

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

Islamabad, the 9<sup>th</sup> July, 2013.

**NOTIFICATION  
(FEDERAL EXCISE & SALES TAX)  
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**S.R.O. 849 (I)/2013.**— In exercise of the powers conferred by clause (a) of sub-section (3) of section 3 and section 40 of the Federal Excise Act, 2005 and proviso to sub-section (1A), sub-sections (1B) and (6) of section 3 and section 50 of the Sales Tax Act 1990, the Federal Board of Revenue is pleased to levy and collect federal excise duty and sales tax on the basis of production capacity of plants, machinery, undertakings, establishments or installations manufacturing aerated waters, in lieu of the federal excise duty and sales tax leviable thereon under sub-section (1) of section 3 of the Federal Excise Act, 2005 and sub-section (2) of section 3 of the Sales Tax Act, 1990, and to make the following rules for its levy, collection and payment, namely:—

**THE FEDERAL EXCISE DUTY AND SALES TAX ON  
PRODUCTION CAPACITY (AERATED WATERS) RULES, 2013**

**1. Short title, application and commencement.**—(1) These rules may be called the Federal Excise Duty and Sales Tax on Production Capacity (Aerated Waters) Rules, 2013.

- (2) They shall apply to all manufacturers of aerated waters in Pakistan.
- (3) They shall come into force on the tenth day of July, 2013.

**2. Definitions.**—In these rules, unless there is anything repugnant in the subject or contexts, —

- (i) "Commissioner" means the Commissioner of Inland Revenue having jurisdiction;
- (ii) "capacity" means the production capacity based on the number of filling spouts / filling valves in a factory as determined and verified in terms of these rules;
- (iii) "declaration" means a declaration furnished in terms of these rules;
- (iv) "FPCCI" means the Federation of Pakistan Chambers of Commerce and Industry;
- (v) "gross amount" means the amount comprising the combined incidence of duty and tax payable on the capacity;
- (vi) "industry year" means the continuous period of twelve months starting from the 1<sup>st</sup> April of one calendar year to the 31<sup>st</sup> March of the succeeding calendar year;
- (vii) "net amount" means the amount representing the combined duty and tax payable by the registered person, after making the admissible deductions or adjustments

of federal excise duty and sales tax used on inputs consumed in the manufacturing of aerated waters; and

(viii) "OICCI" means the Overseas Investors Chamber of Commerce and Industry.

(2) The words and expressions used, but not defined herein, shall have the same meanings as assigned to them in the Federal Excise Act, 2005 and the Sales Tax Act, 1990.

**3. Declarations and their verification.--** (1) Every registered person manufacturing aerated waters shall furnish a declaration in respect of his factory or factories, as the case may be, to the Commissioner, in the form prescribed in Annex-A, by the 19<sup>th</sup> July, 2013 for the period from July 10, 2013 to March 31, 2014, and by the 15<sup>th</sup> March prior to each subsequent industry year.

(2) The declaration shall be signed by the Principal Officer of the company, the partners or members of the firm or association of persons, or the proprietor of the business, as the case may be, and shall state the complete address or location of each factory, the total number of filling machines, including origin thereof, installed in each factory, the total number of filling valves or spouts on each filling machine, and the brand names of aerated waters intended to be manufactured.

(3) The declaration shall also state whether fruit juices or purified water are manufactured in the same factory premises, the number of filling machines exclusively used for such manufacture, the number of filling valves or spouts on each such filling machine, and brand names of the products manufactured thereon.

(4) The machines which are used for filling of aerated waters as well as fruit juices or purified water shall be counted towards aerated waters only for the purposes of these rules.

(5) In case of any enhancement in capacity subsequent to the declaration under sub-rule (1), the registered person shall furnish a declaration of enhancement to the Commissioner, in the form prescribed in Annex-B, at least 15 days prior to making such enhancement. Such declaration of enhancement shall also be signed by the Principal Officer of the company, the partners or members of the firm or association of persons, or the proprietor of the business, as the case may be, and shall state the address or location of the factory where the enhancement shall be made, the number of filling machines being added and origin thereof, the number of filling valves or spouts thereon, and the brand names of the aerated waters to be manufactured on such enhanced capacity.

(6) The declarations furnished under these rules shall be physically verified by a committee comprising of an officer of inland revenue, not below the rank of Deputy Commissioner Inland Revenue, designated in this behalf by the concerned Commissioner, one member either from FPCCI or OICCI, and one technical member either from the Institute of Engineers of Pakistan or a similar organization.

(7) The verification conducted in terms of sub-rule (6) shall be the basis for the levy, collection and payment of duty and tax by the registered person under these rules, which shall be communicated to him by the Commissioner in the format given at Annex-C.



(8) The declarations initially furnished in terms of sub-rules (1) and (5) shall remain in force till March 31, 2014. Fresh declarations for each subsequent industry year starting from April 1, 2014 shall be furnished by the 15<sup>th</sup> March prior to commencement of the industry year.

(9) Any filling machines or filling valves or spouts not included in a declaration made under these rules shall be physically removed from the factory before verification and shall not be kept within a radius of one kilometre thereof.

(10) The Board or the concerned Chief Commissioner may constitute one or more teams, each headed by an Additional Commissioner Inland Revenue, to make surprise visits to any factory under these rules to check whether any enhancement in capacity has been made without furnishing enhancement declaration, or any other violation of these rules has been committed.

4. **Gross amount and rate per filling valve or spout.**--(1) The gross amount payable in a year by a registered person under these rules shall be determined on the basis of the annual production capacity of the filling valves and spouts installed in a factory, in such a manner that for the category of factory specified in column (2) of the Table below and the rate per filling valve or spout shall be as specified in column (3) thereof:--

TABLE

S. No.	Category of factory manufacturing aerated waters	Rate per filling valve or spout
(1)	(2)	(3)
(a)	Factories having only foreign origin filling machines or a mix of foreign and local origin filling machines, whether used for manufacturing foreign or local brands	Rupees 4,700,000 per filling valve or spout
(b)	Factories exclusively having local origin filling machines, whether used for manufacturing foreign or local brands	Rupees 3,760,000 per filling valve or spout
(c)	Factories where the total number of filling valves or spouts installed are less than 40	Rupees 1,175,000 per filling valve or spout

Explanation: The aforesaid categories are mutually exclusive and a manufacturer shall fall in only one category:

Provided that the rates specified in the Table are provisional and subject to revision by the Board after completion of verification of the number of filling machines and filling valves or spouts in terms of sub-rule (7) of rule 3.

(2) All the filling valves or spouts and filling machines in a factory, as verified under rule 3, shall be taken into account for the purposes of determination of the gross amount payable under sub-rule (1), regardless of whether or not all or any of the filling machines or filling valves or spouts were in working condition at the time of verification.

(3) No reduction or abatement in the gross amount payable under these rules shall be allowed on any account after verification of the number of filling machines and filling valves or spouts, and subsequent removal of any filling machines or filling valves or spouts will not be counted towards reduction of the gross amount payable by a registered person. No reduction or abatement in the gross amount payable under these rules shall be allowed on the ground that any filling valves or spouts have been sealed or closed in any manner.

**5. Schedule of Installments.**--(1) The gross amount payable as determined under rule 4 shall be paid by the registered person along with his monthly return in installments in accordance with the Schedule specified in the Table below:

Installment for the month of	Amount of installment, as a percentage of the gross amount payable	Due date for payment of the installment
(1)	(2)	(3)
July	10%	15 <sup>th</sup> August
August	10%	15 <sup>th</sup> September
September	10%	15 <sup>th</sup> October
October	10%	15 <sup>th</sup> November
November	5%	15 <sup>th</sup> December
December	5%	15 <sup>th</sup> January
January	5%	15 <sup>th</sup> February
February	5%	15 <sup>th</sup> March
March	10%	15 <sup>th</sup> April
April	10%	15 <sup>th</sup> May
May	10%	15 <sup>th</sup> June
June	10%	15 July

**6. Adjustment of duty and tax paid on inputs.**--(1) From each installment as determined under rule 5, the registered person shall be entitled to adjust or deduct duty paid on excisable goods used as input goods for manufacture of aerated waters, in accordance with the provisions of section 6 of the Federal Excise Act, 2005. The registered person shall also be entitled to adjust or deduct sales tax paid on taxable goods and services used in the taxable activity, in accordance with the procedure, conditions and restrictions applicable under sections 7 and 8 of the Sales Tax Act, 1990 and rules made thereunder:

Provided that in order to ensure that the net amount of duty and tax paid in financial year 2013-14 by the aerated waters industry exceeds that paid in the preceding financial year by more than twenty five percent, the Federal Board of Revenue may hold a meeting with the industry representatives in March 2014 to



review and share the revenue collection performance, and in case the revenue growth for the period from July 2013 to March 2014 is less than twenty five percent, the rate per filling valve or spout shall be appropriately revised for the remaining part of the financial year and onwards.

(2) After making adjustment or deduction of duty and sales tax as prescribed in sub-rule (1) above in his monthly return, the registered person shall pay the net amount payable into the Government treasury in the prescribed manner.

*Illustration*

Gross amount per spout (from the Table in rule 4)	Rs. 4.7 million
Number of spouts	50
Gross amount payable for a year	Rs. 235 million
Installment for August 2013	10%
Installment of gross amount for August 2013	Rs. 23.5 million
Input duty and tax adjusted	Rs. 15 million
Net amount payable	Rs. 8.5 million

(3) After payment of the net amount under sub-rule (2), the registered person shall deliver a copy of the computerized payment receipt (CPR) and the monthly return to the Commissioner.

(4) The Commissioner shall maintain separate record of payment made by each registered person under these rules, monitor such payments, and take immediate legal action in case of default.

(5) The registered person shall be entitled to claim rebate, drawback or remission of duty and tax on export of aerated waters manufactured by him in the prescribed manner.

**7. Special cases.** – (1) A registered person, who intends to start operation of a new factory during the course of a financial year, shall submit a declaration to this effect to the Commissioner at least 15 days prior to the start of production in the manner specified in rule 3, and such declaration shall be verified in the same manner as prescribed in the said rule.

(2) The gross amount payable for such new factory shall be calculated from the month of start of production and the schedule of installments for the remaining part of the year shall be calculated in accordance with sub-rule (1) of rule 5.

(3) Contractual or toll manufacturing from another registered person may be undertaken by a registered person. In such case the toll manufacturer shall be liable to pay the duty and tax liability under these rules, with the condition that the toll agreement is furnished to the Commissioner at least 15 days prior to the start of such manufacturing. Thereafter the duty and tax payable under these rules shall be paid by the toll manufacturer

for the remaining part of the year in respect of the capacity used and verified in the manner prescribed in rule 3.

(4) If a registered person intends to dispose of any of his filling machines to any other registered person operating under these rules, he may do so only before submission of a declaration under sub-rule (1) of rule 3.

(5) In case a manufacturer of aerated waters also imports any finished goods for subsequent sale in the same state, without any value addition, he shall not be required to charge any duty or tax on supplies of such imported goods in excess of the tax already paid at import stage under Chapter X of the Sales Tax Special Procedure Rules, 2007.

**8. Miscellaneous.—**(1) The provisions of the Federal Excise Act, 2005, the Sales Tax Act 1990 and rules made thereunder shall, insofar as they are not inconsistent with these rules, apply to registered persons required to pay duty and tax under these rules.

(2) Payment of duty and tax under these rules by a registered person shall constitute the full and final discharge of his liability on manufacture and supply of aerated waters under the Federal Excise Act, 2005 and the Sales Tax Act, 1990.

(3) The registered person may issue sales tax invoices to his buyers showing the amount of sales tax, calculated at the prevailing standard rate and on the basis of work-back from the price charged from the buyer in the invoice, but he shall not be required to charge or pay further tax under sub-section (1A) of section 3 of the Sales Tax Act, 1990.

(4) A registered person working under these rules and making payments without any default shall be exempt from audit under the relevant provisions of the Sales Tax Act 1990 and Federal Excise Act 2005:

Provided that the Commissioner may, in cases where he has reason to believe that excessive and undue input adjustment is being made, may check the invoices or documents on the basis of which such input is being claimed or adjusted.

(5) Aerated waters manufactured prior to the coming in force of this notification shall be chargeable to duty and tax in accordance with the then prevailing rates and procedure. The Commissioner shall conduct stock-taking of aerated waters lying in the factory at 00 hours of 10<sup>th</sup> July, 2013 and ensure that duty and tax is paid on supply of such aerated waters at the rates and in accordance with procedure prevailing prior to coming in force of these rules.

(6) In case a registered person fails to furnish any declaration under these rules by prescribed time, furnishes a false declaration, enhances the capacity without intimating the Commissioner, or fails to pay the duty and tax as determined under these rules, the officer of Inland Revenue shall take all measures under the law necessary for securing and recovering the duty and tax payable, along with default surcharge and penalty, which may include proceedings under section 22, 26 and 27 of the Federal Excise Act, 2005.



**DECLARATION OF CAPACITY OF  
A FACTORY MANUFACTURING AERATED WATERS**

*(Note: A separate declaration is required to be furnished for each factory)*

- 1 Name of registered person:
- 2 Sales Tax Registration No.:
- 3 Complete Address of Factory:
- 4 Name of Contact Person at Factory:
- 5 Contact No.(s) of Contact Person:
  
- 6 Total Number of Filling Machines in the  
Factory:
- 7 Origin of each filling machine:
- 8 Total number of filling valves/spouts (filling  
machine-wise):
- 9 Brand names of aerated waters intended to be  
manufactured:
  
- 10 No. of filling machine is exclusively used for  
manufacture of fruit juices or purified water:
- 11 Identification of filling machines used  
exclusively for manufacture of fruit juices or  
purified water:

Signature, name and position  
(Chief Executive Officer / Partner /  
Member of AOP / Proprietor)  
Tel. No.:  
Email

Date:

**DECLARATION OF ENHANCEMENT OF CAPACITY OF  
A FACTORY MANUFACTURING AERATED WATERS**

*(Note: A separate declaration is required to be furnished for each factory)*

- 1 Name of registered person:
- 2 Sales Tax Registration No.:
- 3 Complete Address of Factory:
- 4 Name of Contact Person at Factory:
- 5 Contact No.(s) of Contact Person:
  
- 6 Number of Filling Machines to be added in the  
Factory:
- 7 Origin of each filling machine:
- 8 Total number of filling valves/spouts to be  
added (filling machine-wise):
- 9 Brand names of aerated waters intended to be

- manufactured on the added machines:  
10 Date of proposed enhancement:  
11 No. of filling machine exclusively to be used for  
manufacture of fruit juices or purified water:  
12 Identification of filling machines to be used  
exclusively for manufacture of fruit juices or  
purified water:

Signature, name and position  
(Chief Executive Officer / Partner /  
Member of AOP / Proprietor)  
Tel. No.:  
Email

Date:

**ANNEX C**  
(see rule 3(7))

Government of Pakistan  
Office of the Commissioner, Zone \_\_,  
RTO/LTU, \_\_\_\_\_

No.

Date:

To:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sub: **COMMUNICATION OF VERIFICATION OF CAPACITY OF A FACTORY  
MANUFACTURING AERATED WATERS.**

Please refer to your Declaration of Capacity made under rule 3 of the Federal Excise  
Duty and Sales Tax on Production Capacity (Aerated Waters) Rules, 2013.

2. The Committee constituted under Rule 3(6) of the said Rules has conducted  
verification of your factory premises, and has furnished its report, copy of which is attached  
herewith.

3. You are therefore, advised to comply with the provisions of the said Rules and pay  
the federal excise duty and sales tax on the basis of the verified capacity, in accordance with  
the relevant provisions of the Rules.

COMMISSIONER

Enclosed: Attested Copy of Verification Report

**[C.No. 1(47)STB/2013 (Pt)]**

  
9/7/13  
(Anwar Zeb)

Secretary (ST&FE-Exemption)