

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

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Islamabad, the 28<sup>th</sup> June, 2010.

**NOTIFICATION  
(CUSTOMS)**

**S.R.O.601(I)/2010.**— In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Customs Rules, 2001, namely:—

In the aforesaid Rules,—

- (a) in rule 342, for clause (i), the following shall be substituted, namely:—

“(i) "manufacturing bond" means a premises having a proper boundary wall, with clearly defined areas of,—

- (a) bonded warehouse;
- (b) manufacturing facility; and
- (c) other stores, licensed by the Collector under rule 343;”;

- (b) in rule 343,—

- (i) in sub-rule (2) and (3), for the word “seven” the word “fifteen” shall respectively be substituted; and
- (ii) in sub-rule (3), after the word “verification” the words “and premises survey” shall be inserted;

- (c) in rule 346, after the words “three years” occurring for the second time, the words “before every expiry date” shall be inserted;

(d) in rule 349, in sub-rule (4), after the word “exit” occurring for the second time, the bracket and words “(except for emergency evacuation)” shall be inserted;

(e) in rule 350,—

(i) for sub-rule (4), the following shall be substituted, namely:—

“(4) Input goods imported or procured locally by a manufacturing bond licensee shall be consumed within a period which shall run from the date on which the imported goods are placed under the manufacturing bond procedure. The period will be established by the Collectorate concerned on the basis of the time required to carry out the processing operations and dispose of the compensating products, as established in the Analysis Certificate. The period will not in any event exceed two years from the date of in-bonding or procurement of locally purchased goods. For duly justified reasons, extension may be granted for another one year by special written approval of an officer not below the rank of Additional Collector of Customs:

Provided that palm oil or olein shall be consumed in the manufacture of goods meant for export within six months from the date of filing of Goods Declaration or procurement of locally purchased goods.”; and

(ii) in sub-rule (5), for the word “three”, the word “two” shall be substituted;

(f) in rule 351,—

(i) for sub-rules (1) and (2), the following shall be substituted, namely:—

“(1) The licensee shall apply to the Collector, within fifteen days of issuance of manufacturing bond license, or sixty days

before the first export of finished goods, for issuance of an Analysis Certificate as set out in Appendix-III showing the input and output ratio of input goods vis-a-vis finished goods along with wastages. The licensee shall also submit samples of product and its input material.

(2) The Collector or the officer authorized by him in his behalf, might request verification of such inputs from an independent laboratory or authority as he deem fit and in any event carry out a detailed survey of manufacturing facility to check and verify the actual input/output ratios. On the basis of the afore-mentioned procedure, the Collector or the officer authorized by him in his behalf shall issue an Analysis Certificate within fifteen days of receipt of the verification results or of the detailed survey, as the case may be, showing the actual quantity of input goods used and wastage occurred in the manufacture of one unit of finished goods.”; and

(ii) after sub-rule (5), the following new sub-rules shall be inserted, namely:–

“(6) Improved efficiency of the manufacturing operations may lead to improvement in consumption of input or output ratios, the licensee shall declare the excess material at the end of the relevant year to the Customs authorities. The concerned Collectorate can allow, in writing, the consumption of such excess input material during the subsequent period, provided that the warehousing period is complied with.

(7) The input or output ratio for the period thereafter shall be amended in accordance with the newly established input or output ratio provided that the improvement is beyond one per cent. If the change in input or output ratio is within one per cent, the input or output ratios shall remain unchanged but the excess materials shall be declared by the licensee to the Customs every year in accordance with

sub-para (6). The input or output ratio shall in any event be revised every three years.

(8) If due to lower efficiency, the input or output ratio is less than that approved by the Customs authorities, licensee will have no right of refund. The input or output ratio shall in any event be revised every three years.”;

(g) in rule 352, for sub-rules (2) and (3), the following shall be substituted, namely:—

“(2) Item-wise record of input goods received, manufactured and exported shall be maintained in the format as set out in Appendix-IV to this chapter, which shall be examined, stamped and signed by the supervising Customs official every month:

Provided that one copy in the form of quarterly return in the same format as Appendix IV shall be submitted to the Collector before the tenth day of the following quarter. Such quarterly return should show the item-wise opening balances, accumulated inwards during the quarter, accumulated issued for manufacturing facility, accumulated production of finished goods, factory rejects, wastes or losses, accumulated exports and or removals and remaining balances at the end of the quarter.

(3) The export of finished goods shall be made against,—

(i) the bill of export prepared by the licensee of manufacturing bond or his representative and endorsed as " Export from Manufacturing Bond”;

(ii) a consumption sheet showing the imported inputs consumed for relative finished goods, providing for import consignments reference numbers.

The Customs official examining the goods for release before export shall strictly check and verify the records of inputs consumed for the export goods.”;

(h) for rule 361, the following shall be substituted, namely:—

**361. Stock taking of goods lying in a warehouse.-**

An appropriate officer of customs, authorized by the concerned Assistant Collector of Customs, shall conduct stock taking and detailed audit of a warehouse as and when so directed but at least once in a year. The auditors specifically will examine the mandatory requirements of the scheme, availabilities of all prescribed records set out in this scheme, input or output ratios actually consumed for the manufacturing of finished goods, opening stocks of the year, inward or outward input goods during the year, finished goods stocks, wastages or rejects (losses during the year if any), due approvals of the Customs authorities, and shall submit its findings or report to the concerned Collectorate and a copy thereof to the licensee for his records.

**361A. Local procurements.—** The local procurements should be kept separately and identifiable to Customs authorities. However, during manufacturing process, the local procurement of same characteristic or specification or identical inputs (as imported) can be consumed simultaneously in the production facility with separate internal records of the Company verifiable to the Customs authorities during routine check-up and periodical audits. It is however required that entries in the stock records shall allow the Customs authorities to monitor the precise situation of all goods under the arrangements at any time.”;

(i) in Appendix-III,—

(i) for item 4, the following shall be substituted, namely:—

“4. Details of the input goods to be used for the manufacture of the finished goods:



Part-II Movement in Production department for Input Goods									
Date	Document Reference No.	Quantity Received from Bonded warehouse	Description of goods manufactured	Quantity of Input goods consumed in		Closing balance	Quantity of output goods manufactured as		
				Finished goods	Factory rejects		Finished goods	Factory rejects	Wastage
(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)

Part-III Movement in Finished Goods manufactured								
Date	Quantity of input goods involved	Reference of respective GD No. of that input imports	Accumulated quantity consumed of that import GD	Quantity of goods manufactured (output)	Quantity of finished goods exported	Value of finished goods exported	Bill of Export No. & date	Closing balance
(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)

Part-IV Movement in Factory Rejects							
Date	Quantity of input goods involved	Reference of respective GD No. of that input imports	Accumulated quantity consumed of that import GD	Quantity of factory rejects manufactured	Quantity of factory rejects sold in domestic market	Reference of import GD No. / ST Invoice No. for removal of factory rejects	Closing balance
(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)

Part-V Movement in Wastage				
Date	Quantity of wastage manufactured	Quantity wastage sold in domestic market	Reference of import GD No. / Sales Tax Invoice No. for removal of wastage with date	Closing balance
(42)	(43)	(44)	(45)	(46)

SIGNATURE \_\_\_\_\_

NAME AND DESIGNATION \_\_\_\_\_

N.I.C. NO. \_\_\_\_\_

Verified by the Customs Officer Incharge of the Bond

Signature \_\_\_\_\_

Official rubber stamp with Name and Designation \_\_\_\_\_ ”

[C.No.3(105)EP/99.]

**(Shahanshah Hasnain)**  
**Secretary (Duty Remission & Drawback)**