>2.</b>	<b>Post-paid mobile services.</b>		
<b>3.</b>	<b>Activation charges.</b>		
<b>4.</b>	<b>SMS Nos. _____</b>		
<b>5.</b>	<b>Other telecom services provided.</b>		
<b>6.</b>	<b>Other taxable services/supplies.</b>		
<b>7.</b>	<b>Input Tax adjustable.</b>		
<b>8.</b>	<b>Net FED/Sales Tax paid on the return.</b>		<b>]</b>

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<sup>102</sup> Form-I, Form-II and Form-III substituted by Notification No. S.R.O. 475(1)/2009, dated 13th June, 2009, w.e.f. 1st July, 2009.

(5) Failure to pay the duty by the due date, as specified in sub-rule (2), shall render the person, or as the case may be, the head office of the person, liable to a penalty under the Act in addition to payment of duty and default surcharge payable thereon under section 8 of the Act.

(6) In addition to the statement specified under sub-rule (4), the person, or as the case may be, the head office of the person shall also maintain such other records and submit such other statements, as may be specified, with prior approval of the Board, to the Collector of Federal Excise having jurisdiction.

(7) An officer or officers of Federal Excise as are deputed by the Collector of Federal Excise having jurisdiction, shall have access to any of the records maintained by the said person, or as the case may be, the head office of the said person.]

<sup>103</sup>**[43A. Special procedure for payment of Federal Excise duty on franchise fee or technical fee or royalty under a franchise agreement.--**(1) Every person, firm or company, hereinafter referred to as franchisee, <sup>104</sup>[availing any right under a franchise as defined under clause 12(a) of section 2 of the Act], if not already registered, shall obtain Federal Excise registration from the Collector of Federal Excise in whose jurisdiction the franchisee or as the case may be, his head office is located:

Provided that where a franchisee is already registered under the Sales Tax Act, 1990, he shall not be required to take separate registration for excise purposes and his Sales Tax registration shall be deemed to be a registration for the purpose of the Act.

(2) The duty shall be paid by the franchisee, or as the case may be, the head office of the franchisee at the rate of five per cent of the value of taxable service, which shall be the gross amount or the franchise fee or the deemed franchise fee or technical fee or royalty charged by the franchiser from the franchisee for using the right to deal with the goods or services of the franchiser.

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<sup>103</sup> Rule 43A inserted by Notification No. S.R.O. 561 (1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>104</sup> Substituted by Notification NO. S.R.O. 371(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St. 1853.

Federal Excise Rules, 2005

<sup>105</sup>[(3) The franchisee, or as the case may be, the head office of the franchisee shall pay the duty due for a month as provided in rule 44 along with the return in the manner as prescribed in rule 47.]

(4) Failure to pay the duty by the due date, as specified in sub-rule (3), shall render the franchisee, or as the case may be, the head office of the franchisee, liable to a penalty under the Act, in addition to the payment of duty and default surcharge.

(5) The Collector of Federal Excise having jurisdiction shall obtain from the State Bank of Pakistan the statistics or data concerning payment of franchise fee or technical fee or royalty paid by a franchisee to the franchiser, on a quarterly basis and shall use such statistics or data to determine or verify the amount of duty paid by a franchisee during the said period.

(6) An officer of Federal Excise as are deputed by the Collector of Federal Excise having jurisdiction, shall have access to the records maintained by the franchisee, or as the case may be, the head office of the franchisee.]

<sup>106</sup>[(7) Where any remittance is made through any bank on account of a franchise fee, technical fee or royalty and the bank is satisfied that the franchisee has not paid duty as required under this rule, the bank shall,--

- (a) deduct the amount of the duty at the applicable rate from such remittance;
- (b) issue a certificate on its letter head showing the name and registration number of the franchisee and the amount of duty so deducted; and
- (c) deposit the said amount of duty against its own monthly return without any adjustment or deduction whatsoever:

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<sup>105</sup> Sub-rule (3) substituted by Notification No. S.R.O. 371(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St. 1853.

<sup>106</sup> Sub-rule (7) inserted by Notification No. S.R.O. 546(1)/2008, dated 11th June, 2008, reported as PTCL 2008 St.1927(iii).

Provided that where duty has been deducted under this sub-rule, the franchisee shall declare the amount of such duty in the relevant column of his return.]

[<sup>107</sup>**43B. Special procedure for services provided Port Operator and Terminal Operator in relation to imports.--** (1) All import related services provided by a Port Operator and Terminal Operator, shall be leviable to duty, namely:--

- (i) Piloting and mooring;
- (ii) delivery charges;
- (iii) storage in port area including demurrage;
- (iv) wharfage; and
- (v) other import related services provided in port area.

(2) Value of excisable services for the purpose of levy of duty shall be the gross amount charged for the services.

(3) The Port Operator and Terminal Operator shall maintain such records as stipulated in section 17 of the Act in such manner as will enable distinct ascertainment of payment of duty due.]

[<sup>108</sup>**43C. Special procedure for services provided by stockbrokers. -** (1) Value of excisable services for the purpose of levy of duty shall be the gross commission charged from clients in respect of purchase or sale of shares in a Stock Exchange.

(2) The Stock brokers shall maintain records as stipulated in section 17 of the Act in such manner as will enable distinct ascertainment of payment of duty due.]

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<sup>107</sup> Rule 43B inserted by Notification No. S.R.O.475(1)/2009, dated 13th June, 2009, w.e.f. 1st July, 2009.

<sup>108</sup> Rule 43C inserted by Notification No. S.R.O. 475(1)/2009, dated 13th June, 2009. w.e.f. 1st July, 2009.



**Chapter IX**

**PAYMENT OF DUTY AND FILING OF MONTHLY RETURNS**

<sup>109</sup>[44. **Payment of duty.**--Every person required to pay excise duty shall deposit the same at the time of filing of return under section 4 of the Act. In case no amount of excise duty is payable by the registered person for a tax period, he shall file a nil return.]

**45. Receipt of payment by the Bank.** -- (1) The Bank official shall ensure that the particulars entered in all the three copies of the <sup>110</sup>[return] are identical and that the amount deposited by the person tallies with the amount indicated as payable in the return, and shall thereafter sign and stamp the <sup>111</sup>[return] indicating the date of payment of duty and submission of the <sup>112</sup>[return].

(2) The Bank shall forward the original copy of the <sup>113</sup>[return] to the concerned Collector of Federal Excise or as the case may be the Large Taxpayers Unit, and the duplicate shall be delivered to the registered person as a token of receipt of payment of duty and the third copy shall be retained by the Bank for its record.

(3) In case of payment through cheque, pay order or bank draft, the Bank will receive the <sup>114</sup>[return] in triplicate along with the instrument of payment for the amount of duty payable indicated in the <sup>115</sup>[return] and issue a provisional acknowledgement receipt to the registered person.

(4) On clearance of the instrument, the Bank official shall sign and stamp the <sup>116</sup>[return] indicating the date on which payment is received by the Bank and in cases where the payments are received through pay order or bank draft, the bank shall affix

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<sup>109</sup> Rule 44 substituted by Notification No. S.R.O. 656(I)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>110</sup> Substituted for the word "challan" by Notification No. S.R.O. 656(I)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>111</sup> Substituted for the word "challan" by Notification No. S.R.O. 656(I)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>112</sup> Substituted for the word "challan" by Notification No. S.R.O. 656(I)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>113</sup> Substituted for the word "challan" by Notification No. S.R.O. 656(I)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>114</sup> Substituted for the word "challan" by Notification No. S.R.O. 656(I)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>115</sup> Substituted for the word "challan" by Notification No. S.R.O. 656(I)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>116</sup> Substituted for the word "challan" by Notification No. S.R.O. 656(I)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

two stamps on the <sup>117</sup>[return] indicating the date on which the pay order or bank draft was received for clearing and the date on which the pay order or bank draft was cleared for payment by transfer.

(5) The date of payment, in case of payment through cash or cheque, shall be treated as the date on which the payment is received by the bank and in case of payment through pay order or Bank draft, the date on which the pay order or Bank draft is tendered at the Bank counter shall be treated as the date of payment and where the pay order or Bank draft, so tendered at the Bank counter, is not cleared on its presentation for Bank clearing, the registered person shall, without prejudice to any other action, be liable to pay default surcharge and penalties prescribed under the Act or these rules.

**46. Payment of service charges to the Bank.** — (1) The Bank shall charge ten rupees per <sup>118</sup>[return] as service charges from the Collectorates having jurisdiction in the area where the bank branches are located.

(2) For the purpose of claiming service charges referred to in sub-rule (1), the Manager of the main branch of the Bank shall submit the claim to the Assistant Collector of Federal Excise of the concerned Collectorate in the first week of the following month supported by a statement indicating date, number of <sup>119</sup>[return] received, number of <sup>120</sup>[return] submitted to the Collectorate, amount of duty collected and amount of duty deposited in the State Bank of Pakistan.

(3) The Assistant Collector shall verify the statement submitted under sub-rule (2) from the Accounts Section of the Collectorate. If the claim is found to be in order and the Assistant Collector is satisfied that the Bank has fulfilled its responsibility under the Agreement, he shall sanction the claim and issue a cheque within a week from the date of submission of the claim, provided that in case of delay by the Collectorate, it shall pay a penalty at the rate of fifteen per cent per annum for the amount late paid.

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<sup>117</sup> Substituted for the word "challan" by Notification No. S.R.O. 656(1)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>118</sup> Substituted for the word "challan" by Notification No. S.R.O. 656(1)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>119</sup> Substituted for the word "challan" by Notification No. S.R.O. 656(1)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>120</sup> Substituted for the word "challan" by Notification No. S.R.O. 656(1)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

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(4) If the Bank fails to fulfill the conditions specified in the Agreement, the Assistant Collector shall deduct the amount of penalty leviable thereunder on the Bank at the rate of fifteen per cent per annum against the amount late deposited in the State Bank of Pakistan from the service charges admissible to the Bank.

(5) If the <sup>121</sup>[returns] are not submitted to the Collectorate within forty-eight hours of the receipt thereof in the designated branches of the Bank, the service charges in respect of the <sup>122</sup>[return] submitted late shall also be deducted and the remaining amount, if any, shall be sanctioned by the Assistant Collector and cheque therefore shall be issued to the Bank.

(6) For deduction of any amount under sub-rule (4), the Assistant Collector shall intimate the Bank the reasons thereof within seven days of deduction.

(7) Where it is not clear as to whether deduction should be made, the Assistant Collector shall require the Bank for clarification before taking a decision.

(8) All public holidays and the number of days the Collectorate is prevented from functioning due to factors beyond its control, shall be excluded while calculating delay in sanctioning the claim for service charges.

(9) Where the Assistant Collector requires any clarification from the Bank, the time taken by the Bank for this purpose shall be excluded from the time specified for sanctioning the service charges claim.

<sup>123</sup>**[47. Submission of monthly return.]**—( 1) Every registered person shall file a monthly return in the Form STR-7 as set out in the Sales Tax Rules, 2006, by the 15th day of the following month, in the manner as provided in Chapter II of the aforesaid rules.

(2) On receipt of return, the computer section of the Collectorate shall compare the amount declared thereon as payable with the amount of duty actually deposited in the bank and in case of any discrepancy, the Manager of the concerned bank branch and the registered person shall be informed thereof,

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<sup>121</sup> Substituted for the word "challan" by Notification No. S.R.O. 656(1)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>122</sup> Substituted for the word "challan" by Notification No. S.R.O. 656(1)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

<sup>123</sup> Rule 47 substituted by Notification No. S.R.O. 371(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St. 1853.

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provided that where it is confirmed that due duty has been under-paid or short-paid or has not been paid, necessary action for recovery of such duty shall be taken promptly besides any other legal action against the registered person.]

**Chapter X**  
**APPEALS AND ALLIED MATTERS**

**48. Procedure for appeals to Collector (Appeals).--** (1) An appeal filed to the Collector (Appeals) under section 33 of the Act after the expiry of thirty days may be admitted by the Collector (Appeals) if he is satisfied that the appellant had sufficient cause for not preferring the appeal within thirty days.

(2) An appeal under this rule shall be accompanied by a fee of one thousand rupees.

(3) The Collector (Appeals) shall give an opportunity to the appellant to be heard if he so desires and if so requested by the appellant, such opportunity shall be provided to the person authorized by him in writing.

(4) The Collector (Appeals) may, at the hearing of an appeal, allow the appellant to go into any ground of appeal not specified in the grounds of appeals, if he is satisfied that the omission of such ground from the grounds of appeal was not willful or unreasonable.

(5) The Collector (Appeals) may, after making such further verification or inquiry as may be necessary, pass such order as he thinks fit confirming, modifying or annulling the decision or order appealed against, <sup>124</sup>[\* \* \*] after taking additional evidence, if necessary.

(6) The order of the Collector (Appeals) disposing of the appeal shall be in writing and shall state the points for determination, the decision thereon and the reasons for the decision.

(7) On disposal of appeal, the collector (Appeals) shall communicate the order passed by him to the appellant, the adjudicating authority and the Collector of Federal Excise.

**49. Appeal to the Appellate Tribunal.--** (1) In case an appeal under section 34 of the Act has been filed in the Appellate Tribunal after the expiry of sixty days from the date on which the decision or order sought to be appealed against is

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<sup>124</sup> The word and comma "or may refer the case back to the adjudicating authority with such directions as he may think fit for a fresh adjudication or decision" by Notification No S.R.O. 561(1)/2006, dated 5th June. 2006 reported as PTCL 2006 St. 1724.

communicated to the persons preferring the appeal, the appeal may be admitted by the Tribunal if it is satisfied that the appellant had sufficient cause of not preferring the appeal within sixty days.

(2) On receipt of notice that an appeal has been preferred, the party against whom the appeal has been preferred may, notwithstanding that he may not have appealed against such order or any part thereof, file within thirty days of the receipt of the notice a memorandum of cross-objections against any part of the order appealed against and such memorandum shall be disposed of by the Tribunal as if it were an appeal presented within the time specified in sub-section (1) of section 34 of the Act.

(3) The Tribunal may admit the filing of a memorandum of cross-objections after the expiry of the relevant period referred to in sub-rule (2), if it is satisfied that there was sufficient cause for not presenting it within that period.

(4) An appeal to the Tribunal shall be accompanied by a fee of one thousand rupees and shall be in such form and verified in such manner as may be specified by rules made in this behalf.

**(50). Order of the Appellate Tribunal.** -- (1) The Appellate Tribunal may, after giving the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit, confirming, modifying or annulling the decision or order appealed against or may refer the case back to the authority which passed such decision or order with such directions as the Tribunal may think fit, for a fresh adjudication or decision after taking additional evidence, if necessary:

<sup>125</sup> [\* \* \*]

(2) The Appellate Tribunal may, at any time within three years from the date of order, with a view to rectifying any mistake apparent from the record, amend any order passed by it under sub-rule (1) and shall make such amendments if the mistake is brought to its notice by the Collector of Federal Excise or the other party to the appeal:

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<sup>125</sup> Proviso omitted by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-n, page 2974. At the time of omission Proviso was "Provided that appeal shall be decided within sixty days of filing the appeal or within such extended period as the Tribunal may, for reasons to be recorded in writing fix and such extended period shall in no case exceed ninety days."

Provided that an amendment which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the other party shall not be made under this rule, unless the Tribunal has given notice to him of its intention to do so and has allowed him a reasonable opportunity of being heard.

(3) The Tribunal shall send a copy of every order passed by it under this section, disposing of an appeal, to the Collector of Federal Excise concerned, Collector (Appeals) concerned and the other party to the appeal.

(4) Save as otherwise provided in the Act, an order passed by the Tribunal shall be final.

**51. Procedure of Appellate Tribunal.--** (1) The provisions of sub-sections (1), (2), (5) and (6) of section 194-C of the Customs Act, 1969 (IV of 1969), shall apply to the Appellate Tribunal in the discharge of its functions under this Act as they apply to it in the discharge of its functions under the said Act.

(2) Every appeal against a decision or order relating, among other things, to the determination of any question having a relation to the rate of duty of excise or to the value of excisable goods and services for purposes of assessment, shall be heard by a Special Bench constituted by the Chairman of the Tribunal for hearing such appeal and such Bench shall consist of not less than two members and shall include at least one judicial member and one technical member.

(3) The Chairman or any other member of the Tribunal authorized in this behalf by the Chairman may, sitting singly, dispose of any case which has been allotted to the Bench of which he is a member where:--

(a) in any disputed case, other than a case where the determination of any question having a relation to the rate of duty of excise or to the value of excisable goods and services for purpose of assessment is in issue or is one of the points in issue, the difference in duty involved or the duty involved; or

(b) the amount of fine or penalty involved; does not exceed <sup>126</sup>[fifteen] hundred thousand rupees.

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<sup>126</sup> Substituted for the word "five" by Notification No.S.R.O. 647(1)/2006, dated 21 st June, 2006, reported as PTCL 2007 St. 33(ii)

(4) If the members of a Bench differ in opinion on any point, the point shall be decided according to the opinion of the majority, if there is a majority, but if the members are equally divided, they shall state the point or points on which they differ and the case shall be referred by the Chairman for hearing on such point or points to one or more of the other members of the Tribunal, and such point or points shall be decided according to the opinion of the majority of the members of the Tribunal who have heard the case including those who first heard it:

Provided that, where the members of a Special Bench are equally divided, the point or points on which they differ shall be decided by the Chairman.

(5) Subject to the provisions of the Act and these rules, the Appellate Tribunal shall have power to regulate its own procedure and the procedure of the Benches thereof in all matters arising out of the exercise of its powers or of the discharge of its functions, including the places at which the Benches shall hold their sittings.

**52. Payment of fee in appeals.--**The fee for filing appeals before the Collector (Appeals) or the Appellate Tribunal shall be deposited in any of the designated branches of National Bank of Pakistan against T.R-6 challan under the relevant head of account.



**Chapter XI**

**<sup>127</sup>[ALTERNATIVE] DISPUTE RESOLUTION**

**53. Application for <sup>128</sup>[alternative] dispute resolution.**—Any registered person interested for resolution of any dispute under section 38 of the Act may submit a written application for <sup>129</sup>[alternative] dispute resolution to the Federal Board of Revenue stating inter alia, the following, namely:-- .

- (a) the Collectorate of Federal Excise with whom a dispute has arisen;
- (b) the particulars of the case;
- (c) the grounds on the basis of which a resolution of dispute is being sought by the applicant duly supported with relevant documents;
- (d) the extent or the amount of excise duty, default surcharge and penalties etc., which the applicant agrees to pay, if any;
- (e) details of amounts already paid, if any; and
- (f) the particulars of any person who will represent the applicant.

**54. Appointment of <sup>130</sup>[Alternative] Dispute Resolution Committee.--(1)**

The Board, after examination of the contents of an application by a registered person and facts stated therein and on satisfaction that a dispute deserves consideration for resolution for the removal of hardship under section 38 of the Act, may constitute a committee for examination of the issues involved in the dispute and for taking other actions as provided under sub-section (3) of section 38 of the Act.

(2) The Board may appoint one of the members of the committee, other than a public servant, to be its Chairman.

(3) The Board may specify the time within which the committee shall be required to submit its report to the Board:

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<sup>127</sup> Substituted for the word "alternate" by Notification No.S.R.O.561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>128</sup> Substituted for the word "alternate" by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>129</sup> Substituted for the word "alternate" by Notification NO. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>130</sup> Substituted for the word "alternate" by Notification NO.S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

Provided that the time so specified may, if requested by the Chairman of the committee for reasons to be recorded in the request, be extended by the Board to such extent and subject to such conditions and limitations as it may deem proper.

**55. Working of the Committee.--**The Chairman of the committee shall be responsible for deciding the procedure to be followed by the committee which may inter alia, include the following, namely:--

- (a) to decide about the place of sitting of the committee;
- (b) to specify date and time for conducting proceedings by the committee;
- (c) to supervise the proceedings of the committee;
- (d) to issue notices by courier, registered post or electronic mail to the applicant;
- (e) to requisition and produce relevant records or witnesses from the Collectorate or other concerned quarters;
- (f) to ensure attendance for hearings either in person or through an advocate, representative or a tax consultant;
- (g) to co-opt any other technical, professional, or legal expert;
- (h) to consolidate recommendations of the committee and submission of the conclusive report to the Board; and
- (i) for any other matter covered under this Chapter.

**56. Recommendations of the committee.--** (1) The committee may determine the issue and may thereafter seek further information or data or expert opinion or make or cause to be made such inquiries or audit as it may deem fit and shall eventually formulate its recommendations in respect of any matter mentioned in sub-section (1) of section 38 of the Act.

(2) The Chairman of the committee shall send a copy of the recommendations of the committee to the Board, applicant and the concerned Collector simultaneously.

**57. Reconsideration by the committee.—**(1) The Board of its own motion, or on the request of the applicant, may refer back the recommendations of the

committee for rectification of any obvious error or for reconsideration of the facts not considered earlier.

(2) The committee after rectification of the error or reconsideration of the facts as aforesaid shall furnish to the Board its fresh or amended recommendations within such period as may be specified by the Board.

**58. Decision of the Board.--** (1) The Board, after examining the recommendations of the committee, shall finally decide the dispute and make such orders in such manner as it may deem fit for the resolution of the dispute under intimation to the applicant, the Chairman of the committee and the concerned Collectorate.

(2) On receipt of the Board's order as aforesaid, the concerned Collectorate shall implement the order in such manner and within such period as may be specified by the Board in the order.

**59. Record of <sup>131</sup>[Alternative] Dispute Resolution cases.--** A complete record of all proceedings of the cases dealt with under the <sup>132</sup>[alternative] dispute resolution scheme shall be maintained by the concerned Collectorate and the concerned Collector shall ensure that proper arrangements are made for the purpose of maintaining such records in appropriate manner.

**60. Recovery of arrears of duty.--**(1) Where any amount of Federal excise duty or any other sum under the Act or these rules is due from any person, the officer of Federal excise may take or cause to be taken the following actions, namely:--

- (a) deduct the amount from any money owing to person from whom such amount is recoverable and which may be at the disposal or in the control of such officer or any officer of Income Tax, Customs or Sales Tax Department;

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<sup>131</sup> Substituted for the word "alternate" by Notification No.S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

<sup>132</sup> Substituted for the word "alternate" by Notification No.S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

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- (b) require by a notice in writing any person who holds or may subsequently hold any money for or on account of the person from whom duty may be recoverable to pay to such officer the amount specified in the notice;
- (c) stop removal of any goods from the business premises of such person till such time the amount of duty is paid or recovered in full;
- (d) require by a notice in writing any person to stop clearance of imported goods or manufactured goods or attach bank accounts;
- (e) seal the business premises till such time the amount of duty is paid or recovered in full;
- (f) attach and sell or sell without attachment any movable or immovable property of the registered person from whom duty is due; and
- (g) may recover such amount by attachment and sale of any movable or immovable property of the guarantor, person, company, bank or financial institution where a guarantor or any other person, company, bank or financial institution fails to make payment under such guarantee, bond or instrument.

(2) The officer of Federal excise, while making recovery of arrears of duty under this rule may dispense with the sequence of actions specified in clauses (a) to (g) of sub-rule (1).

(3) The procedure laid down in the Sales Tax Rules, 2005 regarding recovery shall, mutatis mutandis, be followed for the purpose of recovery of arrears of duty under this Chapter.

(4) For the purpose of recovery of duty, penalty or any other demand raised under the Act, or these rules, the officer of Federal excise shall have the same powers which under the Code of Civil Procedure 1908 (V of 1908), a Civil Court has for the purpose of recovery of an amount due under a decree.

**61. Payment of arrears in installments.--** The Collector of Federal Excise may, if requested in writing, may for reasons to be recorded in writing, allow any registered person to deposit arrears of duty recoverable from him in installments subject to such reasonable conditions or limitations as he may deem appropriate.

**Chapter XIII**

**ENTRY, SEARCH, SEIZURE, INVESTIGATION AND CONFISCATION**

**62. Authorised officer to have free access to premises, equipment, stocks and accounts relating to excisable goods and excisable services.--**Any officer authorised in writing by the Collector in this behalf, shall have free access at all times to any premises and to any place where excisable goods are processed, stored, sold or manufactured, or where excisable services are provided or rendered. and may <sup>133</sup>[\* \* \* ] inspect the building, the plant, the machinery, and the stocks, and the accounts, and may at any time check the records of the goods stocked in, or removed from the factory, or place, or their transfer within a factory, to that part of the premises, if any, in which they are to be used for the manufacture of any other commodity, or the record being maintained where excisable services are provided or rendered, whether for the purpose of testing the accuracy of any return or statement submitted under the Act or these rules, or of informing himself as to any particulars regarding which information is required for the purposes of the Act or these rules.

**63. Powers of the authorised officer.--** (1) Any officer duly empowered by the Collector may stop and search any vessel, cart or other means of conveyance for excisable goods, and may seize and remove or detain any goods in respect of which it appears to him that duty should have been, but has not been levied, or that any contravention of the provisions of the Act or these rules has occurred subject to Chapter IV of the Act.

(2) Every officer of Customs duly empowered by the Collector shall have, use, and exercise all such and the like powers and authority for the search, examination, removal, seizure, detention and confiscation of any vessel, cart, or other means of conveyance, or any horse or other animal, or any goods liable to confiscation under the Act or these rules, as are, or may be, conferred on the like officer of Federal Excise.

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<sup>133</sup> The word and comma s", with notice to the owner," omitted by Notification No.S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724

Explanation.--For the purpose of this rule, excisable goods means cigarettes and beverages.

**64. Power to enter and search.** -- (1) The Federal Board of Revenue may empower any officer of any department under its control to enter and search at any time by day or by night any land, building, enclosed place, premises, or other place upon or in which he has reason to believe that excisable goods are being processed, sorted, stored, manufactured or excisable services are provided or rendered in contravention of the provisions of the Act or these rules subject to Chapter IV of the Act.

**65. Notices.**-- Every notice under the Act or these rules shall be deemed to be served on the date on which a copy thereof is tendered or delivered to the person on whom it is to be served, or to his agent, if he has any: or, when the notice has not been so served, the date which shall appear to the officer holding the inquiry to be the date on which the person on whom the same is to be served has become aware of the issue.

**66. Confiscation and disposal of goods.**--(1) When anything is confiscated under the Act or these rules, such thing shall thereupon vest in the Government.

(2) The officer adjudging confiscation shall take and hold possession of the thing confiscated, and every officer of Federal excise or of Police, on the requisition of such officer, shall assist him in taking and holding such possession.

(3) Articles of which confiscation has been adjudged and in respect of which the option of paying a penalty in lieu of confiscation has not been exercised, shall be sold, destroyed or otherwise disposed of in such manner as the Collector may direct.

**67. Seizure of plant and machinery.**-- (1) In cases where any plant or machinery is being used for the manufacture or production of counterfeit goods, such plant or machinery shall be seized by the authorized officer of Federal excise not below the rank of Additional Collector.

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(2) The plant and machinery seized under sub-rule (1) shall be liable to outright confiscation and destroyed in such manner as may be approved by the Collector subject to the law.



**Chapter XIV**  
**AUDIT**

**68. Audit.--**(1) The Collector may depute any Federal Excise Officer subordinate to him to conduct audit of the records and accounts etc., of any person registered under the Act.

(2) The Federal Excise Officer who has conducted audit shall issue audit observation pointing out the contraventions of the Act or rules and the amount of duty of excise or any amount payable under this Act or the rules made thereunder and the registered person may, within a period of fifteen days of the receipt of audit observation, submit his point of view in writing.

(3) If, within the period prescribed in sub-rule (2), no reply is received or the reply furnished by the registered person is found unsatisfactory, the Federal Excise Officer shall issue an audit report specifying the amount due from him under any of the provisions of this Act or the Rules made thereunder.

(4) Notwithstanding the penalties prescribed in section 19, if a registered person wishes to deposit the amount of duty not paid, short paid or the amount of duty evaded along with default surcharge voluntarily, whenever it comes to his notice, before receipt of notice of audit, no penalty shall be recovered from him:

Provided that if a registered person wishes to deposit the amount of duty not paid, short paid or amount of duty evaded along with default surcharge during the audit, or at any time after issuance of show cause notice he may deposit such amount along with twenty five per cent of the amount of penalty prescribed under this Act or the rules made thereunder and in such case, further proceedings on the show cause notice shall abate.

**69. Scope of audit.--**The scope of the audit shall unless otherwise specified, be the expression of professional opinion about the propriety and accruing of the following, namely:--

- (a) the quality of the records, accounts, invoices, returns and Statements maintained, issued or furnished;

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- (b) the declarations, assessments and payments made on the monthly returns and challans submitted;
- (c) performance of the obligations under the provisions of the Act and these rules;
- (d) comparison of production vis-a-vis installed capacity;
- (e) comparison of production vis-a-vis raw materials and inputs acquired;
- (f) the valuation of the goods as made and declared;
- (g) adjustments of duty availed;
- (h) refunds and rebates taken;
- (i) concessions and exemptions availed;
- (j) stocks of inputs and outputs; and
- (k) need and direction for further investigation.

**70. Rectification of genuine errors in records.--**A registered person shall be allowed to rectify genuine errors in records identified during audit provided that he discharges the liability, if any, accruing from the identification of such errors prior to the rectification thereof and each such rectification allowed and made shall be recorded in the audit report.

**71. Stock-taking during audit.--** Where needed, stock-taking shall be conducted during audit.

**72. Audit of composite units.--**In case of registered persons who are paying Federal excise duty as well as sales tax, the audit shall be conducted on composite basis by such team of officers as may be constituted by the Collector.

**73. Period of audit.--**All audits for the purpose of Federal excise duty shall be conducted on annual basis unless the Collector specifically directs audit of any registered person for a shorter period.

**Chapter XV**  
**MISCELLANEOUS**

**74. Authorisation, delegation and exercise of powers.** -- (1) The Director General Large Taxpayers Unit and other officers posted in such Units are authorized to exercise all the powers conferred by the Act and rules in respect of the taxpayers falling in the jurisdiction of such Large Taxpayers' Units.

(2) The powers to arrest, prosecute, summon and confiscation shall be exercised by all Federal excise officers,--

- (a) not below the rank of a Deputy Superintendent of Federal Excise for the purposes of sub-section (1) of section 22 of the Act;
- (b) not below the rank of a Superintendent of Federal Excise for the purposes of section 23 of the Act; and
- (c) all Officers of Customs not below the rank of an Assistant Collector for the purposes of section 27 of the Act.

(3) The Board may authorize any Federal Excise officer to exercise all or any of the powers conferred by the Act or these rules.

(4) Unless the Board in any case otherwise directs, the Collector may authorise any officer subordinate to him to exercise throughout his jurisdiction, or in any specified area therein, all or any of the power of a Collector under these rules.

(5) The Officer of Federal Excise shall be competent to exercise all powers and discharge all duties conferred or imposed on any officer lower in rank to him.

**75. Agent of registered person.**--In case any person is authorized by the registered person to act on his behalf in connection with matters relating to Federal excise whether under his employment or not, any act done by such person in violation of the provisions of the Act or rules made thereunder shall be deemed to have been done by the registered person and shall be dealt with accordingly under the law.

**76. Installation and use of any specified device or equipment etc.**-- The Board or the Collector may in case of any excisable goods or registered persons or

class thereof, require the installation and use of any specific instrument, device, equipment or system for the purpose of excise stamping or banderole of cigarettes, measurement, quantification, weighing, testing, grading, segregation, categorization, record keeping, documentation or for similar other purposes and every person required to do so shall be bound to meet the requirements and obligations specified in this regard at his cost.

**77. Disputes regarding contents of excisable goods.**--All disputes with regard to the contents and classification of excisable goods shall be determined by reference to such authority or laboratory as the Board may, by general or special order, empower in this behalf.

**78. Extension of time and period.** -- Where any rule specifies any time or period within which any application is to be made or other act or thing is to be done, the Board, may in the particular circumstances of a case or class of cases, permit it to be made or done within such longer or shorter time or period as it may consider appropriate.

**79. power to issue supplementary instructions.**--The Board may issue instructions providing for any supplemental matters arising out of these rules.

**80. Repeal.**--Subject to the provisions of section 24 of the General Clauses Act, 1897 (X of 1897), the Central Excise Rules, 1944 are hereby repealed.

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<sup>134</sup>[FORMS FE-I, FE-II & FE-III  
Omitted]

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<sup>135</sup>[FORMS FE-IV, FE-IV (A), FE-IV(C), FE-IV (D),  
FE-IV (E) AND FE-IV (F),  
Omitted]

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<sup>134</sup> Forms FE-I, FE-II & FE-III omitted by Notification No. S.R.O 546(1)/2008, dated 11th June, 2008.

<sup>135</sup> Forms FE-IV, FE-IV(a), FE-IV(c), FE-IV(d), FE-IV(e) and FE-IV(t) omitted by Notification No.S.R.O. 371(1)/2008, dated 14th April, 2008.

[See rule 40A(6A)]

**QUARTERLY RECONCILIATION OF FEDERAL EXCISE  
SERVICES PROVIDED BY THE BANKING & NON-BANKING  
FINANCIAL COMPANIES UNDER  
RULE 40A OF THE FEDERAL EXCISE  
RULES, 2005**

Name of the Bank/Non-Banking Financial Companies

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Federal Excise Registration No.

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Quarter ended

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Particulars of service

Value of Services as per Return (in Rs.)

S.No		Month	Month	Month	Total
		1	2	3	
(a)	L/C commission				
(b)	Guarantee commission				
(c)	brokerage commission; issuance of pay order and demand				
(d)	Drafts;				
(e)	Bill of exchange charge; transfer of money including				
(f)	telegraphic transfer, mail transfer and electronic transfer;				
(g)	Providing <b>Bank</b> Guarantees;				

<sup>136</sup> Annex substituted by Notification No.S.R.O. 475(1)/2009, dated 13th June. 2009, w.e.f. 1st July, 2009. Before substitution Annex was added by Notification No. 5.R.O. 647(1)/2006. dated 21st June. 2006. reported as PTCL 2007, St..33(ii).

Federal Excise Rules, 2005

(h)	Bill discounting commission;				
(i)	Safe deposit locker fee;				
(j)	Safe vaults				
(k)	credit and debit card Issuance, processing, operation charges; and				
(l)	commission and brokerage on foreign <b>exchange</b> dealings;				
(m)	advances & loans				
(n)	financial Leasing				
(o)	commodity or equipment leasing				
(p)	hire-purchase leasing				
(q)	Other leasing				
(r)	Services provided as a banker to an issue				
(s)	Others.				

Total:

**RECONCILIATION**

(In Rupees)

	<b>Value of services as above</b>	<b>FED paid@ 16%</b>	<b>Input tax adjustment claimed</b>	<b>Net FED paid</b>
Month 1				
Month 2				
Month 3				
<b>Total</b>				

Amount of service as per published accounts:

\_\_\_\_\_

Difference if any:

\_\_\_\_\_

<sup>137</sup>[Chapter XVI

**RULES FOR MAINTENANCE OF RECORDS AND PAYMENT OF FEDERAL  
EXCISE DUTY BY TOBACCO GREEN LEAF THRESHING (GLT) UNITS**

**81. Interpretation and application.--** (1) "Tobacco Green Leaf Threshing units" mean those units which are processing and converting tobacco green leaf into unmanufactured tobacco useable for manufacture of cigarettes.

(2) The provisions of this Chapter shall apply to the Tobacco Green Leaf Threshing units working independently or operating in the premises of cigarette manufacturing factories.

**82. Issue of tax invoice.--** (1) At the time of sale of processed unmanufactured tobacco, the GLT units shall issue a tax invoice as per Annex-I, to a cigarette manufacturer or any other person. In case of export of processed unmanufactured tobacco by GLT units, such manufacturer or person shall be entitled to zero-rating in terms of section 5 of the Act and shall be issued zero-rated invoice.

(2) Contract processing of unmanufactured tobacco by GLT for any person shall be specifically mentioned in tax invoice indicating process charges and federal excise duty leviable thereon.

**83. Monthly return by GLT units.--**GLT units shall furnish monthly return as prescribed in rule 47. Registered cigarette manufacturing factories shall be entitled to claim adjustment of federal excise duty paid by them on processed unmanufactured tobacco purchased from GL T units.

**84. Declaration by GLT units.--** The GLT units shall declare all their warehouses, depots and stores for storage of processed unmanufactured tobacco to the Collector of respective jurisdiction. Such declaration shall be made in the first month of every year unless the status changes during the year which shall require an amendment.

**85. Cigarette manufacturing factories operating their own GLT.--**Cigarette manufacturing factories operating their own GLT units shall not be required to issue invoices for self-consumption of processed unmanufactured tobacco for manufacture of

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<sup>137</sup> Chapter XVI added by Notification No. S.R.O. 370(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St. 1850

## Federal Excise Rules, 2005

cigarettes. They shall make a separate entry for each receipt of processed unmanufactured tobacco and shall maintain a register of receipts, issues and balances as prescribed in Annex-II.

**86. Single monthly return.--**Cigarette manufacturing factories, operating GLT units within their premises, shall file single monthly return as prescribed in these rules.



Federal Excise Rules, 2005

**[Ch. XVI] Rules for Maintenance of Records and Payment of Federal Excise Duty by Tobacco Green Leaf Threshing (GLT) Units**

**ANNEX-I**  
[See rule 82]

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

Invoice No. \_\_\_\_\_

**TAX INVOICE OF CLEARANCE OF PROCESSED UN-MANUFACTURED TOBACCO**

Name of the Seller/Manufacturer:																					
Sales Tax/FED Registration No:	<table border="1" style="width:100%; height: 20px; border-collapse: collapse;"> <tr> <td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td><td style="width:5%;"></td> </tr> </table>																				
Name & Address of Consignee/Buyer	<hr style="border: 0; border-top: 1px solid black;"/>																				
CNIC/NTN	<hr style="border: 0; border-top: 1px solid black;"/>																				

Description of excisable goods (Tobacco-Variety)	Type of packaging	No. of Packages	Quantity	Value of goods		Excise Duty	
				Rate/Kg.	Amount	Rate/Kg	Amount

Excise Duty:	
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- In case of stock movement other than sales, the column pertaining to value is not mandatory to be filled.

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**ANNEX-II**  
[See rule 85]

<b>Register of receipts, issues &amp; Balance of un-manufactured tobacco</b>	
Name & Address of the Manufacturer: _____	
Description of goods (variety): _____	

Opening Stock		Receipts			Issues			Closing Stock			
Date & Time	No. of Packages	Quantity	Ref. No.	Received from	Quantity	Ref. No.	Issued to	Quantity	No. of Packages	Qua ntity	Remar ks]

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**ELECTRONIC FILING OF FEDERAL EXCISE RETURN RULES,  
2005**

**CONTENTS**

1. Short title, application and commencement.
2. Definitions.
3. Digital certification from NIFT.
4. Filing of Electronic Federal Excise Return.
5. Miscellaneous.

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*The*  
**ELECTRONIC FILING OF FEDERAL EXCISE RETURN  
RULES, 2005**

<sup>138</sup>**Notification No. S.R.O. 1185(1)/2005, dated 1st December, 2005.**-In exercise of the powers conferred by sub-section (6) of section 4 of the Federal Excise Act, 2005, the Federal Board of Revenue is pleased to make the following rules, namely:--

**1. Short title, application and commencement.** -- (1) These rules may be called the Electronic Filing of Federal Excise Return Rules, 2005.

(2) These shall apply to--

- (a) the registered persons falling in the jurisdiction of the Large Taxpayers Units, Karachi and Lahore; and
- (b) the private and public limited companies registered in other Collectorates of Sales Tax and Federal Excise.

(3) These rules shall come into force at once.

**2. Definitions.** -- (1) Unless there is anything repugnant in the subject or context,-

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- (a) "Act" means the Federal Excise Act, 2005;

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<sup>138</sup> Reported as PTCL 2006 St. 988.

## Federal Excise Rules, 2005

- (b) "Computerized Payment Receipt" means a computer generated receipt showing payment of tax to the designated branch of the National Bank of Pakistan;
- (c) "Digital Certificate Request Form" means a form to be downloaded from NIFT website and filled for obtaining NIFT Class 2 Digital Certificate as required under sub-rule (I) of rule 3;
- (d) "Electronic Federal Excise Return Form" means a form of Federal excise return available on the Central Board of Revenue's website to be filled in and filed in terms of rule 4;
- (e) "NIFT" means the National Institutional Facilitation Technologies (Pvt.) Ltd.;
- (f) "NIFT Class 2 Digital Certificate" means a certificate to be obtained, filled and used in the manner specified under rule 3;
- (g) "Nil return" means a return indicating that no excise duty is payable by the registered person in respect of the tax period to which the return relates;
- (h) "Officer-in-charge" means an officer not below the rank of Assistant Collector of Federal Excise authorized to process the Federal excise returns;
- (i) "transmit" means to transmit data through a computer network

(2) The words and expressions used, but not defined herein, shall have the same meaning as is assigned to them in the Act and the rules made there under.

**3. Digital certification from NIFT.** -- (1) The registered persons shall obtain NIFT Class 2 Digital Certificate from NIFT by downloading and filling the Digital Certificate Request Form from NIFT website i.e. [www.nift.pk](http://www.nift.pk)

(2) The NIFT certificate shall be installed by the registered person in his computer.

**4. Filing of Electronic Federal Excise Return.**--(1) The registered person shall download MS Excel based blank Electronic Federal Excise Return Form from the

## Federal Excise Rules, 2005

Federal Board of Revenue's website and fill the information about the purchases and supplies made during a tax period, the tax due and paid and other applicable information as stated in the filling instructions.

(2) Payment of the amount of excise duty, if any, shall be made in any of the designated online branches of the National Bank of Pakistan on the prescribed TR-6.

(3) Reference number of the Computerized Payment Receipt and other required information shall be duly mentioned in the relevant columns of the electronic Federal excise return.

(4) The duly filled Electronic Federal Excise Return including a 'Nil return' shall be transmitted to the Central Board of Revenue's e-mail address i.e. {[federal\\_excise\\_returns@cbr.gov.pk](mailto:federal_excise_returns@cbr.gov.pk)}, through a digitally signed e-mail.

(5) The Electronic Federal Excise Return and its relevant attachments, if any, shall be kept in the electronic record of the registered person and shall be produced to the officer-in-charge on demand along with the supportive documents.

(6) The Board shall send a digitally signed e-mail acknowledging the receipt of Electronic Federal Excise Return.

(7) An Electronic Federal Excise Return filed under these rules shall be deemed to be a return for the purpose of sub-section (1) of section 4 of the Federal Excise Act, 2005.

5. Miscellaneous. — All provisions of the Federal Excise Act, 2005, and the rules made there under, in so far as they are not inconsistent with these rules and are relevant to the matter concerned, shall apply to the registered persons filing electronic Federal excise returns under these rules.

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