

## FAQs REGARDING EXPORT FACILITATION SCHEME (EFS)

### Abbreviations used in the FAQs

**EFS:** Export Facilitation Scheme  
**MB:** Manufacturing Bond  
**EOU:** Export Oriented Unit  
**DTRE:** Duties and Taxes Remission on Exports  
**SME:** Small and Medium Enterprise  
**WeBOC:** Web Based One Customs

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### **Q1. Which SRO regulates EFS?**

Ans: EFS is regulated by SRO 957(I)/2021 dated 30.07.2021.

### **Q2. Who can apply for EFS?**

Ans: (i) Exporters operating under the existing DTRE, EOU and MB schemes  
(ii) Fresh entrants

### **Q3. Why exporters operating under DTRE, EOU and MB schemes are required to shift to EFS?**

Ans: The existing export oriented schemes i.e. DTRE, EOU and MB will be phased out by **13.08.2023** and eventually will be replaced by EFS.

### **Q4. What is the basis to apply for EFS Scheme?**

Ans: The basis to apply for EFS Scheme is:  
i. Export performance for last two financial years;  
OR  
ii. Firm contract of export.

### **Q5. Which person can avail EFS?**

Ans: EFS Scheme is available to the following persons.

- i. **Manufacturer-cum-Exporter** registered under the Sales Tax Act, 1990, who makes value-addition not less than ten (10) per cent;
- ii. **Manufacturer** registered as manufacturer under the Sales Tax Act, 1990 who intend to supply against international tenders.
- iii. **Commercial Exporter** engaged in purchase and export of goods in same state from the domestic market or from an indirect exporter and exports these goods.
- iv. **Indirect Exporter** having firm contract or export purchase order from a direct exporter or commercial exporter for manufacture and supply of goods to such exporter.

- v. **Common Export House** authorized by the Collector for import, ware-housing and supply of input goods without payment of duty and taxes to SMEs, direct or indirect exporter or commercial exporter.
- vi. **International Toll Manufacturer** having an arrangement wherein a foreign principal provides input goods to an exporter to produce finished goods for subsequent export.

**Q6. Whether a person with no export history can avail EFS?**

Ans: **Yes.** A manufacturer-cum-exporter with no export history can avail EFS if he/she holds a firm contract of export and shall be classified as per the claimed percentage of production to be exported i.e. A and B, subject to review by the Regulatory Collector after one year.

**Q7. What are the categories of exporters in EFS?**

Ans: The categories of exporters in EFS are as under:

- (i) **Category A:** Manufacturer-cum-exporter with 60% or above exports of his total annual production in last two years.
- (ii) **Category B:** Manufacturer-cum-exporter with less than 60% total of his annual production being exported. This category shall be further subcategorized as under:
  - B-1: Manufacturer-cum-exporter having more than 3 years of export history.
  - B-2: Manufacturer-cum-exporter having less than 3 years of export history.
- (iii) **Category C:** Indirect exporter, commercial exporter and international toll manufacturer
  - C-1: Manufacturer having more than 3 years history of supplying to direct exporter or export as commercial exporter or international toll manufacturing;
  - C-2: Manufacturer having less than 3 years history of supplying to direct exporter or export as commercial exporter or international toll manufacturing.

**Q8. Whether audit of the applicant is mandatory for approval of EFS application?**

Ans: **No.** Audit of the EFS applicant is not mandatory, for approval.

**Q9. What is the utilization period of input materials acquired under EFS authorization?**

Ans: The utilization period is dependent on each category as follows:

Sr. No	Category	Utilization Period
1	Category A	Five Years
2	Category B1	Four Years
3	Category B2	Two Years

4	Category C1	Four Years
5	Category C2	Two Years

**Q10. Whether the exporter shifting from previous export scheme to EFS can utilize the balance unutilized materials of the previous scheme?**

Ans: **Yes.** The exporter can utilize the balance unconsumed materials of the previous scheme after shifting to EFS.

**Q11. What is the utilization period of unconsumed materials of previous schemes when operating under EFS?**

Ans: The utilization period will remain the same as that of the previous scheme.

**Q12. Who can issue analysis certificates in EFS?**

(i) Ans: The following are authorized to issue analysis certificate.

- a. Directorate of Input Output Co-efficient Organization (IOCO)
- b. Engineering Development Board (EDB) for engineering goods.
- c. Regulatory Collector for exporters of category A or where analysis certificate of the input/output goods are available in IOCO database and are acceptable to EFS user.

**Q13. What will be the security instrument for different categories in this scheme?**

Ans: The security instrument is dependent upon the category in the EFS scheme:

- i. **Category A:**  
Indemnity bond and Post Dated Cheque (PDC);
- ii. **Category B-1:**  
Indemnity Bond and PDC for manufacturer cum exporter *with self-owned manufacturing facility* and  
Revolving Insurance Guarantee covering their annual requirement, for manufacturer-cum-exporter *with rented manufacturing facility*;
- iii. **Category B-2:**  
Revolving Insurance Guarantee for manufacturer with *self-owned manufacturing facility* covering their annual requirement.  
Revolving Bank Guarantee for manufacturer *with rented manufacturing facility covering their annual requirement* till three (03) years benchmark is crossed and graduating to B-1 category;

iv. **Category C-1:**

Indemnity Bond and PDC for manufacturer with *self-owned manufacturing facility* and

Revolving Insurance Guarantee for manufacturer with *rented manufacturing facility* and commercial exporters, covering their annual requirement; and

v. **Category C-2:**

Revolving Insurance Guarantee for manufacturer *with self-owned manufacturing facility* and

Revolving Bank Guarantee for manufacturer with *rented production facility* and commercial exporters, covering their annual requirement till three years benchmark is crossed and graduating to C-1 category.

**Q14. Whether EFS authorization value can be adjusted as per currency fluctuation?**

Ans: **Yes.** WeBOC provides simple and hassle free online procedure for enhancement of authorization value.

**Q15. Whether the exporters shifting from previous regimes to EFS will be required to obtain fresh Analysis Certificate?**

Ans: **No.** EFS user can attach the existing Analysis Certificates obtained under MB or EOU scheme and will not be required to obtain fresh Analysis Certificate. In case of DTRE, the EFS user can apply on the basis of existing IORs to the Regulatory Collector who shall finalize the same without forwarding to IOCO.

**Q16. Is there a time limit for issuance of Analysis Certificate by the IOCO?**

Ans: **Yes.** In case IOCO does not finalize the Analysis Certificate within thirty days, the WeBOC or PSW system shall automatically allow acquisition against 100% of the value of input goods involved as declared by the applicant **provisionally**, based on the declared input output ratios.

**Q17. Whether plant & machinery can be imported in this scheme?**

Ans: **Yes.**

**Q18. What is the retention period of imported plant, machinery and spares.**

Ans: The plant, machinery and equipment shall be retained for a period of five years from the date of importation; whereas the retention period of spares shall be two years from the date of importation.

**Q19. What percentage of output goods can be sold in the local market by EFS user?**

Ans: A user shall be allowed to sell up to 20% of the output goods manufactured from input goods in the domestic market on payment of leviable duty and taxes on filing of a Goods Declaration.

**Q20. What will be the fate of unused input goods in this scheme?**

Ans: A user may, with the approval of the Regulatory Collector, dispose of the unused input goods in the following manner:-

- i. The user may transfer unused input goods to other authorized users before the end of utilization period without payment of duty and taxes; or
- ii. The user may sell the unused input goods in the domestic market after expiry of utilization period on payment of duties and taxes, and a surcharge of KIBOR plus 3%:

**Q21. When the user is required to submit reconciliation statement?**

Ans: i. EFS user falling under category A shall submit an annual reconciliation statement within thirty days of the end of the year.

- ii. Users falling under categories B & C shall submit a biannual reconciliation statement within thirty days of the end of six months.

**Q22. When audit will be conducted in this scheme?**

Ans: The Directorate of Post Clearance Audit is authorized to conduct an audit of the user:

- i. Category A; once in five years;
- ii. Category B; once in Four years;
- iii. Category C; once in three years ; and
- iv. Contract based: once in three years

**Q23. Can the EFS user avail consumption of input goods imported under SRO 492(I)/2009 dated 13.06.2009?**

Ans: Yes. EFS and SRO 492(I)/2009 dated 13.06.2009 can be utilized simultaneously.

**Q24. Who will be eligible for common export house?**

Ans: Any person desirous of operating a Common Export House can apply to the Regulatory Collector along with the following documents, namely:-

- i. Application form;
- ii. ISO Certificate if available;
- iii. The site plan of the proposed warehouse indicating the location of the premises and the details of the total area and covered area;

- iv. Bank statement of the applicant for the last two years; or from the date of incorporation;
- v. Memorandum and Articles of Association in case where the applicant is registered under the Companies Ordinance, 1984 (XLVII of 1984), or partnership deed if it is a partnership firm;
- vi. Ownership documents or lease or tenancy agreement; and
- vii. Comprehensive insurance policy covering all risks such as fire, burglary etc.,

**Q25. What will be the utilization period of procured goods under common export house?**

Ans: The user shall supply the input goods to the SMEs and other users within a period of two years from the date of importation.

**Q26. When will Revalidation or revival of Common Export House authorization take place?**

Ans: The authorization for Common Export House shall be issued for a period of three (03) years and the same shall stand revalidated for successive period of three years by the Regulatory Collector without further application thereof by the user.