

Government of Pakistan
Central Board of Revenue

Islamabad, the 29th June, 2007.

**NOTIFICATION
(FEDERAL EXCISE)**

S.R.O. 656(I)/2007.— In exercise of the powers conferred by sub-section (3) of section 6, sub-section (5) of section 12 and section 40 of the Federal Excise Act, 2005, the Central Board of Revenue is pleased to make the following further amendments in the Federal Excise Rules, 2005, namely:-

In the aforesaid Rules,—

- (1) in rule 2, for clause (ca), the following shall be substituted, namely:-

“(ca) “aircraft operator” includes any airline or person or company undertaking the carriage of passengers on an air journey within Pakistan or outside Pakistan for or from any airport or aerodrome located within the territory of Pakistan;”;
- (2) rule 24C shall be omitted;
- (3) in rule 40A,—
 - (i) in the marginal note, after the word “on” the word “non-fund” shall be inserted; and
 - (ii) in sub rule (1), for the words “defined under these rules”, the words “notified under the First Schedule to the Act” shall be substituted;
 - (iii) for sub rule (2), the following shall be substituted, namely:-

- “(2) Every banking company and non-banking financial company shall pay the excise duty leviable on all non-fund services rendered or provided to any person except the services of utility collection, Umra and Hajj service, cheque book issuance and cheque return.”; and
- (iv) in sub-rule (6A), after the word “companies”, occurring twice, the words “and non-banking financial companies” shall be inserted;
- (4) rule 40B shall be omitted;
- (5) for rule 41A, the following shall be substituted, namely:-

“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, FE-1 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 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.

(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 upto the last working day of each calendar month.

(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 thousand 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.

(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) 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. 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.”;

(6) rule 42A shall be omitted;

(7) for rule 44, the following shall be substituted, namely:—

“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.”;

(8) in rule 45, for the word “challan”, wherever occurring, the word “return” shall be substituted;

(9) in rule 46,—

(i) for the word “challan” wherever occurring, the word “return” shall be substituted; and

- (ii) in sub-rule (5), for the word "challan" the word "returns" shall be substituted; and
 - (10) in rule 47, in sub-rule (1), after the word "return", the comma and words ", electronically or otherwise" shall be inserted.
2. This notification shall take effect from 1st July, 2007.

[C. No. 4/1-STB/2007]

(Wajid Ali)
Secretary (ST&FE-Budget)