

Export Processing Zones Rules notified vide Sub-Chapter 3 of Chapter XII of Customs Rules, 2001.

**SUB CHAPTER (3)
EXPORT PROCESING ZONE**

225. definitions.- In this sub-chapter, unless there is anything repugnant in the subject or context,-

- (a) "Authority means the Export Processing Zones Authority established under the;
- (b) "Collector of Customs", in relation to a Zone, means the Collector of Customs, in whose jurisdiction such Zone is established;
- (c) "import", in relation to a Zone, means import from abroad and includes goods introduced into a Zone from the Tariff Area;
- (d) "investor" and "industrial-undertaking" shall have the same meaning as are, respectively, assigned to them in the Ordinance;
- (e) "Ordinance" means the Export Processing Zones Authority Ordinance, 1980 (IV of 1980);
- (f) "Tariff Area" means any area in Pakistan outside the limit of a Zone; and
- (g) "Zone" means such area as is declared by the Federal Government to be a Zone under the Ordinance.

226. Import of goods into the Zones.- (1) subject to sub-rules (7) and (8), any goods can be imported into the zones from abroad or from the Tariff Area.

(2) A separate bill of entry in respect of goods imported for a Zone along with other documents showing details of the goods as required under the Act and the Rules made thereunder shall be presented to the Customs authorities for assessment and clearance.

(3) Goods imported into a Zone shall be assessed in accordance with the existing procedure.

(4) The exemption granted under ~~Board's Notification No. SRO 881(I)/80, dated the 23rd August, 1980~~¹³[omitted; the relevant tax laws] shall, be applicable to machinery, equipment, materials to be used solely within the limits of a Zone and goods imported into the Zone for warehousing purposes:

¹⁰[Provided that the investors in Export Processing Zone shall retain machinery for a period of five years from the date of its import into the Zone:

Provided further that the investors in Export Processing Zone shall be allowed to dispose of machinery in the tariff area after filing Goods Declaration subject to the fulfillment of conditions of Import Policy Order upon payment of duty and taxes on the following terms, namely:-

| "Sr No | Disposal period | Duty and taxes |
|--------|---|----------------|
| (1) | (2) | (3) |
| 1 | If sold or otherwise disposed of before the expiration of three years from the date of import in EPZ. | Full |

| | | |
|---|---|------|
| 2 | If sold or otherwise disposed of after three and before four years from the date of import in EPZ | 75% |
| 3 | If sold or otherwise disposed of after four and before five years from the date of import in EPZ | 50% |
| 4 | If sold or otherwise disposed of after five years from the date of import in EPZ | 0%'; |

(5) An investor or his licensed clearing agent duly approved and authorized by the Authority shall carry out necessary formalities regarding Customs clearance.

(6) All goods so cleared shall be secured and forwarded to the Zone under Customs supervision, a pass shall be sent with the goods specifying the name of the importer and the clearing agent, if any, number of vehicle, description and quantity of goods with the marks and numbers and contents thereof and, on receipt of the goods in the Zone, the officer of Customs allowing the goods to enter the Zone shall retain the pass.

(7) Admission of goods imported for a Zone shall not be refused except when the goods are liable to restrictions or prohibitions imposed on the grounds of public morality or order, public security hygiene or health or for veterinary or phyto-pathological considerations, or relating to the protection of patents, trade marks or copy-rights.

(8) Hazardous goods may be allowed to be admitted to a Zone only when an area specially designated for its storage is made available within the Zone.

(9) Goods admitted to a Zone may remain there for such period as may be prescribed by the Authority ⁹[but in no case exceeding two years:

Provided that the Collector of Customs may extend the aforesaid period by one year ¹⁰[:

Provided further that the Chief Collector may consider any further extensions, in exceptional circumstances, on such terms and conditions, as he may deem appropriate] ¹¹[:

Provided also that after expiry of utilization period, the input goods may be put to auction as per customs laws and rules.]

³[(10)(a) Import of vehicles shall be allowed without payment of customs-duty and other taxes as per the entitlements given in the table below, namely:-

TABLE

| S# | Quantum of Investment in EPZ | Vehicles Allowed |
|----|---|------------------|
| 1 | US\$ 10.00 million or more upto US\$ 25 million; | 03 |
| 2 | More than US\$ 25 million but less than US\$ 50 million; | 05 |
| 3 | Equal to or more than US\$ 50 million but less than US\$ 75 million | 10 |
| 4 | Equal to or more than US\$ 75 million less than US\$ 100 million | 15 |
| 5 | Equal to or more than US\$ 100 million less than US\$ 125 million | 20 |

| | | |
|---|--|----|
| 6 | Equal to or more than US\$ 125 million | 25 |
|---|--|----|

(b) subject to a maximum of one motor car of upto 1600 c.c within the number of vehicles allowed and shall be further subject to the verification of the amount of investment and completion of the project within a time period of three years by the Export Processing Zone Authority.]

(10) Units employing upto 25 workers will be allowed to import or purchase one coaster while units employing more than 25 will be allowed to import or purchase a bus upto 50 seats. Similarly, units with turnover of US\$ 5.00 million or more per annum will be allowed to import or purchase one cargo vehicle or truck;]

227. Introduction of goods into the Zones from Tariff Area.- ⁸[(1) Goods from the Tariff Area, required for further processing in a Zone, shall be admitted after completion of export formalities, including filing of export GD, which are normally observed for export out of the country. The Importer in the Zone shall file corresponding Import GD for allowing entry of goods in the Zone.]

(2) Goods which are entitled to exemption or repayment of Customs-duties and sales tax on exportation shall qualify for such exemption or repayment immediately after these have been admitted into a Zone in accordance with the provisions of the ~~Board's Notification No.S.R.O.882(I)/80, dated 23rd August, 1980~~ ¹³[omitted; relevant tax laws and notifications issued thereunder].

228. Export of goods from the Zones.- (1) Any goods removed from a Zone for exportation shall be exported under the export procedure as laid down in the Act and the rules made thereunder ¹[...]

(2) Goods cleared for export shall be forwarded to the exporting station under Customs supervision, a pass shall be sent with the goods, specifying the name of the Exporter and the clearing agent, if any, number of vehicles, description and quantity of goods with the marks and numbers and, on receipt of the goods at the exporting station, the officer of Customs allowing the export of goods shall retain the pass.

(3) All Customs formalities regarding removal of goods from the Tariff Area shall be completed at the main Customs check Post or any place within the Zone approved for this purpose by the Collector of Customs.

(4) Export Processing Zones manufacturers shall be treated at par with the bonded manufacturers in tariff area.

¹[(5) The units established in the Export Processing Zones ²[excluding M/s. al-Tuwairqi Steel Mills Karachi] shall export only upto twenty per cent of their total production to tariff areas in Pakistan while eighty per cent shall be exported to other countries.] ⁸[The condition of supply of twenty percent of the total production to tariff area shall not include the supplies made from the EPZ to tariff area under SRO 492(I)/2009 dated 13.06.2009 or DTRE scheme or Manufacturing Bond scheme or Export Oriented Units scheme ¹²[or Export Facilitation Scheme (EFS)], as the case may be, as the same are used for manufacture of goods which are eventually exported out of Pakistan.]

| ² [S.No. | Name of Unit | Maximum level of Export to tariff area. |
|---------------------|--------------|---|
|---------------------|--------------|---|

| (1) | (2) | (3) |
|------------------|---|--|
| 1. | M/s. Al-Tuwairqi Steel Mills, Karachi | 100% of the production |
| 2. | M/s. Filing & Packing Material manufacturing Company (FIPCO), Karachi | 50% of the production.] |
| ⁴ [3. | M/s. MRDL Saindak | 100% of the production of magnetite concentrate to Pakistan Steel] |
| ⁶ [4. | Units established in the Export Processing Zone, Gawadar | 50% of the production.] |
| ⁸ [5. | Units establishing in the Export Processing Zone, Risalpur. | 30% of the production] |

229. Removal of goods from the Zone to Tariff Area.- (1) Removal of imported raw materials, imported goods in the same state and goods produced by investors in a Zone to Tariff Area for home consumption may be allowed subject to the import restrictions and formalities applicable to imports from abroad, customs-duties and other taxes levied on imports into Tariff Area from the Zone shall be the same as duties and taxes levied on similar imports from abroad.

⁸[(2) Any goods permitted by the aforesaid authority for entry into the Tariff Area under sub-rule (1) may be taken out of the Zone after fulfilling all the requirements prescribed under the Act and the Rules made there-under for the direct import from abroad into the Tariff Area. The investor shall file export GD against the goods being exported from Zone to Tariff Area and the importer in the Tariff Area shall also file corresponding Import GD.]

(3) The point in time to be taken into consideration for the purpose of determination of value and the rate of duties and other taxes applicable on goods removed for home consumption shall be determined in accordance with provisions of the Act and the Rules made thereunder.

(4) The goods produced in a zone and removed to Tariff Area for home consumption shall be chargeable to customs-duties in the state in which they enter the Tariff Area.

Explanation.- The normal value of the goods manufactured in the E.P.Z, on entry into the Tariff Area and vice versa shall be assessed as per the provisions of section 25 of the Customs Act, 1969.

230. Subcontracting for units of the Tariff Area.- Units operating in a Zone shall be allowed to undertake subcontracting for units of the tariff area subject to payment of duty and taxes on value addition only and sales tax if chargeable on the value of supply with the prior permission of the Collector of Customs on such conditions, restrictions and limitations as may be prescribed by the Collector or as otherwise provided in the Act or the Rules made thereunder:

Provided that in case of chargeability of central excise duty or sales tax, shall be collected in the same manner and time as if it were duty of customs payable under the Customs Act, 1969 (IV of 1969).

¹¹[**230A. Subcontracting from units of the tariff area.-** Manufacturing Units operating in a zone and having in house manufacturing facility but requiring some part of manufacturing process to be done in tariff area shall, subject to the law for the time being in force, be allowed to undertake subcontracting from the units located in the tariff area with the prior permission of the Collector of Customs

on such conditions, restrictions and limitations as may be prescribed by the Collector or as otherwise provided in the Act or the rules made thereunder:

Provided that the manufacturer at the time of applying for sub-contracting shall declare in his application about the process that he intends to get done from a vendor, along-with particulars of the vendor. The vendor shall have a valid sales tax registration being a manufacturer and his name shall be appearing in the sales tax active taxpayers list. The vendor shall have in-house manufacturing facility to perform the stated manufacturing process. The vendor shall not be changed or added except with prior permission of the Deputy Collector or Assistant Collector concerned. Two sealed and signed samples of the goods shall be retained at the time of movement of the goods for vending and the same shall be handed over on arrival of the goods after the stated work has been carried on the goods.;

231. Destruction.- Any goods admitted to a Zone on having been rendered unfit for consumption may be allowed to be destroyed or rendered commercially value-less by an officer of Customs not below the rank of an Assistant Collector of Customs in such manner as may be prescribed by the Collector of Customs.

Provided that manufacturer in Export Processing Zone is allowed to remove @ 3% of the total value of export, the defective 'B' grade goods, waste, used packing materials, empty drums and cartons generated or produced in the Zone to tariff area on payment of duties and taxes.

232. Unaccounted goods.- ⁸(1) The importer shall maintain proper accounts of the imports , production, export, transfer, wastage of the raw materials and finished goods to the satisfaction of the Collector of Customs.

⁸(2) If any importer fails to give proper account of the imported goods to the satisfaction of an officer of Customs not below the rank of an Assistant Collector of Customs, the importer shall pay on demand an amount equal to the duties and taxes leviable thereon and shall also be liable to pay penalties imposed for such violation under the Act and the rules made thereunder.

233. Remission of duties.- Subject to the satisfaction of the Collector of Customs, the duties and other taxes, if any, may be remitted in full or in part, as the case may be, in the following cases, namely:-

- (i) when any goods are damaged or destroyed by unavoidable circumstances or causes beyond the control of the importer or the owner;
- (ii) when the waste or refuse of the goods is destroyed in accordance with rules 231; and
- (iii) when goods imported are bona fide samples for study, testing or design.

234. Restriction on removal of goods from the Zones.- No goods shall be taken out from any Zone except as provided in rules 228, 229, 230 ¹¹[, 230A] and 231, or for transfer to another Zone or to a customs manufacturing bond, ¹²[Export Facilitation Scheme or SRO 492(I)/2009] in a tariff area or ¹¹[omitted] with the prior permission of the Collector of Customs on such conditions, restrictions and limitation as may be prescribed by him or as otherwise provided in the Act or the rules made thereunder ¹³[:

Provided that consolidation of Sialkot Export Processing Zone (SEPZ) export LCL cargo by an international supply chain consolidator at Karachi authorized by the consignee, may be allowed on case by case basis by the Collector of Customs exercising jurisdiction over the Zone on submission of bank guarantee equivalent to the value of the duty and taxes leviable on the goods to be exported, as if the same are imported into Pakistan in that form. The consolidated cargo shall be exported

within a time period of 15 days from the date of removal from the zone and the bank guarantee shall be released on submission of consignment note as per Appendix-A to this sub-chapter alongwith a copy of export Goods Declaration;

Provided further that the period of re-export, for reasons to be recorded in writing, may be extended by the Collector of Customs for a period not exceeding fifteen days.

235. Transfer of ownership.- Transfer of ownership of goods admitted to a Zone may be allowed:

Provided that retain sale of such goods shall not be allowed ⁵[:]

⁵[Provided further that exporters from tariff area may be allowed to purchase goods from within the units in the Zone to be exported to foreign destination directly from Export Processing Zone under the supervision and seal of Export Processing Zone and Customs authorities duly escorted by Customs fulfilling all the related formalities.

⁸[**235A. Transfer of ownership by investor or industrial undertaking.-** No transfer of ownership by any investor or industrial undertaking of its unit or cancellation of license shall be finalized by the Authority without prior issuance of NOC from the Collector of Customs.

235B. Audit.- The concerned Collectorate of Customs shall conduct annual audit of units operating in Export Processing Zone.]

236. Security of the Zone.- (1) Each Zone shall be delimited and bounded with secured boundary fencing and suitable check posts may be established after approval of the Collector of Customs.

(2) The construction of the check post shall be carried out by the Authority in accordance with the layout plan approved by the Collector of Customs.

(3) The Collector of Customs may impose restrictions on means of access to a Zone and establish the hours of business. The Collector of Customs may keep the means of access to a Zone under permanent or intermittent supervision, and make spot checks on the goods introduced into the Zone to ensure that these are subjected to only authorized operations and to see that no unauthorized goods have been introduced.

| CONSIGNMENT NOTE | | | |
|--|----------------------|-----------------|--|
| Date: | | | |
| | | | |
| Customs CRN | Container No. | Seal No. | Outward Gate Pass No. and Date (issued at the Collectorate of origin) |
| | | | |
| Certificate: | | | |
| I / We hereby certify that goods mentioned in the accompanied packing list have been placed inside the container and the container has been sealed by me / us. | | | |
| Name and Signature of shipper/ consolidator with stamp | | | |

1. SRO 461(I)/2004 dated 12.06.2004
2. SRO 23(I)/2006 dated 05.01.2006
3. SRO 483(I)/2007 dated 90.06.2007
4. SRO 889(I)/2007 dated 01.09.2007
5. SRO 176(I)/2009 dated 19.02.2009
6. SRO 493(I)/2009 dated 13.06.2009
7. SRO 600(I)/2009 dated 26.06.2009
8. SRO 124(I)/2010 dated 01.03.2010
9. SRO 831(I)/2018 dated 02.07.2018
10. SRO 994(I)/2019 dated 04.09.2019
11. SRO 935(I)/2021 dated 16.07.2021
12. SRO 1094(I)/2023 dated 23.08.2023
13. SRO 30(I)/2024 dated 10.01.2024