

The
**FEDERAL EXCISE
RULES, 2005**



Updated by a team of ST&FE Policy Wing, FBR

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Latest amendments are in
RED

(Any inadvertent error may kindly be reported to the IR Policy Wing at the following telephone number or email address for necessary correction.)

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FEDERAL EXCISE RULES, 2005

Notification No. S.R.O. 534(1)/2005, dated 6th June, 2005.—In exercise of the powers conferred by ¹[sub-section (3) of section 6, sub-section (5) of section 12 and] section 40 of the Federal Excise Act, 2005 ²[***], the Federal Board of Revenue is pleased to make the following rules, namely:—

CHAPTER - I

PRELIMINARY

1. Short title and commencement.— (1) These rules may be called the Federal Excise Rules, 2005.

(2) These rules shall take effect from the 1st day of July, 2005.

2. Definitions. – (1) in these Rules, unless there is anything repugnant in the subject or context: –

- (a) **“Act”** means the Federal Excise Act, 2005 ³[***];
- (b) **“Agreement”** means the agreement executed between the Board and the Bank for the purpose of receipt of duty of excise and allied matters under the Act or these rules;
- (c) **“aggrieved person”** means a person or a class of persons who has brought a dispute for resolution under section 38 of the Act;
- ⁴[(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;]
- ⁵[(cb) **“air ticket”** means a ticket or electronic record on the basis of which a person is treated as being entitled to travel as a passenger on a particular flight or flights]

¹ The words, brackets, comma and figures inserted by Notification No. S.R.O. 561 (I)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

² The brackets, word and figures "(of 2005)" omitted by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

³ The brackets, word and figures "(of 2005)" omitted by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

⁴ Clause (ca) substituted by Notification No. S.R.O. 656(1)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19. Before substitution clause (ca) was added by Notification No. S.R.O. 780(1)/2006 dated 1st August, 2006, reported as PTCL 2007 St. 102.

⁵ Clause (cb) added by Notification No. S.R.O. 780(1)/2006, dated 1st August, 2006, reported as PTCL 2007 St. 102.

(d) **“Bank”** means the National Bank of Pakistan or any of its branches designated, by notification in the official Gazette, for the purpose of receiving duties of excise under the Act or these rules;

⁶[(da) **“Banking company”** means a banking company as defined in the Banking Companies Ordinance, 1962 (LVII of 1962), and includes any body corporate which transacts the business of banking in Pakistan;]

⁷[***]

⁸[(e)] **“cable TV [operator]”** means a person, a company, a firm, an establishment or an organization involved in the collection and distribution or dissemination of audio-video signals for public viewing whether through a cable, MMDS, LMDS or DTH (through satellite receiver);

¹⁰[(f)] **“challan”** means challan STR-11 Form as prescribed under Sales Tax Rules 2006;]

¹¹[(g)] **“Collector”** means a Federal Excise Officer appointed to exercise powers and discharge duties conferred or imposed upon Collector] under this Act or rules made thereunder in relation to the areas or as the case may be, cases falling under the jurisdiction of Regional Tax Offices or as the case may be, Large Taxpayers Units notified by the Board for the purposes of the Sales Tax Act, 1990;]

¹²[(ga)] **“Collectorate”** means the office of the Collector of Federal Excise having jurisdiction and includes the Large Taxpayers Units (LTUs) and the Regional Tax Offices (RTOs), where the offices of Income Tax, Sales Tax and Federal Excise are co-located;]

¹³[(h)] **“committee”** means a committee constituted under sub-section (2) of section 38 of the Act;

⁶ Clause (da) inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

⁷ Sub-para (c) omitted by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974. At the time of omission sub-para (e) was "(c) 'Banking company' means a banking company which transacts the business of banking as defined in the Banking Companies Ordinance, 1962 (LVII of 1962);"

⁸ Existing sub-para (f) read as sub-para (e) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

⁹ Substituted for the word "network" by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

¹⁰ Clause (f) substituted by Notification No. S.R.O. 546(1)/2008, dated 11th June, 2008, reported as PTCL 2008 St. 1927(iii). At the time of substitution Clause (f) was "Clause(f)] 'challan' means T.R-6 prescribed under rule 92 of the Treasury Rules Vol. I;" Existing sub-para (g) read as sub-para (f) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

¹¹ Clause (g) substituted by Notification No. S.R.O. 546(I)/2008, dated 11th June, 2008, reported as PTCL 2008 St. 1927(iii).

¹² Clause (ga) inserted by Notification No. S.R.O. 546(1)/2008 dated 11th June, 2008, reported as PTCL 2008 St. 1927(iii).

¹³ Existing sub-para (i) read as sub-para (h) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-H, page 2974.

- ¹⁴ [(i)] **“declared premises”** means any premises declared in the application for registration for the purposes of the Act or these rules and such premises shall be treated as registered premises;
- ¹⁵ [(j)] **“curing”** includes wilting, drying, fermenting and any process of rendering an unmanufactured product fit for marketing or manufacture;
- ¹⁶ [(k)] **“dispute”** means, a case where for evidently valid reasons, a registered person is aggrieved in connection with any matter of Federal excise specified in sub-section (1) of section 38 of the Act and prima facie deserves relief for the elimination of possible hardship;
- ¹⁷ [(l)] **“Federal excise practitioner”** means a person registered as Federal excise practitioner in the prescribed manner;
- ¹⁸ [(la)] **“foreign exchange dealer”** includes an exchange company or moneychanger;]
- ¹⁹ [(m)] **“Form”** means the STR Form as annexed to the Sales Tax Rules, 2006;]
- ²⁰ [(ma)] **[***]**]
- ²¹ [(mb)] **“franchiser”** means any person who enters into franchise and includes any associate of franchiser to enter into franchise on his behalf, and the term 'franchisee' shall be construed accordingly;
- (mc) **“Non-banking finance company”** means a company or a body corporate licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003;]
- ²² [(n)] **“head of account”** means the relevant head of account specified by the Federal Government;
- ²³ [*** * ***]
- ²⁴ [(o)] **“officer”** means a Federal excise officer by whatever designation or rank he is called; and

¹⁴ Existing sub-para (j) read as sub-para (i) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

¹⁵ Existing sub-para (k) read as sub-para (j) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

¹⁶ Existing sub-para (l) read as sub-para (k) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

¹⁷ Existing sub-para (m) read as sub-para (l) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

¹⁸ Clause (la) inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

¹⁹ Clause (m) substituted by Notification No. S.R.O. 546(1)/2008, dated 11th June, 2008, reported as PTCL 2008 St. I 927(iii). At the time of substitution Clause (m) was [(m)] 'Form' means the Federal Excise series of forms prescribed under these rules;". Existing sub-para (n) read as sub-para (m) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

²⁰ Clause (ma) omitted by Notification No. S.R.O. 546(1)/2008, dated 11th June, 2008, reported as PTCL 2008 St.1927(iii). At the time of omission Clause (ma) was [(ma)] 'franchise' means an agreement by which the franchisee is granted representational rights to sell or manufacture goods or to provide service or to undertake any process identified with franchiser against an agreed fee or consideration including royalty, whether or not a trade mark, service mark, trade name or logo or any such symbol, as the case may be, is involved;]. Clause (ma) was inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

²¹ Clauses (mb) & (mc) inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

²² Existing sub-para (o) read as sub-para (n) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

²³ Sub-para (p) & (q) omitted by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974. At the time of omission sub-para (p) & (q) were "(p) 'leasing company' means a company which is primarily engaged in the business of leasing and includes modarabas; (q) 'non-banking financial company' means a company licensed by the Securities and Exchange Commission of Pakistan for the purpose of Part VIII-A of the Companies Ordinance, 1984 (XLVII of 1984) and includes modaraba or modaraba company in the same meaning as assigned under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980);"

²⁴ Existing sub-para (r) read as sub-para (o) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

Federal Excise Rules, 2005

²⁵ [(oa) **“Port Operator”** includes Karachi Port Trust (KPT) or any other person or organization managing the operations of any customs-ports declared under section 9 of the Customs Act, 1969 (IV of 1969);]

^{26, 27} [(ob)] **“post paid telecommunication service”** means the service in respect of which charges are collected by the service provider after the use of the telecommunication services; and]

^{28, 29} [(oc)] **“pre-paid telecommunication service”** means the service in respect of which charges are collected by the service provider prior to the use of the telecommunication services;]

³⁰ [(p)] **“shipping agent”** means a person, whether licensed or not under the Customs Act, 1969 (IV of 1969), or the rules made thereunder, who provides or renders any service in relation to entrance or clearance of conveyance at a customs port and issues line or carrier bill of lading, for or on behalf of a shipping line and includes non-vessel operating common carriers (NVOCC), slot carriers, charters, international freight forwarders and Consolidators, rendering services in relation to import and export of cargo, whether independently or as subsidiary of shipping line, carrier and non-vessel operating common carriers.

³¹ [(q)] **“Terminal Operator”** includes Karachi International Container Terminal (KICT); Pakistan International Container Terminal (PICT) and Qasim International Container Terminal (QICT);]

(2) The words and expressions used but not defined herein, shall have the same meaning as assigned to them in the Act.

²⁵ Clause (oa) inserted by Notification No. S.R.O. 475(1)/2009, dated 13th June, 2009, w.e.f. 1st July, 2009.

²⁶ Clause (oa) was inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 S1. 1724.

²⁷ Clause (oa) re-lettered as clause (ob) by Notification No. S.R.O. 475(1)/2009 dated 13th June, 2009, w.e.f. 1st July, 2009.

²⁸ Clause (ob) was inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 S1. 1724.

²⁹ Clause (ob) re-lettered as clause (oc) by Notification No. S.R.O. 475(1)/2009 dated 13th June, 2009, w.e.f. 1st July, 2009.

³⁰ Existing sub-para (s) read as sub-para (p) by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

³¹ Clause (q) added by Notification No. S.R.O. 475(1)/2009, dated 13th June, 2009, w.e.f. 1st July, 2009.

CHAPTER - II

REGISTRATION AND ALLIED MATTERS

3. Application for registration.— (1) A person required to be registered under the Act shall, if not already registered before commencing manufacturing of any excisable goods or before rendering or providing any excisable services, shall apply to the Collector for registration in the Form ³²[STR-1].

(2) In case of a corporate person, that is, a listed public limited company or an unlisted public limited company or a private limited company the application for registration shall be filed to the Collector having jurisdiction over that area where the registered head office of such company is located.

(3) A non-corporate person, having a single manufacturing unit, whose business premises and manufacturing unit are located in different areas; shall apply to the Collector of the area in whose jurisdiction his manufacturing unit is located:

Provided that a corporate person shall have the option to apply for transfer of registration to the Collector having jurisdiction over the area where manufacturing unit is located.

(4) In case of excisable services, application for registration shall be filed to the Collector of the area where the head office of the applicant is located.

(5) Where the application for registration is complete in all respects, the Collector or an officer authorized by him in this behalf, after conducting such verification or inquiry as is deemed necessary, shall forward the application to the Central Registration Office in the Board who shall issue a certificate of registration containing the registration number, to the applicant in the Form ³³[STR-5].

(6) The application for registration may be filed electronically.

³² Substituted for the expression "FE-I" by Notification No. S.R.O. 546(1)/2008, dated 11th June, 2008, reported as PTCL 2008 St.1927(iii).

³³ Substituted for the expression "FE-II" by Notification No. S.R.O. 546(1)/2008, dated 11th June, 2008, reported as PTCL 2008 St. 1927(iii).

³⁴[3A. **Failure to get registration.**— (1) Where a person is required to be registered under section 13 of the Act, does not apply for registration, the Collector or any other officer authorized by him in this behalf shall, if after such inquiry as deemed appropriate is satisfied that such person is required to be registered, issue notice to such person informing him about the grounds for the proposed registration and offering an opportunity of showing cause within fifteen days against such registration.

(2) In case the Collector, or the authorized officer, receives a written reply from the person required to be registered within the time specified in the notice contesting his liability to be registered, the Collector or the officer shall grant such person an opportunity of personal hearing, if so desired by the person, and shall thereafter pass an order whether or not such person is liable to be registered compulsorily.

(3) Where the person to whom a notice is given under sub-rule (1), does not respond within the time specified in the notice, the Collector or the authorized officer may pass an order for compulsory registration specifying therein the reasons for such registration.

(4) A copy of the order as referred to in sub-rules (2) and (3), shall be provided to the person registered under these rules. Another copy thereof shall be sent to the Central Registration Office (CRO), FBR, along with the relevant particulars of the person to be registered. The CRO shall compulsorily register the person and allot him a registration number which shall be delivered to the person either in person through the Collectorate or through registered mail or through courier service.

(5) A person registered compulsorily under this rule is required to comply with all the provisions of the Act and rules made thereunder from the date of compulsory registration, and in case of failure to do so, the Collector having jurisdiction may order an audit of his records in terms of section 46 and recovery of dues in terms of section 14 of the Act.

³⁴ Rule 3A inserted by Notification No. S.R.O. 27(Q/2007 dated 10th January, 2007, reported as PTCL 2007 St. 1417(ii)

(6) If at any time it is established that a person was not liable to registration but was wrongly registered under this rule due to inadvertence, error or misconstruction, the CRO shall cancel his registration. In case of such cancellation of registration, such person shall not be liable to pay any duty, default surcharge or penalty under the Act or rules made thereunder, subject to the conditions, limitations and restrictions prescribed under section 11 of the Act.]

4. Change in the particulars of registration.— (1) In case there is a change in the name, address or other particulars as stated in the registration application or registration certificate, the registered person shall notify the change to the Collector within fourteen days of such change.

5. Transfer of Registration.— (1) The Board may, subject to such conditions, limitations or restrictions as it may deem fit to impose, by an order, transfer the registration of a registered person from the jurisdiction of one Collector to another Collector or, as the case may be, to the Large Taxpayers Unit.

(2) In case of transfer of registration, the Collector in whose jurisdiction the registration has been transferred shall issue a new certificate of registration to the taxpayer in lieu of the previous certificate, and such new certificate shall contain a reference to the previous certificate of registration.

(3) Where a registered person intends to shift his business activity from the jurisdiction of one Collector to another, or he has any other valid reason for such transfer, he shall apply to the Collector for transfer of his registration and the provisions of this rule shall, *mutatis mutandis*, apply to such cases.

(4) In cases, where registration of any person has been transferred by the Board from one Collector to another or to the Large Taxpayers' Unit for the purposes of Sales Tax Act, 1990, the registration of such person for the purpose of the Act shall *ipso facto* stand so transferred.

6. Other matters relating to registration.— (1) In case a person ceases to manufacture excisable goods or provide or render excisable services, he shall

apply to the Collector for cancellation of his registration in the Form ³⁵[STR-3] and the Collector may, after such enquiry or audit as he may deem fit to have, cancel the registration of that person from such date as may be specified, but not later than three months from the date of such application or the date on which all the dues under the Act or these rules and arrears, if any, outstanding against such person are deposited by him, whichever is later.

(2) Where a Collector has reasons to believe that a registered person is found to have issued false invoices, or evaded duty or has committed any offence or irregularity to evade duty or avoid his obligations under the Act or these rules, he may, after confirming the facts and veracity of the information and giving opportunity to such person to clarify his position, suspend his registration.

(3) In case a person, whose registration has been suspended under sub-rule (2) subsequently approaches the Collector for withdrawing the order for suspension of registration, the Collector may, after conducting such inquiry as he may deem fit, including consultation with the concerned trade association or body, withdraw such order subject to his satisfaction that such person is not engaged in the activities specified in sub-rule (2).

(4) A person manufacturing or producing more than one excisable goods or excisable as well as non-excisable goods or providing or rendering more than one excisable services or excisable as well as non-excisable services, shall apply for and take or shall be issued only one registration provided that in cases where goods are liable to excise duty and are also chargeable to sales tax, the registration issued for sales tax purpose shall be valid for excise purpose as well.

(5) Notwithstanding anything contained in this Chapter, in case of persons who are registered also for the purposes of sales tax, the procedures prescribed under the Sales Tax Law relating to the following matters shall mutatis mutandis apply,—

- (a) de-registration;
- (b) supersession or cancellation of registration;
- (c) transfer of registration; and
- (d) changes or amendments in registration.

³⁵ Substituted for the expression "FE-III" by Notification No. S.R.O. 546(1)/2008, dated 11th June, 2008, reported as PTCL 2008 St..I927(iii).

CHAPTER - III
ASSESSMENT AND COLLECTION
OF DUTY

7. **Liability of duty.**— Every person who produces or manufactures any excisable goods or provides or renders any excisable services shall pay duty due on such goods or services on such date and in such manner as is prescribed under the Act or these rules provided that the duty in respect of goods imported into Pakistan shall be charged and collected in the same manner and at the same time as if it were a duty of customs payable under the Customs Act, 1969 (IV of 1969).

8. **No refund of duty erroneously levied or paid, unless claimed within one year.** — No duty or part thereof which has been paid or overpaid through inadvertence, error or misconstruction, shall be refunded unless a written claim is lodged to the Collector within one year from the date of such payment.

9. **Payment of duty not to be postponed.** — Under no circumstances whatsoever, any registered person shall on his own or otherwise defer or postpone the payment of duty on the pretext or ground that he has not received the price inclusive of duty or the amount of duty from a person to whom he has sold excisable goods or rendered or provided excisable services.

10. **No default surcharge for holidays.** — In situations where any amount of duty due to be paid on a given day is not deposited owing to holiday, no default surcharge shall be paid or required to be paid if such amount of duty is paid on the next working day.

CHAPTER - IV

INVOICING AND DUTY ADJUSTMENT

11. Numbering of invoices. – (1) The application of this rule is restricted to persons who are not required to issue invoice for the purposes of sales tax.

(2) A person engaged in the manufacture of excisable goods or providing or rendering of excisable services shall issue a serially numbered invoice in triplicate and serial numbering shall unless otherwise required due to commencement of business at any point of time during the year, commencing from the first day of each financial year.

(3) Unless otherwise required under the Act or these rules, invoice shall be issued at the time when goods are physically removed from the registered premises for intended sale or export and in case of services, on the day when services are provided or rendered regardless of the time or day of receipt of the price of such goods or services from the buyer.

(4) Consolidated, clubbed or aggregated invoices shall not be issued under any circumstances.

12. Computer generated invoices.– A registered person may issue computer generated invoices provided that each copy of such invoice shall invariably be signed by him or a person authorized by him in this behalf.

13. Proof in support of adjustment. – (1) No adjustment of duty already paid shall be admissible against duty payable on any excisable goods unless a registered person has a valid proof in the form of purchase invoice or goods declaration or any other lawful document in his own name besides a proof to the effect that he has paid the price of goods inclusive of duty at previous stage through banking channels as laid down in the Act.

(2) Where the excisable raw materials or input goods cannot be procured or purchased by any person directly from a manufacturer of such raw materials or input goods due to the policy or regulations of the Government, a photocopy of excise invoices issued by the manufacturer to an

authorized marketing company along with concerned invoice issued by such marketing company shall be treated as valid document for the purpose of duty adjustment provided other requirements of the Act and these rules are fulfilled.

³⁶ [(3) Notwithstanding anything contained in the Act or these rules, a registered person shall be entitled to claim adjustment of duty already paid on his inputs within a period of six months provided that in case of un-manufactured tobacco, the manufacturers of cigarettes shall be entitled to claim adjustment within two years.]

14. Apportionment of adjustment. – In case a registered person is manufacturing and selling both excisable and non-excisable goods manufactured or produced from duty-paid inputs, he shall be entitled to adjustment of duty only to the extent and in respect of excisable goods.

³⁷ **[14A. Credit and debit notes.** – Where a registered person has issued an invoice in respect of a supply made by him and as a result of cancellation of supply or return of goods or a change in the nature of supply or some such event, the amount shown in the invoice or the return needs to be modified, the registered person may, issue a debit or credit note and make corresponding adjustment in the return in the manner, as far as applicable, as prescribed in Chapter III of the Sales Tax Rules, 2006.]

³⁶ Sub-para (3) substituted by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974. At the time of substitution sub-para (3) was "(3) Notwithstanding anything contained in the Act or these rules, a manufacturer of cigarettes shall be entitled to claim adjustment of duty paid on un-manufactured tobacco within a period of two years."

³⁷ Rule 14A inserted by Notification No, S.R.O. 371(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St 1853.

CHAPTER - V

MANUFACTURING OF GOODS AND REMOVAL THEREOF

15. Declaration of business premises and equipment. – Every manufacturer or service provider in respect of dutiable goods or services shall, at the time of applying for registration, declare in writing all details of his business premises including godowns along with the name, address, copy of National Identity Card, details of plant, machinery, raw materials, dutiable or other goods to be produced or dutiable or other services to be provided and any change in these particulars shall be intimated to the Collector within fifteen days of the change.

16. Storage of excisable goods. – (1) Every manufacturer of excisable goods shall maintain a separate store-room or any other place of storage on his registered manufacturing premises and deposit in such room or place all excisable goods manufactured or produced by him.

(2) No duty paid goods or goods other than excisable goods shall be deposited in such store room or place of storage.

17. Daily account of production, clearance and balances of excisable goods. – (1) Every manufacturer shall maintain a production account in appropriate manner and shall enter daily in such account the description, quantity and rating of all excisable and other goods which are:—

- (a) manufactured or produced in his factory;
- (b) removed on payment of duty from the factory for home consumption;
- (c) removed without payment of duty from factory for export outside Pakistan;
- (d) issued for use in the manufacture of other goods within the factory or reprocessing or remanufacture;
- (e) goods sent for value addition or further processing to other manufacturing premises; and
- (f) in balance at the close of each day.

(2) In the case of removal of exempted goods, or of excisable goods on payment of duty, or without payment of duty for export, the manufacturer shall maintain accounts, separately for each type of such removal.

(3) The manufacturer shall also maintain records of such inputs used in connection with manufacturing of goods within the factory like electricity, fuel (used in manufacturing process) gas, telephone, wages of labour and salaries and other emoluments of staff and rent paid for the premises.

18. The manner of maintaining records and accounts etc.—Where any person is required by the Act or these rules to maintain any record or account in respect of excisable goods produced or manufactured by him or in respect of excisable services provided or rendered by him, he shall: —

- (a) at the time of making any entry, insert the date when the entry is made;
- (b) keep the record at all times ready for the inspection of the officers, and shall permit any officer to inspect it and make any such entry therein or take out any extract there from as the officer thinks fit, and shall, at any time, if demanded, send it to such officer; and
- (c) preserve them for a period of three years from the close of the financial year to which they relate.

19. Determination of duty in case proper records and accounts are not maintained. — (1) If the manufacturer of any excisable goods fails to keep or render proper accounts regarding the manufacture, storage, or disposal of such goods or of the receipt, storage, utilization or disposal of raw materials including manufactured and semi-manufactured products acquired and used in the manufacture of such goods to the satisfaction of the officer not below the rank of Assistant Collector, the said officer shall determine the amount of duty payable in respect of such goods in his discretion in accordance with the Act or rules made thereunder.

(2) If the officer is satisfied that the accounts maintained by a manufacturer show a lesser quantity of excisable goods manufactured on the basis of the quantities of raw materials including manufactured and semi-manufactured products received by the manufacturer, he may demand from the manufacturer such amount of duty as is, in his discretion under the Act or rules made thereunder, payable by the manufacturer.

(3) The provisions of sub-rules (1) and (2) shall mutatis mutandis apply to excisable services.

(4) Any demand for duty under this rule shall not prejudice action under any other provisions of the Act or these rules.

20. Destruction of excisable goods. – Where any excisable goods are rendered unfit for consumption or for further manufacture and the owner intends to claim immunity from duty thereon, he shall, after obtaining the permission in writing of the Collector, destroy them in the presence of the officer deputed by the Collector for the purpose.

Explanation. – For the purpose of this rule, immunity includes repayment of duty already paid on the sale of goods in case such goods have been received back from or returned by the buyer due to genuine reasons.

21. Power to forgo duty on excisable goods lost or destroyed while lodged within registered premises. – (1) If any excisable goods lodged within a registered premises or during movement therein are lost or destroyed by any unavoidable accident, the Collector may after such verification as he may deem necessary to satisfy himself about such incident, forego duty which might be payable on their future sale had they not been so lost or destroyed.

(2) Notwithstanding anything contained in sub-rule (1) no adjustment of duty paid on the inputs shall be admissible or allowed under any circumstances in respect of excisable goods lost or destroyed under these rules.

22. Record of destructions and remissions. – In each Collectorate there shall be maintained a register relating to all destructions and remissions recording all

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particulars about name and address of the applicant, date of application, number and date of Collector's order, description and quantity of goods, value of goods and the amount of duty involved and remitted, date of destruction and name of the officer with designation who supervised the destructions and each entry in the register shall be signed by the said officer along with the Assistant or Deputy Collector in charge of the section or branch where such register is maintained.

CHAPTER - VI

TOBACCO AND TOBACCO PRODUCTS

23. Receipt of non-duty paid un-manufactured tobacco in a factory. – (1) If a manufacturer of cigarettes, smoking mixtures for pipes and cigarettes and dutiable cigars and cheroots receives from outside the registered premises any un-manufactured tobacco, then, the weight of each package, bale or bag shall be legibly marked and numbered serially and record the same accordingly so as to render them easily identifiable from their entries in the relevant accounts and records.

(2) The refuse, dust or sand obtained from the processes of duty paid tobacco during the manufacture of cigarettes or other tobacco products shall be accounted for by the person manufacturing such products.

24. Manufacture and disposal of excisable tobacco products.– No excisable tobacco products other than cigarettes shall be sold from any registered premises except under the following conditions, namely:–

- (a) such products shall be packed into separate packages of distinct specifications, sizes or weights;
- (b) each such packet shall be enclosed in a wrapper or other outer covering the expenses of which shall be borne by the manufacturer; and
- (c) the duty on the products shall be paid at the rates applicable on such products under the Act, unless such products are intended for export out of Pakistan.

³⁸**[24A. Printing of retail price, health warning and the name of the manufacturer on each packet of cigarettes.** – (1) No packet of cigarettes for consumption in domestic market shall be cleared from the manufacturing premises without printing thereon the retail price, health warning and the name of the manufacturer.

(2) The cigarette packets cleared from manufacturing premises for export shall bear the marks, as specified under clause (c) of sub-rule (2) of rule 33.]

³⁸ Section 24A inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 S1. 1724.

³⁹[24B. **Minimum retail price of cigarettes.**— For the purposes of payment of Federal Excise duty, the minimum retail price (excluding sales tax) of cigarettes, shall not be less than ⁴⁰[sixty-five] per cent of the retail price specified under column (⁴¹[2]) of serial No. ⁴²[10] of Table I of the First Schedule to the Act.]

⁴³[24C. ***]

25. Excise stamps in respect of cigarettes. — From such date as may be prescribed by the Federal Board of Revenue, no packet of cigarettes shall be removed and sold by the manufacturer or any other person without affixing excise stamp in such style and manner as may be prescribed by the Board in this behalf.

26. Affixing banderole in respect of cigarettes. — From such date as may be prescribed by the Board, no packet of cigarettes shall be removed and sold by the manufacturer or any other person without affixing banderole in such form, style and manner as may be prescribed by the Board in this behalf.

27. Expenditure or cost of excise-stamping and banderoles. — All expenses or cost incurred or required to be incurred on printing, making and affixing excise stamps and banderoles under rules 25 and 26 shall be borne by the manufacturer or as the case may be, by the concerned person.

28. Imported cigarettes. — If so required by the Board, the provisions of rules 25, 26 and 27 shall mutatis mutandis apply in case of cigarettes imported from abroad for consumption in Pakistan and all obligations in this behalf shall be discharged by a person importing and selling such cigarettes.

³⁹ Section 24B inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

⁴⁰ Substituted for the word “eighty-four” by Notification No. S.R.O. 801(1)/2013, dated 19th September, 2013, reported as PTCL 2014 St. 43(ii).

⁴¹ Substituted for the figure “4” by Notification No. S.R.O. 647(1)/2006, dated 21st June, 2006, reported as PTCL 2007 St. 33(ii).

⁴² Substituted for the figure “11” by Notification No. S.R.O. 801(1)/2013, dated 19th September, 2013, reported as PTCL 2014 St. 43(ii).

⁴³ Rule 24C omitted by Notification No. S.R.O. 656(1)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

⁴⁴[28A. **Declaration regarding machinery used in the manufacture of cigarettes and other tobacco products.** – (1) Every manufacturer of cigarettes and other tobacco products shall make a written declaration to the Collector of Federal Excise having jurisdiction stating the number of machines, their make and model, minimum production capacity in respect of each machine and the brand names of the products he intends to manufacture.

(2) The declaration given under sub-rule (1) shall also include on offer from the manufacturer that any machine not intended to be used for production of taxable goods shall be permanently closed by sealing it with argon gas welding.

(3) The impression of the signatures of a Federal Excise Officer, not below in rank of a Deputy Collector of Federal Excise, shall be affixed on each such closed and sealed machine with the Stamping Seal. The affixing of signatures shall be done in such a manner that any tempering with the sealed machine is immediately detectable on inspection.

(4) The owner, if desirous of getting any of the sealed machinery under sub-rule (3) to be de-sealed, shall make a written request to the Collector of Federal Excise having jurisdiction that he intends to increase the production of cigarettes or any other tobacco products, for which he needs to utilize the sealed machinery.

(5) Notwithstanding the provisions of sub-rules (1) and (2), if any installed machine is remodeled, repaired or reconditioned in such manner that the declared production capacity thereof is enhanced, the manufacturer shall inform in writing the Collector of Federal Excise having jurisdiction to redetermine the production capacity of such machine after such inquiry of inspection, as he may deem fit to make.

(6) A Federal Excise Officer, not below in rank of an Assistant or a Deputy Collector of Federal Excise having reasons to believe that certain machinery declared to be used in production of taxable goods is actually being used for production of non-duty paid cigarettes or any other tobacco products, may, subject to the approval of the Collector of Federal Excise, seal such machinery after serving upon the owner or his authorized representative a notice to this effect.

⁴⁴ Rule 28A inserted by Notification No. S.R.O. 91 (1)/2006, dated 4th February, 2006 reported as PTCL 2006 St.1475.

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(7) The machinery sealed under sub-rule (3) or (6) shall, subject to approval of the Collector of Federal Excise, be de-sealed in the presence of a Federal Excise Officer.

(8) Any person who de-seals or attempts to de-seal the sealed machinery without approval of the authorized Federal Excise Officer or in any way tampers with the seal, shall be liable to a fine that may extend to ten times of the value of machinery, besides confiscation thereof.]

29. Confiscation of cigarettes in case of violation. – The cigarettes removed and sold in violation of this Chapter shall be liable to outright confiscation and ownership of such confiscated cigarettes shall rest with the Federal Government.

30. Disposal of confiscated cigarettes. – The cigarettes confiscated under rule 29 shall be disposed off in such manner as may be specified by the Collector of Federal excise.

Explanation. – For the purpose of this rule, disposal includes destruction.

31. Printing of nicotine and tar contents etc. – (1) From such date as the Board may specify, no cigarettes shall be cleared from any factory unless these conform to the health standards prescribed by the Federal Government and nicotine and tar contents are duly printed on each packet of cigarettes and in case of failure to observe any such condition, embargo shall be imposed on clearance of cigarettes in such manner as may be directed by the Collector.

(2) From such date as may be specified by the Federal Government or the Board, every manufacturer of cigarettes or other tobacco products shall meet all the conditions and restrictions which may be imposed by the Federal Government in compliance of the Framework Convention for Tobacco Control (FCTC) adopted on the 23rd May, 2003.

CHAPTER - VII

EXPORT ⁴⁵[DRAWBACK] AND REFUND OF DUTY

32. ⁴⁵[Drawback] of duty paid on goods exported. – (1) Subject to the conditions and limitations contained in this Chapter, ⁴⁵[drawback] of duty paid on any excisable goods may be granted by the Collector of Federal excise or the officer authorized by him in this behalf, if such goods are exported.

(2) The Board may withdraw or disallow grant of ⁴⁵[drawback] of duty paid on any excisable goods.

(3) The claim for the ⁴⁵[drawback] of duty shall be lodged, within three months of the date on which the goods were exported, with the Collector in whose jurisdiction the person is registered.

(4) The ⁴⁵[drawback] may be granted by the Collector or the authorized officer if he is satisfied that duty had actually been paid on the goods which were exported and that the goods were duly exported in accordance with the prescribed procedure.

(5) No ⁴⁵[drawback] under this rule shall be admissible if the goods, after removal from the factory on payment of duty, were subjected to any further process of manufacture or otherwise tampered with after such removal and before export.

33. ⁴⁵[Drawback] of duty on exported goods which are made from excisable goods. – (1) The Central Board of Revenue may, by notification in the official Gazette, grant ⁴⁵[drawback] of duty paid on any goods used in the manufacture of any goods exported out of Pakistan, except those specified by the Board under sub-rule (2) of rule 32 at such rate or rates and subject to such conditions and limitations as may be specified in the notification.

⁴⁵ Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

- (2) No ⁴⁵[drawback] of Federal excise duty shall be granted in the following cases, namely: –
- (a) goods exported from Pakistan by land route except as declared exportable against ⁴⁵[drawback] of Federal excise duty as per conditions prescribed under the relevant Export Policy;
 - (b) export of consumer goods to any country, in retail packings bearing the retail price in Pakistani rupees; and
 - (c) export of excisable goods in retail packing not printed, in bold letters, with the words: –
 - (i) "NOT FOR SALE IN PAKISTAN" or such other code as the Federal Board of Revenue may, for reasons to be recorded in writing, approve;
 - (ii) "FOR EXPORT ONLY"; or
MANUFACTURED FOR _____
(the name of their customer) ⁴⁶[:]

⁴⁷[Provided that the Board may waive the condition of printing of code on the packs of cigarette exported out of Pakistan in cases where importing country has different pack printing requirement subject to the condition that style and design of such products indicate that the same are not meant for sale within Pakistan.]

(3) A person desiring to be granted a ⁴⁵[drawback] of duty under sub-rule (1) in respect of goods in the manufacture of which excisable goods have been used and which are to be exported shall make an application in quadruplicate signed by him or his authorized agent to the Board declaring therein the name and address of his business, the description, quantity and value of excisable and non-excisable goods used, the rate and amount of excise duty levied and the value of goods for export.

(4) On the receipt of an application under sub-rule (3), the Board may cause such surveys or enquiries to be made as it deems necessary to enable it to decide whether any ⁴⁵[drawback] should be granted and if so, at what rate or rates and from what date.

⁴⁶ For full stop a colon substituted by SRO 371(I)/2019 dated 15-3-2019

⁴⁷ Proviso added by SRO 371(I)/2019 dated 15-3-2019

⁴⁵ Substituted for the word "rebate" by Notification No. S.R.O. 561 (I)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

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(5) In order to obtain payment of ⁴⁵[drawback] the applicant shall produce before the officer authorized by the Collector of Federal excise in this behalf, the shipping documents certifying the export of the consignment. After satisfying himself that the claim is in order, officer shall sanction the payment of the ⁴⁵ [drawback] in accordance with the relevant notification and these rules.

(6) If any of the particulars entered in the application submitted under this rule is found to be incorrect, either before or after the export of goods, the applicant shall be liable: –

- (a) to a penalty under the Act and these rules for each breach of any provision of this rule;
- (b) to refund to the Government the sums received by him as ⁴⁵ [drawback]; and
- (c) to be deprived of the benefit of such ⁴⁵ [drawback] for a period of one year.

(7) No ⁴⁵ [drawback] shall be granted if the claim for ⁴⁵ [drawback] is filed after one hundred and twenty days of the exportation or of the publication of notification, whichever is later.

34. Pecuniary competence to sanction ⁴⁵ [drawback] or refund. – The claims for refund or ⁴⁵ [drawback] of duty of excise shall be decided by the following officers of Federal excise, namely:–

S. No.	Description	Limit in each claim
(1)	(2)	(3)
1	Assistant Collector	Not exceeding rupees two hundred thousand.
2	Deputy Collector	Not exceeding rupees one million.
3	Additional Collector	Unlimited.

⁴⁵ Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June, 2006, reported as PTCL 2006 51. 1724.

35. Additional documents in support of refund claims in certain cases. – In case where goods involved in any refund claim have been purchased by or sold and supplied to any government, semi-government, public-sector agency or department on account of the entitlement of the latter for any concession or exemption of duty of excise, the claim shall, in addition to other necessary documents, be supported with a copy of the relevant contract or purchase order and an undertaking of the claimant that benefit of the admissible refund has been passed on to such agency or department and outcome of such claim shall be communicated to such department or agency in such manner as may be deemed proper by the officer dealing with the claim.

36. Refund in case of POL products sold to diplomats and diplomatic missions. – (1) The refund claims of duty of excise in respect of petrol sold to diplomats and diplomatic missions for use in their official and personal vehicles shall be admissible on reciprocity basis as certified by the Ministry of Foreign Affairs and filed on monthly basis accompanied by the suppliers receipt and statement-cum-certificate showing the names and designations of the foreign missions and the quantity of petrol purchased by each during the preceding month duly certified and signed by the officer concerned of the mission confirming that the quantities supplied were either for personal or for official use.

(2) The Assistant Collector of Federal excise after necessary scrutiny of the refund claim, shall issue refund sanction order along with advice to the Treasury Officer of the Collectorate retaining one copy thereof for his official record, for payment of the sanctioned amount and the Treasury Officer shall make payment accordingly and return the advice back to the Assistant Collector after giving the date of encashment under his signature and official stamp and the supplier's receipt shall be cancelled as paid.

(3) Verification of original credit of duty shall not be done and the Accounts Officer of the Collectorate shall not be required to countersign the refund sanction orders in such cases.

(4) The Assistant Collector who grants refund in these cases shall maintain a register of such refunds and entries in the register shall be kept mission-wise and payments shall be reconciled

with the Treasury Officer and the concerned mission on monthly basis and consolidated position of such monthly payments and reconciliation shall be reported to the Collector for onward intimation to the Federal Board of Revenue.

(5) The provisions of rule 34 shall not apply to cases of refund covered under this rule and the Assistant Collector of Federal excise shall be competent to process and decide these cases without any financial limit.

37. Refund in case of POL products used in official cars and air crafts of the President, Prime Minister and Provincial Governors. – The provisions of rule 36 shall mutatis mutandis, apply in case of refund claims filed in respect of POL products purchased for use in the official cars and air crafts of the President, Prime Minister and Provincial Governors provided that necessary verifications and certifications shall be done by the concerned Military Secretary or an officer duly authorized by him under intimation to the Collector and the principle of reciprocity shall not be relevant to such cases.

38. Treatment of imported POL products. – The facility provided under rules 36 and 37 shall also be admissible in case of such POL products as are imported on payment of duty of excise and supplied under the said rules without involving any process of manufacture and in such case the amount of duty of excise paid at import stage shall be refunded.

39. Rejection of refund or export ⁴⁵[drawback] claim. – No claim for refund of duty of excise or ⁴⁵[drawback] of such duty on exported goods shall be rejected on any account unless a written show cause notice has been issued and opportunity for hearing has been afforded to the claimant and order for rejection shall be issued in the form and manner of an adjudication order.

⁴⁵ Substituted for the word "rebate" by Notification No. S.R.O. 561 (1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

CHAPTER - VIII

SPECIAL PROCEDURES FOR EXCISABLE SERVICES

40. Special procedure for insurance companies. – (l) All insurance companies shall pay the Federal excise duty leviable on services provided or rendered by them in respect of ⁴⁸[all kinds of insurance except life insurance ⁴⁹[health insurance, crop insurance and marine insurance for export]].

⁵⁰[(2) The duty shall be paid on the gross amount of premium charged on risk covered in the insurance policy.

(3) The duty in respect of an insurance policy shall be accounted for in the same month when the premium is received and shall be deposited by the insurance company ⁵¹[as provided in rule 44 along with the return in the manner prescribed in rule 47].

⁵²[(4) ***]

(5) In case duty is not paid by any insurance company by the due date, the insurance company shall, in addition to the payment of duty and default surcharge, be also liable to penalty under the Act or these rules.

(6) An insurance company shall not be liable to pay the duty in respect of the contract or any part thereof is cancelled.

(7) The insurance companies shall maintain such records and submit such returns as the Collector ⁵³[or Board] may prescribe from time to time.

(8) A copy of annual audit report, duly audited by a Chartered accountant, shall be submitted to the Collector within fifteen days of its receipt by the insurance company from its chartered accountant and any short payment of duty found out as a result of such audit shall be paid by the insurance company within fifteen days of the receipt of the audit report and proof of such payment shall be furnished to the Collector.

⁴⁸ Substituted for the words "goods insurance" by Notification No S. R.O. 561 (1)/2006 dated 5th June, 2006, reported as PTCL 2006, St.1724.

⁴⁹ The words and comma inserted by Notification No. S.R.O. 475(1)/2009 dated 13th June 2009 w.e.f. 1st July, 2009.

⁵⁰ Sub-rule (2), (3) & (4) substituted by Notification No S. R.O. 561 (1)/2006 dated 5th June, 2006, reported as PTCL 2006, St.1724

⁵¹ Substituted for the words and figure "on the 7th day following the month in which the premium is received". by Notification No. S.R.O. 371(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St. 1853.

⁵² Sub-rule (4) omitted by Notification No. S.R.O. 371(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St. 1853.

⁵³ The word inserted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

⁵⁴[40A. Special procedure for collection of excise duty on ⁵⁵[***] services provided by banking companies, financial institutions and non-banking finance companies. – (1) The provisions of these rules shall apply for collection and payment of excise duty by persons providing or rendering financial services as ⁵⁶[notified under the First Schedule to the Act].

⁵⁷[(2) Every banking company and non-banking financial company shall pay the excise duty leviable on all ⁵⁸[***] services rendered or provided to any person except the services of utility collection, Umra and Hajj service, cheque book issuance ⁵⁹[, cheque return, Musharika and Modaraba Financing].]

(3) The Head Offices of the banking companies, financial institutions and non-banking financial companies shall apply to the Central Registration Office located at Federal Board of Revenue for excise registration in the Form, ⁶⁰[STR-I] under rule 3.

(4) The duty under these rules shall be paid by the banking company or financial institution or non-banking finance company on the gross amount charged for service provided to the customers ⁶¹[, excluding mark-up or interest].

⁶²[(5) The duty due for each month shall be paid by the Head Office of the company or institution as provided in rule 44 along with the return in the manner as prescribed in rule 47.]

⁵⁴ Rule 40A inserted by Notification No S. R.O. 561 (1)/2006 dated 5th June. 2006, reported as PTCL 2006 St. 1724.

⁵⁵ The words "[non-fund]" omitted by Notification No. S.R.O. 475(1)/2009, dated 13th June, 2009, w.e.f. 1st July, 2009.

⁵⁶ Substituted for the words "defined under these rules" by Notification No. S.R.O. 656(1)/2007 dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

⁵⁷ Sub-rule (2) substituted by Notification No. S.R.O. 656(1)/2007, dated 29th June. 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

⁵⁸ The word "non-fund" omitted by Notification No. S.R.O. 475 (1)/2009 dated 13th June, 2009, w.e.f. 15th July, 2009.

⁵⁹ Substituted for the words "and cheque return" by Notification No. S.R.O. 475(1)/2009, dated 13th June, 2009, w.e.f. 1st July. 2009.

⁶⁰ Substituted for the expression "FE-I" by Notification No. S.R.O. 546(1)/2008 dated 11th June, 2008, reported as PTCL 2008 St. 1927(iii).

⁶¹ The words and comma inserted by Notification No. S.R.O. 475(1)/2009 dated 13th June, 2009, w.e.f. 1st July. 2009, w.e.f. 1st July, 2009, reported as PTCL 2009 St. 1176(ii).

⁶² Sub-rule (5) substituted by Notification No. S.R.O. 371(1)/2008 dated 14th April, 2008 reported as PTCL, 2008 St. 1853.

(6) In case duty is not deposited by the company or institution by the due date, it shall, in addition to the payment of duty and default surcharge, be also liable to penalty under the Act or these rules.

⁶³[(6A). The banking companies ⁶⁴[and non-banking financial companies] shall not be required to issue invoices in respect of the services provided or rendered. A reconciliation statement in the format set out in Annex to these rules shall be filed by banking companies ⁶⁴[and non-banking financial companies] registered under the Act by the 15th of the month following the end of every quarter.]

(7) The Head Office of the company shall maintain records of the services provided or rendered under these rules and the collection of duty thereon in such manner as will enable the distinct ascertainment of payment of excise duty on each of the services mentioned in the scope of these rules. The Head Office shall also submit a copy of annual audit report to the Collector of Federal Excise within 15th day of its publication and any short payment of duty found out as a result of such audit report shall be paid by the registered person within 15th day of the notice received for such payment.]

⁶⁵[40B. ***]

⁶⁶[41. **Special procedure for payment of Federal Excise duty by shipping agents.** – (1) Every shipping agent, hereinafter referred to as the agent, shall charge, collect and pay the duty in respect of each ship handled by him which calls at any port of Pakistan after calling on a foreign port.

(2) Every agent shall pay duty at the rate of fifteen per cent of the value of excisable services which shall be the commission charged by an agent on the net ocean freight amount of cost and freight export cargo for such services provided or rendered by him:

Provided that in case of Non-Vessel Operating Common Carriers (NVOCC), International Freight Forwarders, Consolidators and Slot Carriers, duty shall be charged and paid at the rate of two hundred rupees per house bill of lading negotiated in the bank, instead of the rate specified above.

⁶³ Sub-rule (6A) inserted by Notification No. S.R.O. 64 7(1)/2006, dated 21st June, 2006, reported as PTCL 2007 St.33 (ii).

⁶⁴ The words inserted by Notification No. S.R.O. S.R.O. 656(1)/2007 dated 29th June 2007, w.e.f. 1st July, 2007 reported as PTCL 2008 St. 19.

⁶⁵ Rule 40B omitted by Notification No. S.R.O. 656(1)/2007 dated 29th June 2007, w.e.f. 1st July, 2007 reported as PTCL 2008 St. 19.

⁶⁶ Rule 41 substituted by Notification No. S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

(3) For the purposes of levy of Federal Excise duty, the value of excisable services shall not include reimbursable expenses incurred by an agent, such as freight, pilotage and berth-hiring charges, port dues, cargo expenses, brokerage paid on export cargo and ship handling expenses paid to the stevedores including all ancillary charges.

(4) The Assistant Collector of the concerned Customs House shall not grant final port clearance to a ship unless the agent furnishes proof of payment of duty.

(5) The agent shall furnish to the Collector of Federal Excise a monthly statement in respect of ships handled by him by the 15th day of the following month, in the following Form, namely:—

**MONTHLY STATEMENT FOR SERVICES RENDERED BY SHIPPING
AGENTS**

(i) Name of shipping agent

(ii) Month to which return relates

S.NO.	Date of arrival of ship handled By the agent	IGM No. And date	Port Of arrival	Amount of FED paid	Treasury challans No. & date
1	2	3	4	5	6

⁶⁷[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 ⁶⁸[***]. – (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 ⁶⁹[***] including chartered flights. Excise duty shall not be charged from Hajj passengers, transit passengers, supernumerary crew, and diplomats.

⁶⁷ Rule 41A substituted by Notification No. S.R.O. 656(1)/2007 dated 29th June 2007, w.e.f. 1st July, 2007 reported as PTCL 2008 St. 19.

⁶⁸ The words “or embarking for Pakistan from anywhere in the world” omitted by Notification No. S.R.O. 600(1)/2012 dated 1st June 2012, w.e.f. 1st July, 2012 reported as PTCL 2013 St. 682(ii).

⁶⁹ The words and comma “or embarking for Pakistan from anywhere in the world” omitted by Notification No. S.R.O. 600(1)/2012 dated 1st June 2012, w.e.f. 1st July, 2012 reported as PTCL 2013 St. 682(ii).

(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,⁷⁰[STR-I] 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 anywhere in Pakistan⁷¹[***], whether such tickets are issued in Pakistan or outside Pakistan.

⁷²[(7) Where an airline operating in Pakistan uplifts passengers from Pakistan for another airline, the liability to charge, collect and pay Federal Excise Duty with respect to such passengers, shall be of the uplifting airline.]

⁷⁰ Substituted for the expression "FE-F" by Notification No. S.R.O. 546(1)/2008 dated 11th June 2008, reported as PTCL 2008 St. 1927(iii).

⁷¹ The words "or terminating in Pakistan" omitted by Notification No. S.R.O. 600(1)/2012 dated 1st June 2012, w.e.f. 1st July, 2012 reported as PTCL 2013 St. 682(ii).

⁷² Sub-rule (7) substituted by Notification No. S.R.O. 600(1)/2012 dated 1st June 2012, w.e.f. 1st July, 2012 reported as PTCL 2013 St. 682(ii).

(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.

⁷³ [(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 up to the last working day of each calendar month. The procedure for payment of duty and filing of the return shall be the same as provided in rules 44 and 47.]

(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 thousands 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.

⁷⁴ [(11a) The Collector of Federal Excise having jurisdiction may require an aircraft operator to furnish a copy of the passengers manifest in such form and manner as may be specified by him, in respect of the flights carrying passengers on inland or international journey.]

(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.

⁷³ Sub-rule (9) substituted by Notification No. S.R.O. 371(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St. 1853.

⁷⁴ Sub-rule (11a) added by Notification No. S.R.O. 546(1)/2008 dated 11th June, 2008, reported as PTCL 2008 St. 1927(iii).

(13) ⁷⁵[***] 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 ⁷⁶[***] from Pakistan shall be called Air Travel Tax (ATT). The component of netcollection 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.]

⁷⁷**[41-B. ***]**

⁷⁸**[41-C. ***]**

⁷⁹**[41-D. ***]**

⁸⁰**[41-E. ***]**

⁸¹**[41-F. ***]**

⁸²**[41-G. ***]**

⁸³**[41-H. ***]**

⁷⁵ The words, letters, brackets, figures and full stop "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." omitted by Notification No. S.R.O. 371(1)/2008, dated 14th April, 2008 reported as PTCL 2008 St. 1853.

⁷⁶ The words "to and" omitted by Notification No. S.R.O. 600(1)/2012 dated 1st June 2012, w.e.f. 1st July, 2012 reported as PTCL 2013 St. 682(ii).

⁷⁷ Rule 41-B omitted by Notification No. S.R.O. 546(1)/2008 dated 11th June, 2008, reported as PTCL 2008 St. 1927(iii).

⁷⁸ Rule 41-C omitted by Notification No. S.R.O. 546(1)/2008 dated 11th June, 2008, reported as PTCL 2008 St. 1927(iii).

⁷⁹ Rule 41-D omitted by Notification No. S.R.O. 546(1)/2008 dated 11th June, 2008, reported as PTCL 2008 St. 1927(iii).

⁸⁰ Rule 41-E omitted by Notification No. S.R.O. 546(1)/2008 dated 11th June, 2008, reported as PTCL 2008 St. 1927 (iii).

⁸¹ Rule 41-F omitted by Notification No. S.R.O. 546(1)/2008 dated 11th June, 2008, reported as PTCL 2008 St. 1927 (iii).

⁸² Rule 41-G omitted by Notification No. S.R.O. 546(1)/2008 dated 11th June, 2008, reported as PTCL 2008 St. 1927 (iii).

⁸³ Rule 41-H omitted by Notification No. S.R.O. 546(1)/2008 dated 11th June, 2008, reported as PTCL 2008 St. 1927 (iii).

42. Special procedure for advertising agents.— (1) Every person providing or rendering services as an advertising agent shall pay duty in the manner specified hereinafter provided that no duty shall be payable on the salary and allowances ancillary to the salary of such person.

(2) The advertising agent shall maintain account of all services provided or rendered by ⁸⁴ [him] and shall issue a bill of charges for each transaction from a duly bound book of serially numbered bills of charges which shall include the particulars of the person providing or rendering service, description of the service provided or rendered and the amount charged.

(3) A copy of the bill referred to in sub-rule (2) shall be given to the person to whom such services have been provided or rendered and one copy thereof shall be retained by the person providing or rendering services in the said bound book of bills of charges.

(4) Not more than one book of bill of charges shall be used at one time provided that where such person has one or more branches of the establishment, separate book of bill of charges may be used for each such branch.

(5) The advertising agent shall also maintain their accounts in register on a weekly basis ending every Thursday in the following Form, namely:—

Name and location of the agent:_____ .

Bill of charges No. and date	Name of Client customer	Name of the media company	Brief of the job	Amount of charges bills/to be billed	Commission involved	Amount of Federal excise duty
(1)	(2)	(3)	(4)	(5)	(6)	(7)

⁸⁴ Substituted for the word "them" by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-II, page 2974.

Federal Excise Rules, 2005

(6) The person providing or rendering service shall pay duty on quarterly basis by the 15th day of November, February, May and August on the basis of the amount of commission charged or billed during the last quarter.

(7) The person liable to pay duty shall, along with the evidence of payment of duty, submit to the Collector quarterly statement, before the last day of the month of November, February, May and August, in the following Form, namely:—

Quarterly statement for services rendered by M/s _____ for the
(Name and complete address)
quarter ending: _____ 20____

-
1. Amount of commission billed during the quarter.
 2. Excise duty paid by the agent:
 - (i) Treasury's name.
 - (ii) Treasury Challan number and date.
 - (iii) Amount.
 3. Excise duty paid by others as withholding duty:
 - (i) Name of the person paying the withholding duty.
 - (ii) Treasury's name.
 - (iii) Treasury Challan number and date.
 - (iv) Amount.

(8) The advertisements sponsored out of funds provided under grant-in-aid agreements shall not be charged to duty and the registered person shall keep the proper record of all such advertisements.

⁸⁵ [42A. ***]

⁸⁶ [43. **Special procedure for collection of Federal Excise duty on telecommunication services.**— (1) Every person, firm or company, hereinafter referred to as the person, engaged in providing or rendering telecommunication services as mentioned in the First Schedule to the Act, if not already registered, shall obtain Federal Excise registration from the Collector of Federal Excise in whose jurisdiction the said person, or as the case may be, his head office is located:

⁸⁵ Rule 42A omitted by Notification No. S.R.O. 656(1)/2007, dated 29th June, 2007, w.e.f 1st July, 2007, reported as PTCL 2008 St. 19

⁸⁶ Rule 43 substituted by Notification No. S.R.O. 561 (1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

Federal Excise Rules, 2005

Provided that where the person is already registered under the Sales Tax Act, 1990, he shall not be required to take separate registration for excise purposes and his Sales Tax registration shall be deemed to be a registration for the purpose of the Act.

(2) The person shall pay duty in the following mode and manner, namely:—

- (a) in case of post paid telephone services, duty shall be paid by the 21st day of the following second month;
- (b) in case of pre-paid telephone services, duty shall be paid by the 21st day of the following month; and
- (c) in case of other telecommunication services, duty shall be paid by the 21st day of the following month.

(3) While determining his liability, the person shall be entitled to deduct input tax paid on procurement of any equipment or the duty paid on acquiring services in connection with the provision of telecommunication services.

(4) The person, or as the case may be, the head office of the person shall, along with the proof of payment of duty, submit its Revenue Office-wise or, as the case may be, service outlet-wise statement by the date specified in sub-rule (2), in the following ⁸⁷ [Form], namely:—

⁸⁷ Substituted for the word “Forms” by Notification No. S.R.O. 475(1)/2009, dated 13th June, 2009, w.e.f. 1st July, 2009, reported as PTCL 2009 St. 1176 (ii).

Federal Excise Rules, 2005

⁸⁸ [FORM

MONTHLY STATEMENT FOR TELECOM SERVICES

RENDERED BY M/S. _____

DURING THE TAX PERIOD _____

S.NO.	Description	Value	Federal Excise Duty/Sales Tax paid
1.	Pre-paid mobile services (cards sold/easyload/top-up etc.).		
2.	Post-paid mobile services.		
3.	Activation charges.		
4.	SMS Nos. _____		
5.	Other telecom services provided.		
6.	Other taxable services/supplies.		
7.	Input Tax adjustable.		
8.	Net FED/Sales Tax paid on the return.		

⁸⁸ Substituted for Form-I, Form-II and Form-III substituted by Notification No. S.R.O. 475(1)/2009, dated 13th June, 2009, w.e.f. 1st July, 2009 reported as PTCL 2009 ST. 1176 (ii).

(5) Failure to pay the duty by the due date, as specified in sub-rule (2), shall render the person, or as the case may be, the head office of the person, liable to a penalty under the Act in addition to payment of duty and default surcharge payable thereon under section 8 of the Act.

(6) In addition to the statement specified under sub-rule (4), the person, or as the case may be, the head office of the person shall also maintain such other records and submit such other statements, as may be specified, with prior approval of the Board, to the Collector of Federal Excise having jurisdiction.

(7) An officer or officers of Federal Excise as are deputed by the Collector of Federal Excise having jurisdiction, shall have access to any of the records maintained by the said person, or as the case may be, the head office of the said person.]

⁸⁹**[43A. Special procedure for payment of Federal Excise duty on franchise fee or technical fee or royalty under a franchise agreement.]**— (1) Every person, firm or company, hereinafter referred to as franchisee, ⁹⁰[availing any right under a franchise as defined under clause 12(a) of section 2 of the Act], if not already registered, shall obtain Federal Excise registration from the Collector of Federal Excise in whose jurisdiction the franchisee or as the case may be, his head office is located:

Provided that where a franchisee is already registered under the Sales Tax Act, 1990, he shall not be required to take separate registration for excise purposes and his Sales Tax registration shall be deemed to be a registration for the purpose of the Act.

(2) The duty shall be paid by the franchisee, or as the case may be, the head office of the franchisee at the rate of ⁹¹[ten] per cent of the value of taxable service, which shall be the gross amount or the franchise fee or the deemed franchise fee or technical fee or royalty charged by the franchiser from the franchisee for using the right to deal with the goods or services of the franchiser.

⁸⁹ Rule 43A inserted by Notification No. S.R.O. 561 (1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

⁹⁰ Substituted by Notification NO. S.R.O. 371(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St. 1853.

⁹¹ Substituted for the words “five” by Notification No. S.R.O. 488 (1)/2011, dated 3rd June, 2011, w.e.f. 4th June, 2011, reported as PTCL 2011 St. 1122 (ii).

⁹²[(3) The franchisee, or as the case may be, the head office of the franchisee shall pay the duty due for a month as provided in rule 44 along with the return in the manner as prescribed in rule 47.]

(4) Failure to pay the duty by the due date, as specified in sub-rule (3), shall render the franchisee, or as the case may be, the head office of the franchisee, liable to a penalty under the Act, in addition to the payment of duty and default surcharge.

(5) The Collector of Federal Excise having jurisdiction shall obtain from the State Bank of Pakistan the statistics or data concerning payment of franchise fee or technical fee or royalty paid by a franchisee to the franchiser, on a quarterly basis and shall use such statistics or data to determine or verify the amount of duty paid by a franchisee during the said period.

(6) An officer of Federal Excise as are deputed by the Collector of Federal Excise having jurisdiction, shall have access to the records maintained by the franchisee, or as the case may be, the head office of the franchisee.

⁹³ [(7) Where any remittance is made through any bank on account of a franchise fee, technical fee or royalty and the bank is satisfied that the franchisee has not paid duty as required under this rule, the bank shall,—

- (a) deduct the amount of the duty at the applicable rate from such remittance;
- (b) issue a certificate on its letter head showing the name and registration number of the franchisee and the amount of duty so deducted; and
- (c) deposit the said amount of duty against its own monthly return without any adjustment or deduction whatsoever:

Provided that where duty has been deducted under this sub- rule, the franchisee shall declare the amount of such duty in the relevant column of his return.]

⁹² Sub-rule (3) substituted by Notification No. S.R.O. 371(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St. 1853.

⁹³ Sub-rule (7) inserted by Notification No. S.R.O. 546(1)/2008, dated 11th June, 2008, reported as PTCL 2008 St. 1927(iii).

⁹⁴ **[43B. Special procedure for services provided Port Operator and Terminal Operator in relation to imports.]**– (1) All import related services provided by a Port Operator and Terminal Operator, shall be leviable to duty, namely:–

- (i) Piloting and mooring;
- (ii) delivery charges;
- (iii) storage in port area including demurrage;
- (iv) wharfage; and
- (v) other import related services provided in port area.

(2) Value of excisable services for the purpose of levy of duty shall be the gross amount charged for the services.

(3) The Port Operator and Terminal Operator shall maintain such records as stipulated in section 17 of the Act in such manner as will enable distinct ascertainment of payment of duty due.]

⁹⁵ **[43C. Special procedure for services provided by stockbrokers. – (1)]**Value of excisable services for the purpose of levy of duty shall be the gross commission charged from clients in respect of purchase or sale of shares in a Stock Exchange.

(2) The Stock brokers shall maintain records as stipulated in section 17 of the Act in such manner as will enable distinct ascertainment of payment of duty due.]

⁹⁴ Rule 43B inserted by Notification No. S.R.O.475(1)/2009, dated 13th June, 2009, w.e.f. 1st July, 2009, reported as PTCL 2009 St. 1176 (ii).

⁹⁵ Rule 43C inserted by Notification No. S.R.O. 475(1)/2009, dated 13th June, 2009, w.e.f. 1st July, 2009, reported as PTCL 2009 St. 1176 (ii).

CHAPTER - IX

PAYMENT OF DUTY AND FILING OF MONTHLY RETURNS

⁹⁶ [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.]

45. Receipt of payment by the Bank. – (1) The Bank official shall ensure that the particulars entered in all the three copies of the ⁹⁷[return] are identical and that the amount deposited by the person tallies with the amount indicated as payable in the return, and shall thereafter sign and stamp the ⁹⁷[return] indicating the date of payment of duty and submission of the ⁹⁷[return].

(2) The Bank shall forward the original copy of the ⁹⁷[return] to the concerned Collector of Federal Excise or as the case may be the Large Taxpayers Unit, and the duplicate shall be delivered to the registered person as a token of receipt of payment of duty and the third copy shall be retained by the Bank for its record.

(3) In case of payment through cheque, pay order or bank draft, the Bank will receive the ⁹⁷[return] in triplicate along with the instrument of payment for the amount of duty payable indicated in the ⁹⁷[return] and issue a provisional acknowledgement receipt to the registered person.

(4) On clearance of the instrument, the Bank official shall sign and stamp the ⁹⁷[return] indicating the date on which payment is received by the Bank and in cases where the payments are received through pay order or bank draft, the bank shall affix two stamps on the ⁹⁷[return] indicating the date on which the pay order or bank draft was received for clearing and the date on which the pay order or bank draft was cleared for payment by transfer.

⁹⁶ Rule 44 substituted by Notification No. S.R.O. 656(I)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

⁹⁷ Substituted for the word "challan" by Notification No. S.R.O. 656(I)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

(5) The date of payment, in case of payment through cash or cheque, shall be treated as the date on which the payment is received by the bank and in case of payment through pay order or Bank draft, the date on which the pay order or Bank draft is tendered at the Bank counter shall be treated as the date of payment and where the pay order or Bank draft, so tendered at the Bank counter, is not cleared on its presentation for Bank clearing, the registered person shall, without prejudice to any other action, be liable to pay default surcharge and penalties prescribed under the Act or these rules.

46. Payment of service charges to the Bank. — (1) The Bank shall charge ten rupees per ⁹⁸[return] as service charges from the Collectorates having jurisdiction in the area where the bank branches are located.

(2) For the purpose of claiming service charges referred to in sub-rule (1), the Manager of the main branch of the Bank shall submit the claim to the Assistant Collector of Federal Excise of the concerned Collectorate in the first week of the following month supported by a statement indicating date, number of ⁹⁸[return] received, number of ⁹⁸[return] submitted to the Collectorate, amount of duty collected and amount of duty deposited in the State Bank of Pakistan.

(3) The Assistant Collector shall verify the statement submitted under sub-rule (2) from the Accounts Section of the Collectorate. If the claim is found to be in order and the Assistant Collector is satisfied that the Bank has fulfilled its responsibility under the Agreement, he shall sanction the claim and issue a cheque within a week from the date of submission of the claim, provided that in case of delay by the Collectorate, it shall pay a penalty at the rate of fifteen per cent per annum for the amount late paid.

(4) If the Bank fails to fulfill the conditions specified in the Agreement, the Assistant Collector shall deduct the amount of penalty leviable thereunder on the Bank at the rate of fifteen per cent per annum against the amount late deposited in the State Bank of Pakistan from the service charges admissible to the Bank.

⁹⁸ Substituted for the word "challan" by Notification No. S.R.O. 656(I)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

(5) If the ⁹⁹[returns] are not submitted to the Collectorate within forty-eight hours of the receipt thereof in the designated branches of the Bank, the service charges in respect of the ⁹⁹[returns] submitted late shall also be deducted and the remaining amount, if any, shall be sanctioned by the Assistant Collector and chequetherefore shall be issued to the Bank.

(6) For deduction of any amount under sub-rule (4), the Assistant Collector shall intimate the Bank the reasons thereof within seven days of deduction.

(7) Where it is not clear as to whether deduction should be made, the AssistantCollector shall require the Bank for clarification before taking a decision.

(8) All public holidays and the number of days the Collectorate is prevented from functioning due to factors beyond its control, shall be excluded while calculating delay in sanctioning the claim for service charges.

(9) Where the Assistant Collector requires any clarification from the Bank, thetime taken by the Bank for this purpose shall be excluded from the time specified for sanctioning the service charges claim.

¹⁰⁰**[47. Submission of monthly return.—**(1) Every registered person shall file a monthly return in the Form STR-7 as set out in the Sales Tax Rules, 2006, by the 15th day of the following month, in the manner as provided in Chapter II of the aforesaid rules.

(2) On receipt of return, the computer section of the Collectorate shall compare the amount declared thereon as payable with the amount of duty actually deposited in the bank and in case of any discrepancy, the Manager of the concerned bank branch and the registered person shall be informed thereof,

provided that where it is confirmed that due duty has been under-paid or short-paid or has not been paid, necessary action for recovery of such duty shall be taken promptly besides any other legal action against the registered person.]

⁹⁹ Substituted for the word "challan" by Notification No. S.R.O. 656(1)/2007, dated 29th June, 2007, w.e.f. 1st July, 2007, reported as PTCL 2008 St. 19.

¹⁰⁰ Rule 47 substituted by Notification No. S.R.O. 371(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St. 1853.

CHAPTER - X

APPEALS AND ALLIED MATTERS

¹⁰¹[48. **Procedure for appeals to Commissioner (Appeals).**— (1) An appeal under section 33 of the Act shall be in the form and verified in the manner indicated in form prescribed under rule-48A.

(2) An appeal filed to the Commissioner (Appeals) under section 33 of the Act after the expiry of thirty days may be admitted by the Commissioner (Appeals) if he is satisfied that the appellant had sufficient cause for not preferring the appeal within thirty days.

(3) An appeal under this rule shall be accompanied by a fee of one thousand rupees.

(4) The Commissioner (Appeals) shall give an opportunity to the appellant to be heard if he so desires and if so requested by the appellant.

(5) The Commissioner (Appeals) may, at the hearing of an appeal, allow the appellant to go into any ground of appeal not specified in the grounds of appeals, if he is satisfied that the omission of such ground from the grounds of appeal was not willful or unreasonable.

(6) The Commissioner (Appeals) may, after making such further verification or inquiry as may be necessary, pass such order as he thinks fit confirming, modifying or annulling the decision or order appealed against, after taking additional evidence, if necessary.

(7) The order of the Commissioner (Appeals) disposing of the appeal shall be in writing and shall state the points for determination, the decision thereon and the reasons for the decision.

(8) On disposal of appeal, the Commissioner (Appeals) shall communicate the order passed by him to the appellant, the adjudicating authority and the concerned Commissioner Inland Revenue.

¹⁰¹ Rule 48 substituted by SRO 278(I)/2018 dated 05.03.2018.

Federal Excise Rules, 2005

¹⁰²**[48A. Procedure for appeals to Commissioner (Appeals).--** An appeal under section 33 of the Act shall be in the following form and verified in the manner indicated therein, namely:-

FORM OF APPEAL									
APPEAL NO. _____									
APPEAL DATE _____									
<i>(For office use only)</i>									
To									
THE COMMISSIONER (APPEALS) ZONE _____									
Amount of appeal fee paid					Date of payment of appeal fee				
Amount of F.E.D. demand based on returns filed.					Date of payment				
Amount of F.E.D. levied additionally whether requirements of tax payment for filling of appeal met or not?					Yes			No	
STRN of the Appellant		- -							
or CNIC									
Tax Period			Zone _____		Jurisdiction _____				
Name of Appellant									
Appellant's Status	Individual AOP Company Other								
(Please tick the appropriate box)									
Address of the Appellant									
Name of Authorized									

¹⁰² Rules 48A to 48O inserted by SRO 278(I)/2018 dated 05.03.2018

Representative (if any)

CA	C&MA	ADV	ITP	AR
----	------	-----	-----	----

(Please tick the appropriate box)

[illegible][illegible]

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[illegible]

Designation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	

(g) Duty Demanded

[illegible]

5. AR: Authorized Representative

N.B. The appeal should be filed in duplicate and should be accompanied with:

- (a) the order appealed against;
- (b) notice of demand;
- (c) proof of payment of appeal fee;
- (d) a certificate showing the date of service of notice of demand or the impugned order to the appellant; and
- (e) a certificate showing the date of communication of the Memorandum of Appeal and grounds of appeal to the respondent department alongwith evidence of service.

BRIEF HISTORY AND FACTS OF THE CASE

GROUND OF APPEAL (Attach separate sheets, if required)

- 1.

- 2.

- 3.

- 4.

BRIEF CLAIM IN APPEAL/ PRAYER

VERIFICATION

1. I, _____ S/o _____ the proprietor/partner/managing director/member of M/s. _____ the appellant, do hereby declare that whatever is stated above is true to the best of my knowledge and belief.

2. I am competent to file the appeal in my capacity as _____.

3. I further certify that a true copy of this form of appeal has been sent by Registered Post/ AD/ Courier service, or delivered personally to the concerned Office of the Commissioner Inland Revenue, Zone _____ on _____ (date).

Evidence of service by any of the following modes attached:-
(Please tick the relevant box)

- i) Receipt of registered post ☐
- ii) Receipt of courier service ☐
- iii) Receipt of personal service ☐

Signature of Appellant _____
Name (in capital letters) _____

Federal Excise Rules, 2005

CNIC Number of person signing the appeal _____

The form of appeal and verification form appended thereto shall be signed:-

- (a) in case of an individual by the individual himself
- (b) in case of a company by the principal officer.
- (c) In case of AOP by member/partner.-

(This portion is for official use)

Appeal received by transfer
No. From Zone/Range

Date appeal received
by transfer

In ward register

--	--	--	--	--	--	--	--

--	--	--	--

Appeal transferred to
No. Zone/Range

Date of appeal
transferred out _____

Outward register

UDC/LDC/ Officer of Appeal Section _____ CIR(Appeal) _____
*(Initial)**(Initial)*

APPEAL ACKNOWLEDGEMENT RECEIPT

Appeal Zone/ _____

City _____

STRN/ CNIC.

Appeal No.

Appellant Name _____

Signature of Appellant

Date of receipt of
Appeal

Signature, and name of receiving
official
Designation _____

48B. Date of presentation and filing of Appeals.— Any official authorized by the Commissioner (Appeals) in this behalf shall endorse on the front page of every memorandum of Appeal the date on which it is presented, sign the endorsement and the appeal so endorsed shall be entered in a register as provided under rule 48L.

48C. Documents to accompany Appeal.— (1) Every memorandum of Appeal shall be accompanied with the following certified documents along with checklist specifying the documents attached with the memorandum in duplicate, namely:—,

Federal Excise Rules, 2005

Documents/Check List

- | | | |
|-----|---|--------------------------|
| (a) | the order appealed against; | ☐ |
| (b) | notice of demand; | ☐ |
| (c) | proof of payment of appeal fee; | ☐ |
| (d) | a certificate showing the date of service of notice of demand or the impugned order to the appellant; and | ☐ |
| (e) | a certificate showing the date of communication of the Memorandum of Appeal and grounds of appeal to the respondent department. | ☐ |

(2) The appellant shall annex an index on the face of memorandum of Appeal, showing the documents filed under this rule along with paging in paper book form in duplicate.

48D Intimation of filing of appeal to the respondent.— (1) The appellant shall before filing of appeal send a copy of the memorandum of Appeal and grounds of appeal to the respondent and a certificate to this effect shall be appended with the appeal.

¹⁰³[(2) The appellant shall before filing of appeal in the Appellate Tribunal, send a copy of the memorandum and grounds of appeal to the respondent. In case of filing of reference by the appellant before the High Court, copy of reference shall be sent to the respondent.]

48E Filing of affidavit regarding contrary facts.— Where a fact, which cannot be borne out by or is contrary to the record, is alleged, it shall be stated clearly and concisely by a duly sworn affidavit and shall have to be filed with the memorandum of Appeal.

48F Defective appeals etc. — (1) Where a memorandum of Appeal is not filed in the manner specified in these rules, the official authorized under rule 48B after examination at the time of filing may, within three working days, require the appellant or his authorized representative, if any, to bring the memorandum of Appeal in conformity with the form set out herein above in rule 48C, within the time as specified in section 33(1) of the Act subject to just exceptions under rule 48(1) of Federal Excise Rules, 2005 and the appeal so received shall not be deemed to have been filed unless the provisions of these rules have been fully complied with.

¹⁰³ New sub-rule (2) added by SRO 44(I)/2022 dated 10-1-2022

(2) Where the appellant or his authorized representative does not meet the requirement under sub-Rule (1), the authorized official shall place the matter before the Commissioner (Appeals) for appropriate orders.

48G Power of attorney etc., by authorized representative.— (1) Where an authorized representative has been appointed, as defined in section 47 of the Act, he shall annex with the memorandum, the document showing his authority and his acceptance thereof, which shall be signed and dated by the representative and shall also specify his capacity in which he is acting as such.

48H Procedure for filing and disposal of stay application.— (1) On receipt of stay application the official authorized in this behalf shall fix the application for hearing in the following manner, namely:—

- (a) For applications received before 01:00PM on a working day, hearing shall be fixed on the next working day.
- (b) For applications received after 01:00PM on a working day, hearing shall be fixed on the day after the next working day.

Federal Excise Rules, 2005

(2) Stay applications shall be disposed by the Commissioner (Appeals) within seven working days of fixation.

48I. Date and place of hearing of appeal and stay applications.— (1) The Commissioner (Appeals) shall issue and properly serve notices to both the parties to the appeal informing them about the date and place of hearing of appeal or the stay application as the case may be.

(2) The Commissioner (Appeals) may, where deemed necessary, require the respondent Department to submit para-wise comments in response to the appellant's written submissions, if any, on or before the due date of hearing.

48J. Hearing of appeal or stay application.— On the day fixed for hearing or any other day to which the hearing is adjourned the appellant shall be heard and the Commissioner (Appeals) shall then hear the respondent against the appeal or stay application and in that case the appellant shall have a right to reply.

48K. Maintenance and preservation of registers.— The following registers shall be maintained according to the format, namely:—

S. No.	Name of Register
1.	Appeals Register
2.	Stay Application Register
3.	Early hearing Register
4.	Register for Compliance of Court

FORMAT OF REGISTERS APPEAL REGISTER

S#	Appeal No.	Date of institution of Appeal	Name & address taxpayer/registered person	STRN / CNIC	Tax Periods	Zone / Field formation	Revenue involved	Date of appellate order	Status (confirmed/ varied/altered/ set aside/ annulled/ other
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

STAY APPLICATION REGISTER

S.#.	Appeal No.	Date of institution of Appeal	Name, STRN/ CNIC	Date of receipt	Tax Period	Zone/Field formation	Revenue involved	Stay granted for number of days/not granted	Date of order
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

EARLY HEARING REGISTER

S.#	Appeal No.	Date of	Name, STRN	Tax Peri	Request date	Request made by	Zone/Field formation	Revenue involved	Date of Appellate order
-----	------------	---------	------------	----------	--------------	-----------------	----------------------	------------------	-------------------------

Federal Excise Rules, 2005

		institution of Appeal	/ CNIC	od		(Taxpayer / Dept)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

COMPLIANCE REGISTER OF COURT DIRECTIONS/ORDERS

S.#	Appeal No	Name, STRN/CNIC	Date of Receipt of Court Order	Direction/ Order of the Court	Last Date for Disposal	Date of Appellate order
(1)	(2)	(3)	(5)	(6)	(7)	(8)

48L. Reports.— (1) Commissioner Inland Revenue (Appeals) shall submit the monthly performance report by the 5th of every month as set out in the Table, namely:—

Table

MPR (APPEALS) FOR THE MONTH OF _____

(CIR APPEALS)

Particulars of reporting officer:

Code	Name of CIR	Telephone / Mobile No.	E-mail Address	City
(1)	(2)	(3)	(4)	(5)

Appeals for Disposal

Opening Balance	Transfer			Remand Back	Fresh Filling	Revenue involved (M)	Available for Disposal
(1)	(2)			(3)	(4)	(5)	(6)
	In	Out	Net				

Disposal		Revenue Involved		Balance Pendency		Revenue Involved (M)	
During the month	Upto the Month	During the month (M)	Upto the Month (M)	During the month	Upto the Month	During the month (M)	Upto the Month (M)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Withdrawal		Revenue (Million)		Stay of Proceedings as per ADRC		Revenue (M)	
During the month	Up to the month	During the month	Up to the month	During the month	Up to the month	During the month	Up to the month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Federal Excise Rules, 2005

Aging Composition

3 Months Old		4 to 6 Months Old		7 to 12 Months Old		More than year Old	
No. of Cases	Revenue Involved (M)	No. of Cases	Revenue Involved (M)	No. of Cases	Revenue Involved (M)	No. of Cases	Revenue Involved (M)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Analysis of Appeals decided.

	No. of Appeals	Confirmed	Varied	Altered	Set aside	Annulled	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
For the Month							
Up to the Month							

Disposal of Stay Applications

Opening Balance of Stay Applications	New stay application filed in the month	No. of applications decided during month	Stay application pending for more than 10 days	Closing balance (end of month)
(1)	(2)	(3)	(4)	(5)

Disposal of cases on directions of Superior Courts.

Opening balance of cases remanded by Superior Courts	New cases referred / remanded during the month	Cases decided during the month	Closing Balance
(1)	(2)	(3)	(4)

(2) Commissioner Inland Revenue (Appeals) shall submit the Stay Applications Disposal Report as set out below by the 5th and 20th day of every month:-

STAY APPLICATIONS DISPOSAL REPORT FOR THE MONTH OF _____

S.#	Appeal No.	Name of Taxpayer	STRN/ CNIC	Date of Receipt of Application	Date of Fixation	Date of Disposal
(1)	(2)	(3)	(4)	(5)	(6)	(7)

48M. Arrangement and preservation of record.— (1) The record of appeals and other applications shall consist of two parts, namely 'Part-A' and 'Part-B':—

Part-A

- (a) folder containing the particulars of appeals, applications and brief abstract of the impugned orders of the Commissioner;
 - (b) order sheet or chronological abstract of orders;
 - (c) original copy of memorandum of appeal;
 - (d) original copies of grounds of Appeal;
 - (e) affidavits;
 - (f) judgment or any other final order against which appeal is preferred; and
 - (g) judgments and orders of High Courts and Supreme Court.
- (2) The document specified in sub rule-I shall form Part-A of the record unless otherwise directed by the Board, all other documents shall form Part-B of the record.
- (3) The documents forming part of appeals, and other applications specified in this rule shall be preserved for a period specified below, which shall be reckoned from the date of final order.

Explanation: The expression documents used in this rule includes all forms of electronic record.

- (4) The documents as mentioned above shall be preserved as follows;
- (a) Documents to be preserved permanently.
 - (i) Part A of the appeals, and applications; and
 - (ii) Judgments of the High Court, Supreme Court unconstitutional petitions.
 - (b) Documents to be preserved for twelve years mentioned in Part-B, any other documents as directed by the Board; and
 - (c) Destruction of record, after the prescribed period as provided in clause (b), shall be in the manner as directed by the Board.

48N. Manner of destruction of record.— (1) After the expiry of the period of preservation specified in rule 48M above, the record of the appeals, and other applications shall be destroyed in supervision of Commissioner (Appeals).

- (2) All court fee stamps, affixed to documents which are to be destroyed, shall be removed there from and burnt.

(3) The record shall be destroyed by tearing or otherwise so that no document may be used again.

(4) After destruction of the record, the Commissioner (Appeals) under whose supervision the record was destroyed shall certify that the destruction has been rendered such record of no use.

(5) The fact of destruction of appeals and other applications shall be recorded under the signatures of commissioner (Appeals) immediately after their destruction in the register in which such appeals, applications are entered and also in the index prefixed to the record.

480. Seal of the Commissioner (Appeals).—(1) There shall be a seal of the Commissioner (Appeals) on which shall be inscribed his name and insignia.

(2) The seal shall remain in the custody of the official as the Commissioner (Appeals) may direct and shall be affixed on every order passed by the Commissioner (Appeals).]]

49. Appeal to the Appellate Tribunal.—(1) In case an appeal under section 34 of the Act has been filed in the Appellate Tribunal after the expiry of sixty days from the date on which the decision or order sought to be appealed against is communicated to the persons preferring the appeal, the appeal may be admitted by the Tribunal if it is satisfied that the appellant had sufficient cause of not preferring the appeal within sixty days.

(2) On receipt of notice that an appeal has been preferred, the party against whom the appeal has been preferred may, notwithstanding that he may not have appealed against such order or any part thereof, file within thirty days of the receipt of the notice a memorandum of cross-objections against any part of the order appealed against and such memorandum shall be disposed of by the Tribunal as if it were an appeal presented within the time specified in sub-section (1) of section 34 of the Act.

(3) The Tribunal may admit the filing of a memorandum of cross-objections after the expiry of the relevant period referred to in sub-rule (2), if it is satisfied that there was sufficient cause for not presenting it within that period.

(4) An appeal to the Tribunal shall be accompanied by a fee of one thousand rupees and shall be in such form and verified in such manner as may be specified by rules made in this behalf.

50. Order of the Appellate Tribunal. – (1) The Appellate Tribunal may, after giving the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit, confirming, modifying or annulling the decision or order appealed against or may refer the case back to the authority which passed such decision or order with such directions as the Tribunal may think fit, for a fresh adjudication or decision after taking additional evidence, if necessary:

¹⁰⁴[***]

(2) The Appellate Tribunal may, at any time within three years from the date of order, with a view to rectifying any mistake apparent from the record, amend any order passed by it under sub-rule (1) and shall make such amendments if the mistake is brought to its notice by the Collector of Federal Excise or the other party to the appeal:

Provided that an amendment which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the other party shall not be made under this rule, unless the Tribunal has given notice to him of its intention to do so and has allowed him a reasonable opportunity of being heard.

(3) The Tribunal shall send a copy of every order passed by it under this section, disposing of an appeal, to the Collector of Federal Excise concerned, Collector (Appeals) concerned and the other party to the appeal.

(4) Save as otherwise provided in the Act, an order passed by the Tribunal shall be final.

¹⁰⁴ Proviso omitted by Corrigendum to the Gazette of Pakistan, Extraordinary, Part-n, page 2974. At the time of omission Proviso was "Provided that appeal shall be decided within sixty days of filing the appeal or within such extended period as the Tribunal may, for reasons to be recorded in writing fix and such extended period shall in no case exceed ninety days."

51. Procedure of Appellate Tribunal.— (1) The provisions of sub-sections(1), (2), and (6) of section 194-C of the Customs Act, 1969 (IV of 1969), shall apply to the Appellate Tribunal in the discharge of its functions under this Act as they apply to it in the discharge of its functions under the said Act.

(2) Every appeal against a decision or order relating, among other things, to the determination of any question having a relation to the rate of duty of excise or to the value of excisable goods and services for purposes of assessment, shall be heard by a Special Bench constituted by the Chairman of the Tribunal for hearing such appeal and such Bench shall consist of not less than two members and shall include at least one judicial member and one technical member.

(3) The Chairman or any other member of the Tribunal authorized in this behalf by the Chairman may, sitting singly, dispose, of any case which has been allotted to the Bench of which he is a member where:—

(a) in any disputed case, other than a case where the determination of any question having a relation to the rate of duty of excise or to the value of excisable goods and services for purpose of assessment is in issue or is one of the points in issue, the difference in duty involved or the duty involved; or

(b) the amount of fine or penalty involved; does not exceed ¹⁰⁵[fifteen] hundred thousand rupees.

(4) If the members of a Bench differ in opinion on any point, the point shall be decided according to the opinion of the majority, if there is a majority, but if the members are equally divided, they shall state the point or points on which they differ and the case shall be referred by the Chairman for hearing on such point or points to one or more of the other members of the Tribunal, and such point or points shall be decided according to the opinion of the majority of the members of the Tribunal who have heard the case including those who first heard it:

¹⁰⁵ Substituted for the word "five" by Notification No.S.R.O. 647(1)/2006, dated 21 st June, 2006, reported as PTCL 2007 St. 33(ii).

Provided that, where the members of a Special Bench are equally divided, the point or points on which they differ shall be decided by the Chairman.

(5) Subject to the provisions of the Act and these rules, the Appellate Tribunal shall have power to regulate its own procedure and the procedure of the Benches thereof in all matters arising out of the exercise of its powers or of the discharge of its functions, including the places at which the Benches shall hold their sittings.

52. Payment of fee in appeals.—The fee for filing appeals before the Collector (Appeals) or the Appellate Tribunal shall be deposited in any of the designated branches of National Bank of Pakistan against T.R-6 challan under the relevant head of account.



CHAPTER - XI

¹⁰⁶[ALTERNATIVE] DISPUTE RESOLUTION

¹⁰⁷[53. **Application.**— (1) This chapter shall apply to all cases of disputes brought or specified for resolution under section 38 of the Act.

54. Definitions.— In this chapter, unless there is anything repugnant in the subject or context,-

- (a) **“applicant”** means an aggrieved person or a class of persons ¹⁰⁸[in case identical issues are involved] who has brought a dispute for resolution under section 38 of the Act;
- (b) **“Committee”** means a Committee constituted under sub-section (2) of section 38 of the Act; and
- (c) **“dispute”** means any grievance of the applicant pertaining to matter specified in sub-section (1) of section 38 of the Act.

55. Application for Alternative Dispute Resolution Committee and Appointment of Committee.— (1) Any person interested for resolution of any dispute under section 38 shall submit a written application for alternative dispute resolution to the Board in the Form as set out in the Annexure at the end of this chapter.

(2) The Board, after examination of the contents of the application submitted under sub-rule (1) and facts stated therein and on satisfaction that the application may be referred to a Committee for the resolution of the hardship or dispute, shall appoint and notify a Committee, within a period of sixty days from the receipt of the application consisting of persons as specified under sub-section (2) of section 38 of the Act.

(3) ¹⁰⁹[Chief Commissioner Inland Revenue having jurisdiction over the case], shall be Chairperson of the Committee.

(4) ¹¹⁰[omitted]

(5) ¹¹¹[omitted]

¹⁰⁶ Substituted for the word "alternate" by Notification No.S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

¹⁰⁷ Rules 53 to 59 substituted by SRO 489(I)/2019 dated 25-4-2019

¹⁰⁸ Words added by SRO 844(I)/2020 dated 9-9-2020

¹⁰⁹ Expression substituted by SRO 844(I)/2020 dated 9-9-2020

¹¹⁰ Sub-rule (4) omitted by SRO 844(I)/2020 dated 9-9-2020

¹¹¹ Sub-rule (5) omitted by SRO 844(I)/2020 dated 9-9-2020

56. Procedure to be followed.— The Chairperson of the Committee shall be responsible for deciding the procedure to be followed by the Committee which may, *inter-alia*, include the following, namely:-

- (a) to decide about the place of sitting of the Committee ¹¹²[***];
- (b) to specify date and time for conducting proceedings by the Committee;
- (c) ¹¹³[to conduct the proceedings of the Committee as he thinks appropriate];
- (d) to issue notices by courier or registered post or electronic mail to the applicant;
- (e) to requisition and produce relevant records or witnesses from the Commissioner or other concerned quarters;
- (f) to ensure attendance of the applicant for hearing either in person or through an advocate, representative or a tax consultant;
- (g) to consolidate decision of the Committee and communicate it to the Board, the Commissioner and the applicant; and
- (h) for any other matter covered under these rules.

57. Working of the Committee.— (1) The Committee may conduct inquiry, seek expert opinion, direct any officer of Inland Revenue or any other person to conduct an audit and make recommendations to the Committee in respect of dispute or hardship.

(2) The Committee may determine the issue and may thereafter seek further information or data or expert opinion or make or cause to be made such inquiries or audit as it may deem fit, to decide the matter specified in sub-section (1) of section 38 of the Act.

58. Decision of the Committee.— (1) ¹¹⁴[The Committee shall decide the dispute through consensus within one hundred and twenty days from the date of its appointment by the Board. The Committee shall communicate its decision to the Board, the Commissioner having jurisdiction and the applicant.]

(2) The decision of the Committee under sub-rule (1) shall be binding on the Commissioner ¹¹⁵[where the aggrieved person, or class of persons, have withdrawn the appeal pending before any appellate authority or the court of law and has communicated the order of withdrawal to the Commissioner:

¹¹² Expression omitted by SRO 844(I)/2020 dated 9-9-2020

¹¹³ Clause (c) substituted by SRO 844(I)/2020 dated 9-9-2020

¹¹⁴ Sub-rule (1) substituted by SRO 844(I)/2020 dated 9-9-2020

¹¹⁵ For the words "and the aggrieved person", the expression substituted by SRO 844(I)/2020 dated 9-9-2020

Provided that if the order of withdrawal is not communicated to the Commissioner within sixty days of the service of decision of the committee upon the aggrieved person, the decision of the committee shall not be binding on the Commissioner.]

(3) On receipt of the Committee's decision, the applicant shall make payment of federal excise duty and other taxes as specified by the Committee in its decision and the Commissioner shall modify order as per decision of the Committee.

59. Remuneration.—(1) ¹¹⁶[***]

(2) A member of the Committee appointed under clause (ii) of sub-section of section 38 shall be paid a lump sum one time remuneration of one hundredthousand rupees for his services.

(3) The remuneration specified in ¹¹⁷[sub-rule] (2) shall be paid by the Board from its budget allocation within fifteen days of the receipt of the decision of the Committee undersub-rule (1) of rule 58.

¹¹⁶ Sub-rule (1) omitted by SRO 844(I)/2020 dated 9-9-2020

¹¹⁷ For the expression "sub-rules (1) and", the expression substituted by SRO 844(I)/2020 dated 9-9-2020 19 Annexure at the end of rule 59 substituted by SRO 844(I)/2020 dated 9-9-2020

**Application for Alternative Dispute Resolution
under section 38 of the Federal Excise Act, 2005**

To,

The Chairman,
Federal Board of Revenue,
Islamabad

Dear Sir,

The undersigned being _____ (name and address of the applicant) duly authorized hereby
apply for hardship and dispute resolution under section 38 of the Federal Excise Act, 2005.

2. Necessary details of the dispute or hardship are set out below and in the Addendum to
this application.

3. A request is made to constitute a Committee as provided under sub-rule (2) of rule 55
of Federal Excise Rules, 2005.

4. The following documents as are necessary for the resolution of the dispute or
hardship are enclosed.

- (a) _____
(b) _____
(c) _____

Yours faithfully,

Signature _____
Name (in block letters) _____
NTN/STRN _____
Address _____
Date _____

¹¹⁸ For the expression "sub-rules (1) and", the expression substituted by SRO 844(I)/2020 dated 9-9-2020 19 Annexure at the end of rule 59
substituted by SRO 844(I)/2020 dated 9-9-2020

Federal Excise Rules, 2005

Addendum

[see paragraph 2 of the Annexure]

- (1) Name of the applicant (in block letters) _____
- (2) National tax number/STRN _____
- (3) CNIC (for individuals) _____
- (4) Address of the applicant _____
- (5) Telephone Number e-mail address _____ Fax Number _____
- (6) Tax period to which the dispute or hardship relates _____
- (7) The Commissioner with whom a dispute has arisen _____
- (8) The following is the statement of the relevant facts and law with respect to dispute or hardship having bearing on the questions on which the resolution is required (Please annex extra sheet, if required):-

- (9) Statement containing the applicant's interpretation of law or facts, as the case may be, in respect of questions on which resolution is required is as follows (Please annex extra sheet, if required):

- (10) The extend or the amount of tax which the applicant agrees to pay, if any
Rs. _____

- (11) The undersigned, solemnly declares that-

- (a) full and true particulars of the dispute or hardship for the purposes of resolution have been disclosed and no material aspect affecting the determination of the application filed under section 38 of the Federal Excise Act, 2005, in this behalf has been withheld;
- (b) the above issues are pending before (name of the appellate forum, ATIR or Court)/not pending before any forum, ATIR, High Court or Supreme Court of Pakistan for adjudication.

Yours faithfully,
Signature

Name (in block letters)

Designation

Date _____

CHAPTER - XII

RECOVERY OF ARREARS

60. Recovery of arrears of duty.—(1) Where any amount of Federal excise duty or any other sum under the Act or these rules is due from any person, the officer of Federal excise may take or cause to be taken the following actions, namely:—

- (a) deduct the amount from any money owing to person from whom such amount is recoverable and which may be at the disposal or in the control of such officer or any officer of Income Tax, Customs or Sales Tax Department;
- (b) require by a notice in writing any person who holds or may subsequently hold any money for or on account of the person from whom duty may be recoverable to pay to such officer the amount specified in the notice;
- (c) stop removal of any goods from the business premises of such person till such time the amount of duty is paid or recovered in full;
- (d) require by a notice in writing any person to stop clearance of imported goods or manufactured goods or attach bank accounts;
- (e) seal the business premises till such time the amount of duty is paid or recovered in full;
- (f) attach and sell or sell without attachment any movable or immovable property of the registered person from whom duty is due; and
- (g) may recover such amount by attachment and sale of any movable or immovable property of the guarantor, person, company, bank or financial institution where a guarantor or any other person, company, bank or financial institution fails to make payment under such guarantee, bond or instrument.

(2) The officer of Federal excise, while making recovery of arrears of duty under this rule may dispense with the sequence of actions specified in clauses (a) to (g) of sub-rule (1).

(3) The procedure laid down in the Sales Tax Rules, 2005 regarding recovery shall, mutatis mutandis, be followed for the purpose of recovery of arrears of duty under this Chapter.

(4) For the purpose of recovery of duty, penalty or any other demand raised under the Act, or

these rules, the officer of Federal excise shall have the same powers which under the Code of Civil Procedure 1908 (V of 1908), a Civil Court has for the purpose of recovery of an amount due under a decree.

61. Payment of arrears in installments.— The Collector of Federal Excise may, if requested in writing, may for reasons to be recorded in writing, allow any registered person to deposit arrears of duty recoverable from him in installments subject to such reasonable conditions or limitations as he may deem appropriate.

CHAPTER - XIII

ENTRY, SEARCH, SEIZURE, INVESTIGATION AND CONFISCATION

62. Authorized officer to have free access to premises, equipment, stocks and accounts relating to excisable goods and excisable services.—Any officer authorized in writing by the Collector in this behalf, shall have free access at all times to any premises and to any place where excisable goods are processed, stored, sold or manufactured, or where excisable services are provided or rendered. and may ¹¹⁹[***] inspect the building, the plant, the machinery, and the stocks, and the accounts, and may at any time check the records of the goods stocked in, or removed from the factory, or place, or their transfer within a factory, to that part of the premises, if any, in which they are to be used for the manufacture of any other commodity, or the record being maintained where excisable services are provided or rendered, whether for the purpose of testing the accuracy of any return or statement submitted under the Act or these rules, or of informing himself as to any particulars regarding which information is required for the purposes of the Act or these rules.

63. Powers of the authorized officer.— (1) Any officer duly empowered by the Collector may stop and search any vessel, cart or other means of conveyance for excisable goods, and may seize and remove or detain any goods in respect of which it appears to him that duty should have been, but has not been levied, or that any contravention of the provisions of the Act or these rules has occurred subject to Chapter IV of the Act.

(2) Every officer of Customs duly empowered by the Collector shall have, use, and exercise all such and the like powers and authority for the search, examination, removal, seizure, detention and confiscation of any vessel, cart, or other means of conveyance, or any horse or other animal, or any goods liable to confiscation under the Act or these rules, as are, or may be, conferred on the like officer of Federal Excise.

¹¹⁹ The word and commas "with notice to the owner," omitted by Notification No.S.R.O. 561(1)/2006, dated 5th June, 2006, reported as PTCL 2006 St. 1724.

Federal Excise Rules, 2005

Explanation.—For the purpose of this rule, excisable goods means cigarettes and beverages.

64. Power to enter and search.— (1) The Federal Board of Revenue may empower any officer of any department under its control to enter and search at anytime by day or by night any land, building, enclosed place, premises, or other place upon or in which he has reason to believe that excisable goods are being processed, sorted, stored, manufactured or excisable services are provided or rendered in contravention of the provisions of the Act or these rules subject to Chapter IV of the Act.

65. Notices.— Every notice under the Act or these rules shall be deemed to be served on the date on which a copy thereof is tendered or delivered to the person on whom it is to be served, or to his agent, if he has any: or, when the notice has not been so served, the date which shall appear to the officer holding the inquiry to be the date on which the person on whom the same is to be served has become aware of the issue.

66. Confiscation and disposal of goods.—(1) When anything is confiscated under the Act or these rules, such thing shall thereupon vest in the Government.

(2) The officer adjudging confiscation shall take and hold possession of the thing confiscated, and every officer of Federal excise or of Police, on the requisition of such officer, shall assist him in taking and holding such possession.

(3) Articles of which confiscation has been adjudged and in respect of which the option of paying a penalty in lieu of confiscation has not been exercised, shall be sold, destroyed or otherwise disposed of in such manner as the Collector may direct.

67. Seizure of plant and machinery.— (1) In cases where any plant or machinery is being used for the manufacture or production of counterfeit goods, such plant or machinery shall be seized by the authorized officer of Federal excise not below the rank of Additional Collector.

(2) (2) The plant and machinery seized under sub-rule (1) shall be liable to outright confiscation and destroyed in such manner as may be approved by the Collector subject to the law.

CHAPTER – XIV

AUDIT

68. Audit.–(1) The Collector may depute any Federal Excise Officer subordinate to him to conduct audit of the records and accounts etc., of any person registered under the Act.

(2) The Federal Excise Officer who has conducted audit shall issue audit observation pointing out the contraventions of the Act or rules and the amount of duty of excise or any amount payable under this Act or the rules made thereunder and the registered person may, within a period of fifteen days of the receipt of audit observation, submit his point of view in writing.

(3) If, within the period prescribed in sub-rule (2), no reply is received or there reply furnished by the registered person is found unsatisfactory, the Federal Excise Officer shall issue an audit report specifying the amount due from him under any of the provisions of this Act or the Rules made thereunder.

(4) Notwithstanding the penalties prescribed in section 19, if a registered person wishes to deposit the amount of duty not paid, short paid or the amount of duty evaded along with default surcharge voluntarily, whenever it comes to his notice, before receipt of notice of audit, no penalty shall be recovered from him:

Provided that if a registered person wishes to deposit the amount of duty not paid, short paid or amount of duty evaded along with default surcharge during the audit, or at any time after issuance of show cause notice he may deposit such amount along with twenty five per cent of the amount of penalty prescribed under this Act or the rules made thereunder and in such case, further proceedings on the show cause notice shall abate.

69. Scope of audit.–The scope of the audit shall unless otherwise specified, be the expression of professional opinion about the propriety and accruing of the following, namely:–

- (a) the quality of the records, accounts, invoices, returns and Statements maintained, issued or furnished;

- (b) the declarations, assessments and payments made on the monthly returns and challans submitted;
- (c) performance of the obligations under the provisions of the Act and these rules;
- (d) comparison of production vis-a-vis installed capacity;
- (e) comparison of production vis-a-vis raw materials and inputs acquired;
- (f) the valuation of the goods as made and declared;
- (g) adjustments of duty availed;
- (h) refunds and rebates taken;
- (i) concessions and exemptions availed;
- (j) stocks of inputs and outputs; and
- (k) need and direction for further investigation.

70. Rectification of genuine errors in records.—A registered person shall be allowed to rectify genuine errors in records identified during audit provided that he discharges the liability, if any, accruing from the identification of such errors prior to the rectification thereof and each such rectification allowed and made shall be recorded in the audit report.

71. Stock-taking during audit.— Where needed, stock-taking shall be conducted during audit.

72. Audit of composite units.—In case of registered persons who are paying Federal excise duty as well as sales tax, the audit shall be conducted on composite basis by such team of officers as may be constituted by the Collector.

73. Period of audit.—All audits for the purpose of Federal excise duty shall be conducted on annual basis unless the Collector specifically directs audit of any registered person for a shorter period.

¹²⁰**[73A.-Selection and conduct of audit.-(1)** This rule shall apply to selection of cases for audit by the FBR under section 42B of the Federal Excise Act, 2005.

(2) The following steps shall be followed for selection of cases for audit through a computer ballot on random and parametric selection basis for tax periods mentioned therein, namely:-

¹²⁰ New Rule 73A added by SRO 55(I)/2016 dated 28-1-2016

Federal Excise Rules, 2005

- (a) data of all returns (e-filed and manually filed) shall be utilized as a basic data;
 - (b) the Board shall decide the cases of persons or classes of persons which are to be excluded from audit selection and such exclusions shall be publicized each year through FBR's web-portal for information, prior to the process of balloting or selection;
 - (c) cases falling under exclusions shall be identified and such cases shall be excluded from the data to be used for balloting;
 - (d) the data of the remaining cases shall be utilized for computer ballot for audit selection;
 - (e) for each tax period cases for audit shall be selected in accordance with the predetermined percentage, to be publicized through FBR's web-portal, and prior to the balloting process, each year;
 - (f) immediately after computer ballot, the lists of selected cases shall be generated and placed on FBR's web-portal;
 - (g) the whole balloting system for audit selection shall be based only on the NTN/CNICs of the filers;
 - (h) the NTN and CNICs of the cases selected for audit shall be communicated to concerned RTOs and LTUs as per their respective jurisdictions;
 - (i) for the purpose of selection of cases on parametric basis, risk parameters for persons or classes of persons to be used for balloting, wherever necessary, shall be determined by the Board, as under:-
 - (I) risk parameters for persons or classes of persons to be used for balloting shall be determined by the Board;
 - (II) audit selection parameters may be based upon the following:-
 - (A) financial ratios for the year viz a viz the history of the case;
 - (B) financial ratios viz a viz industrial, sectoral or national ratios;
 - (C) industrial comparisons or bench marks;
 - (D) quantum of losses or refunds beyond certain thresholds; or
 - (E) compliance history; and
 - (j) computer balloting process in both categories of selection for audit shall be held in the presence of representatives from Chambers of Commerce and Industries and representatives of Tax Bar Associations.
- (3) The cases selected for audit by the Board shall be processed as per the procedures given below:-
- (I) Commissioner Inland Revenue concerned shall issue intimation letter to the taxpayer about the selection of his case for audit with the following details:-
 - (A) section under which selection has been made;
 - (B) tax period for which the case has been selected for audit;
 - (C) mode of selection whether random or parametric;
 - (D) compliance requirements on the part of taxpayer e.g.-

- (a) provision of prescribed books of accounts;
- (b) supporting information and documents etc;
- (c) computerized data, access to computerized data or provision of attested hard copies of computerized data.

(4) On completion of examination of books of accounts, data or information under this rule the discrepancies, if found, shall be intimated to the taxpayer for obtaining taxpayers' explanation, in the form of audit report, seeking taxpayer's explanation on these points.

(5) Explanations of the taxpayer, where found not acceptable, shall be intimated to the taxpayer, through a notice under section 46(2A) of the Federal Excise Act, 2005 about the assessment of duty along with the rationale or basis of such amendment and necessary tax assessment order shall be passed under section 46 of the said Act after affording adequate opportunity of hearing to the taxpayer.]

¹²¹[CHAPTER- XIVA

ELECTRONIC PRODUCTION MONITORING OF EXCISABLE GOODS

73B. Application.— (1) The provisions of this Chapter shall apply to-

- (a) the electronic monitoring of production and sale of excisable goods or class of excisable goods through a production monitoring system;
- (b) such manufacturers, production facilities, warehouses or industrial sectors as may be notified by the Board; and
- (c) any other excisable goods or persons as may be specified by the Board for the purposes of section 45A of the Act:

Provided that the Board may, through notification in the official Gazette or by special order, specify the date from which the Production Monitoring System shall be installed and made operational in respect of any excisable goods, manufacturer or class of manufacturers.

(2) Without prejudice to the generality of sub-rule (1), the production monitoring system may comprise video surveillance, video analytics solution, digital eye or any other solution approved by the Board for electronic monitoring of production on real time basis.

¹²¹ New Chapter XIV-A added vide S.R.O. 1586(I)/2026, dated 16th September July, 2026.

73C. Definitions.— In this Chapter, unless there is anything repugnant in the subject or context,—

- (a) "authorized officer" means an officer of Inland Revenue authorized by the Board for the purposes of this Chapter;
- (b) "authorized vendor" means a person, firm or company approved by the Board for supplying, installing, operating or maintaining the production monitoring system under this Chapter;
- (c) "Central Control Unit" or "CCU" means the centralized monitoring facility established, designated or approved by the Board for receiving, processing, analysing and storing production and sales data transmitted through the Production Monitoring System;
- (d) "digital eye" means software approved by the Board, capable of identifying, recording, counting, tracking or analysing production, packaging, movement or sale of excisable goods through video footage or other digital means;
- (e) "excisable goods" or "class of excisable goods" means such goods as may be specified by the Board through notification in the official Gazette;
- (f) "manufacturer" means a manufacturer or producer of excisable goods;
- (g) "production monitoring equipment" means cameras, sensors, hardware, software, servers, networking equipment and allied equipment approved by the Board; for implementation of the Production Monitoring System;
- (h) "video analytics solution" means an artificial intelligence-based software solution capable of object detection, product recognition, production counting, anomaly detection, behavioural analysis or any other analytical function approved by the Board; and
- (i) "video surveillance" means recording, monitoring or live streaming of production, packaging, storage or dispatch of excisable goods through cameras or other recording devices approved by the Board.

73D. Electronic monitoring of production and sale.— (1) The production and sale of

excisable goods shall be monitored through a production monitoring system by installation of production monitoring equipment, including video surveillance, video analytics, digital eye or any other system or technology approved by the Board, for the purposes of—

- (a) monitoring and recording of the production and sale of excisable goods;
- (b) capture, counting and verification of production;
- (c) collection, transmission, storage and archiving of production and sales data at the CCU of the Board;
- (d) detection of production interruptions or anomalies; and
- (e) data analysis for ensuring compliance with the provisions of the Act and the rules made thereunder.

(2) No manufacturer shall remove, clear or sell excisable goods unless such goods have been monitored and recorded through the production monitoring system provided under this Chapter or any instructions issued by the Board.

73E. Authorized vendor.— Every manufacturer shall procure, install and maintain the production monitoring system and production monitoring equipment only through an authorized vendor approved by the Board.

73F. Approval Committee.— (1) The Board shall constitute a committee to be known as Approval Committee for evaluation and approval of vendors, technologies, software, hardware and equipment for implementation of the production monitoring system.

(2) The Board shall specify the procedure of the Approval Committee.

(3) The Approval Committee shall perform its functions in accordance with the provisions of these rules.

73G. Application for approval.—(1) A person seeking approval as an authorized vendor under this Chapter shall submit an application in duplicate to the Board in such form and manner as may be specified by the Board.

(2) An application under sub-rule (1) shall be accompanied by such information, documents and technical details as may be specified by the Board, including, where applicable—

- (a) profile of the applicant;
- (b) details of managerial and technical personnel indicating name, position, qualification and experience;
- (c) technical specifications and capabilities of the proposed Production Monitoring System;
- (d) details of relevant experience and previous assignments;
- (e) National Tax Number (NTN), Sales Tax Registration Number (STRN), where applicable, and other statutory registrations;
- (f) audited financial statements of the preceding three financial years;
- (g) an undertaking that the applicant has not been blacklisted by any government or private organization and has not been involved in any fiscal fraud; and
- (h) such other information or documents as may be required by the Board.

73H. Criteria for grant of authorization.—An applicant seeking authorization as a vendor shall demonstrate, to the satisfaction of the Board, that the production monitoring system and production monitoring equipment comply with the technical specifications, functional requirements and performance standards specified by the Board.

73I. Functions and responsibilities of information technology team of Board. – The information technology team of the Board shall perform such functions and responsibilities as may be assigned or specified by the Board for the implementation, operation and monitoring of the production monitoring system.

73J. Procedure for grant of authorization.— (1) Upon receipt of an application under rule 73G, the Approval Committee shall evaluate the application in accordance with this Chapter.

(2) For the purpose of evaluation, the Approval Committee may—

- (a) on receipt of an application for grant of authorization, the approval committee shall evaluate it;
- (b) fix a date for a hearing to be attended by the applicant for the purposes of evaluation of the application submitted under clause (a);
- (c) carry out visits and physical inspections to ascertain eligibility of the applicant for authorization under this Chapter; and

- (d) require the applicant to give practical demonstration of the technological solution offered for approval.

(3) The Approval Committee shall, within sixty days of receipt of the application, submit its recommendations to the Board for grant or refusal of authorization:

Provided that where authorization is recommended to be refused, the reasons therefor shall be recorded in writing.

(4) Where the applicant fulfils the prescribed technical, financial and other requirements, the Approval Committee may recommend the grant of authorization to the Board.

(5) The Board may grant authorization to the recommended applicant, subject to such terms and conditions as it may specify.

(6) Before the grant of authorization, the applicant shall furnish an unconditional bank guarantee equivalent to five per cent of the project cost or five million rupees, whichever is lower, in favour of the Board.

(7) The bank guarantee furnished under sub-rule (6) shall remain valid for the period of authorization and may be encashed by the Board in the event of any violation of the provisions of the Act, these rules or, as the case may be, the terms and conditions of the authorization.

73K. Responsibilities of authorized vendors.— (1) An authorization granted under this Chapter shall, unless suspended or cancelled earlier, remain valid for a period of three years and may be renewed by the Board in accordance with this Chapter.

(2) The authorization shall be subject to the provisions of the Act, these rules and such terms and conditions as may be specified by the Board.

(3) An authorization granted under this Chapter shall be non-transferable and shall not be assigned or sub-contracted without the prior approval of the Board.

(4) The authorized vendor shall procure, install, configure, commission and maintain the production monitoring system and production monitoring equipment in accordance with the specifications specified by the Board.

(5) The authorized vendor shall complete the installation and commissioning of the production monitoring system within forty five days of the issuance of the purchase order

or within such extended period as may be allowed by the Board.

(6) The authorized vendor shall provide technical support, software upgrades, bug fixes, preventive maintenance and prompt rectification of faults to ensure uninterrupted operation of the production monitoring system.

(7) The authorized vendor shall provide all necessary technical assistance and support to the Board and its information technology team for the implementation, operation and monitoring of the production monitoring system.

(8) An application for renewal of authorization shall be submitted to the Board at least three months before the expiry of the authorization.

(9) The Board may, after evaluation of the performance of the authorized vendor and compliance with this Chapter, renew the authorization for a further period of three years, subject to such terms and conditions as it may specify.

73L. Technical support and training.— (1) The authorized vendor shall upgrade the production monitoring system, including the related hardware, software, communication equipment and other components, in accordance with the technical specifications and requirements specified by the Board.

(2) The authorized vendor shall provide technical and operational training to the officers and officials of the Board and furnish such documentation, user manuals and technical support as may be required by the Board.

(3) The Board may, from time to time, conduct performance reviews, inspections or technical evaluations of the production monitoring system to assess its functionality, efficiency and compliance with this Chapter.

73M. Fee and charges.— (1) An authorized vendor shall charge the manufacturer such fee or charges for the supply, installation, operation, maintenance and support of the production monitoring system as may be approved by the Board.

(2) No fee or charges shall be payable by the Board or its field formations for the purposes of this Chapter.

(3) The Approval Committee may, either on its own motion or on the request of a manufacturer or an authorized vendor, determine the maximum fee or charges that may be charged by an authorized vendor from a manufacturer.

(4) The Approval Committee may specify the approved fee or charges in such manner as it may deem appropriate.

(5) The fee or charges shall remain applicable during the period of authorization unless revised by the Approval Committee.

(6) An authorized vendor may apply to the Approval Committee for revision of the approved fee or charges where there is a material change in the basis of determination or due to exceptional economic circumstances.

(7) The Approval Committee may, after providing an opportunity of hearing to authorized vendor, where necessary, approve or reject the request for revision of the fee or charges.

(8) Where a request for revision of fee or charges is rejected, the authorized vendor may apply to the Approval Committee for cancellation of its authorization.

(9) The Approval Committee may, after considering the request made under sub-rule (8), cancel the authorization.

73N. Functions and responsibilities of manufacturer.— (1) Every manufacturer to whom this Chapter apply shall—

- a. make all production facilities available for installation of the production monitoring system and allow access to the authorized vendor and the Board for routine operations, inspection, maintenance, repair and upgradation of the production monitoring system;
- b. establish, operate and maintain the information technology infrastructure, including internet connectivity, uninterrupted power supply and such other facilities as may be specified by the Board, wherever required for the purposes of this Chapter;
- c. not produce, process, pack, clear or supply excisable goods except through the production monitoring system in such manner as may be specified by the Board;
- d. be responsible to pay the approved fee or charges to the authorized vendor in accordance with this Chapter;
- e. be responsible for the smooth functioning, protection and security of the

production monitoring system;

- f. report to the Commissioner concerned, within one hour of any operational failure, damage, disruption, tampering, unauthorized interference or malfunction of the production monitoring system:

Provided that where any damage to the production monitoring system is found to be attributable to the carelessness, negligence or deliberate act of the manufacturer, the cost of repair or replacement shall be borne by the manufacturer, without prejudice to any proceedings that may be initiated under the Act or these rules;

- g. allow unhindered access to the Board or any officer authorized by the Board for inspection, verification, maintenance, audit or any other purpose connected with the implementation of this Chapter;
- h. give the Board not less than thirty days prior written notice of any proposed installation, commissioning, expansion, modification, relocation, suspension or discontinuance of any goods or production line or of the production monitoring system;
- i. make available any damaged or defective equipment, devices, cameras or any component of the production monitoring system for inspection by the officer authorized by the Commissioner;
- j. report any inoperative production lines within one hour of occurrence to the concerned Commissioner and the officer authorized by such Commissioner shall immediately proceed to secure such lines using a security seal and register the action in the system;
- k. ensure that no person tampers with, bypasses, disables, obstructs or otherwise interferes with the production monitoring system or any device or equipment forming part thereof;
- l. production lines sealed as aforesaid shall not be de-sealed to resume operation except with the permission of the Commissioner; and
- m. comply with such other directions, conditions, procedures or requirements as may be specified by the Board for the effective implementation of this Chapter;

73O. Liability of authorized vendor.— (1) Without prejudice to any other action under the Act or these rules, an authorized vendor found to have willfully colluded with a manufacturer in the violation of the provisions of the Act or these rules shall be liable to action under the Act or the rules made thereunder.

(2) Where, after affording an opportunity of being heard, it is established that an authorized vendor has colluded with a manufacturer resulting in evasion of duty or taxes, such vendor shall be liable for the consequences provided under the Act or the rules made thereunder, including recovery of duty, taxes, default surcharge and, as the case may be, penalties.

73P. Audit.—The Board may conduct, or cause to be conducted, periodic audits, inspections or technical evaluations of the production monitoring system and take such corrective or remedial measures as may be considered necessary.

CHAPTER - XV

MISCELLANEOUS

74. Authorization, delegation and exercise of powers. – (1) The Director General Large Taxpayers Unit and other officers posted in such Units are authorized to exercise all the powers conferred by the Act and rules in respect of the taxpayers falling in the jurisdiction of such Large Taxpayers' Units.

(2) The powers to arrest, prosecute, summon and confiscation shall be exercised by all Federal excise officers,—

- (a) not below the rank of a Deputy Superintendent of Federal Excise for the purposes of sub-section (1) of section 22 of the Act;
- (b) not below the rank of a Superintendent of Federal Excise for the purposes of section 23 of the Act; and
- (c) all Officers of Customs not below the rank of an Assistant Collector for the purposes of section 27 of the Act.

(3) The Board may authorize any Federal Excise officer to exercise all or any of the powers conferred by the Act or these rules.

(4) Unless the Board in any case otherwise directs, the Collector may authorize any officer subordinate to him to exercise throughout his jurisdiction, or in any specified area therein, all or any of the power of a Collector under these rules.

(5) The Officer of Federal Excise shall be competent to exercise all powers and discharge all duties conferred or imposed on any officer lower in rank to him.

75. Agent of registered person.—In case any person is authorized by the registered person to act on his behalf in connection with matters relating to Federal excise whether under his employment or not, any act done by such person in violation of the provisions of the Act or rules made there under shall be deemed to have been done by the registered person and shall be dealt with accordingly under the law.

76. Installation and use of any specified device or equipment etc.— The Board or the Collector may in case of any excisable goods or registered persons or class thereof, require the installation and use of any specific instrument, device, equipment or system for the purpose of excise stamping or banderole of cigarettes, measurement, quantification, weighment, testing, grading, segregation, categorization, record keeping, documentation or for similar other purposes and every person required to do so shall be bound to meet the requirements and obligations specified in this regard at his cost.

77. Disputes regarding contents of excisable goods.—All disputes with regard to the contents and classification of excisable goods shall be determined by reference to such authority or laboratory as the Board may, by general or special order, empower in this behalf.

78. Extension of time and period. — Where any rule specifies any time or period within which any application is to be made or other act or thing is to be done, the Board may, in the particular circumstances of a case or class of cases, permit it to be made or done within such longer or shorter time or period as it may consider appropriate.

79. Power to issue supplementary instructions.—The Board may issue instructions providing for any supplemental matters arising out of these rules.

80. Repeal.—Subject to the provisions of section 24 of the General Clauses Act, 1897 (X of

Federal Excise Rules, 2005

1897), the Central Excise Rules, 1944 are hereby repealed.

¹²²[FORMS FE-I, FE-II & FE-III
Omitted]

¹²³[FORMS FE-IV, FE-IV (A), FE-IV(C), FE-IV (D), FE-IV (E) AND FE-IV (F),
Omitted]

¹²² Forms FE-I, FE-II & FE-III omitted by Notification No. S.R.O 546(1)/2008, dated 11th June, 2008.

¹²³ Forms FE-IV, FE-IV(a), FE-IV(c), FE-IV(d), FE-IV(e) and FE-IV(f) omitted by Notification No. S.R.O. 371(1)/2008, dated 14th April, 2008.

Federal Excise Rules, 2005

124 **[ANNEX]**

[See rule 40A(6A)]

QUARTERLY RECONCILIATION OF FEDERAL EXCISE SERVICES PROVIDED BY THE BANKING & NON-BANKING FINANCIAL COMPANIES UNDER RULE 40A OF THE FEDERAL EXCISE RULES, 2005

Name of the Bank/Non-Banking Financial Companies

Federal Excise Registration No.

Quarter ended

Particulars of service Value of Services as per Return (in Rs.)

S.No		Month 1	Month 2	Month 3	Total
(a)	L/C commission				
(b)	Guarantee commission				
(c)	brokerage commission; issuance of pay order and demand				
(d)	Drafts;				
(e)	Bill of exchange charge; transfer of money including				
(f)	telegraphic transfer, mail transfer and electronic transfer				
(g)	Providing Bank Guarantees;				
(h)	Bill discounting commission;				
(i)	Safe deposit locker fee;				
(j)	Safe vaults				
(k)	credit and debit card Issuance, processing, operation charges; and				
(l)	commission and brokerage on foreign exchange dealings;				

¹²⁴•Annex substituted by Notification No.S.R.O. 475(1)/2009, dated 13th June, 2009, w.e.f. 1st July, 2009. Before substitution Annex was added by Notification No. 5.R.O. 647(1)/2006 dated 21st June. 2006 reported as PTCL 2007, St. 33(ii).

Federal Excise Rules, 2005

(m)	advances & loans				
(n)	financial Leasing				
(o)	commodity or equipment leasing				
(p)	hire-purchase leasing				
(q)	Other leasing				
(r)	Services provided as a banker to an issue				
(s)	Others				

Total:

RECONCILIATION

(In Rupees)

	Value of services as above	FED paid @ 16%	Input tax adjustment claimed	Net FED paid
Month 1				
Month 2				
Month 3				
Total				

Amount of service as per published accounts:

Difference if any:

¹²⁵[CHAPTER - XVI

**RULES FOR MAINTENANCE OF RECORDS AND PAYMENT OF
FEDERAL EXCISE DUTY BY TOBACCO GREEN LEAF THRESHING
(GLT) UNITS**

81. Interpretation and application.— (1) "Tobacco Green Leaf Threshing units" mean those units which are processing and converting tobacco green leaf into unmanufactured tobacco useable for manufacture of cigarettes.

(2) The provisions of this Chapter shall apply to the Tobacco Green Leaf Threshing units working independently or operating in the premises of cigarette manufacturing factories.

¹²⁶[**82. Issue of tax invoice.**— (1) At the time of sale of processed unmanufactured tobacco to a cigarette manufacturing unit or any other person, in case of an independent Green Leaf Threshing (GLT) unit, or transfer thereof for in-house manufacturing of cigarettes by a composite GLT unit, a tax invoice, as set out in Annexure-I, shall be issued. In case of export of processed unmanufactured tobacco by GLT units, such manufacturer or person shall be entitled to zero rating in terms of section 5 of the Act and shall issue zero rated invoice.

(2) In case of contract processing or toll manufacturing by GLT units, the duty shall be charged at the rate as specified at serial 7 of the First Schedule to the Act and the same shall be shown on the tax invoice along with processing charges.]

¹²⁷[**82A. Bar on sale to inactive persons.**—

A GLT unit shall not sell unmanufactured tobacco to any person who is not on Active Taxpayers' List maintained under the Act.]

83. Monthly return by GLT units.—GLT units shall furnish monthly return as prescribed in rule 47. Registered cigarette manufacturing factories shall be entitled to claim adjustment of federal excise duty paid by them on processed unmanufactured tobacco purchased from GLT units ¹²⁸[or as transferred from in-house GLT facility.]

84. Declaration by GLT units.— The GLT units ¹²⁹[(whether **stand** alone or composite)] shall declare all their warehouses, depots and stores for storage of processed unmanufactured tobacco to the Collector of respective jurisdiction. Such declaration shall be made in the first month of every year unless the status changes during the year which shall require an amendment.

¹²⁵ Chapter XVI added by Notification No. S.R.O. 370(1)/2008, dated 14th April, 2008, reported as PTCL 2008 St. 1850.

¹²⁶ Rule 82 substituted by SRO 1149(I)/2018 dated 18-9-2018

¹²⁷ New Rule 82A inserted by SRO 1149(I)/2018 dated 18-9-2018.

¹²⁸ Expression inserted by SRO 1149(I)/2018 dated 18-9-2018

¹²⁹ Words and brackets inserted by SRO 1149(I)/2018 dated 18-9-2018

¹³⁰**[85. Cigarette manufacturing factories operating their own GLT.—** Cigarette manufacturing factories operating their own GLT units shall be required to issue invoices and pay duty as stipulated in rule 82 and shall maintain separate invoice book, register of receipts, issue and balances as prescribed in Annex-II.]

86. Single monthly return.—Cigarette manufacturing factories, operating GLT units within their premises, shall file single monthly return as prescribed in these rules.

¹³¹**[87. Mandatory monitoring of GLT Units.—** (1) The Commissioner having jurisdiction shall post officers of Inland Revenue at the premises of GLT Units, whether working separately or as part of a cigarette manufacturing units, for monitoring the receipts, processing, wastage, storage, issue of un-manufactured tobacco for sale, transfer or self consumption. They shall also stamp and sign the tax invoice issued by the GLT units.

(2) It shall be the responsibility of GLT units to provide the officers so posted, with in-house accommodation and office space to enable them to perform their duties in an efficient manner.

(3) The officers posted at the GLT units shall be responsible for framing a daily report of receipts, processing, wastage and issuance of tobacco and duty leviable thereon to the concerned Commissioner for reconciliation with monthly returns.

88. Federal excise invoice to accompany vehicles.— All vehicles transporting un-manufactured tobacco shall be liable to carry a copy of Federal excise invoice as evidence of chargeability of Federal excise.

89. Requirements under federal excise Notification No. S.R.O. 217(1)/2010, dated the 31st March, 2010 to be applicable.— (1) The documents and requirements prescribed in the federal excise Notification No. S.R.O. 217(1) 2010, dated the 31st March, 2010 shall also be applicable, *mutatis mutandis*, to unmanufactured tobacco, along with additional requirement, as specified in sub-rules (2) and (3). The additional requirements shall also be applicable to cigarettes.

¹³⁰ Rule 85 substituted by SRO 1149(I)/2018 dated 18-9-2018

¹³¹ New Rules 87 to 89 added by SRO 1149(I)/2018 dated 18-9-2018

Federal Excise Rules, 2005

(2) Tax invoice-unmanufactured tobacco, stock transport advice-cigarettes, sales-cum-transport invoice shall be generated through FBR's e-portal.

(3) The invoices and advices as prescribed shall bear unique and distinguishable serial numbers.

Provided that till such time, the FBR's e-portal is not developed for the transactions stipulated herein, or in the event of a natural disaster, national calamity or a Government ordered network and data services shutdown, which result in severed internet connectivity, the manually prepared invoices or advices, duly authenticated by the officers posted, may be used and the same should be uploaded when the connection is restored.]

¹³²**CHAPTER - XVII**

EXCISE DUTY ON PROPERTY

90 Application. – The provisions of this Chapter shall apply to collection and payment of duty on property in terms of entries in columns (2) to (4) against S. No.1 in column (1) of Table-III of the First Schedule to the Act.

91 Definitions. – In this Chapter, unless there is anything repugnant in the subject or context,

- (a) **“developer”** means a person engaged in development of land for conversion into residential or commercial plots and sale thereof and includes a housing society, a cooperative society, a development authority or a similar entity engaged in the development of land for conversion into residential or commercial plots and sale thereof;
- (b) **“builder”** means a person engaged in construction of residential or commercial buildings for sale thereof, and includes a housing society, a cooperative society, a development authority or a similar entity engaged in the same construction activity;
- (c) **“dutiable property”** means excisable property as specified in the Table-III of the First Schedule to the Act; and
- (d) **“open plot”** means any immovable property without a superstructure.

92. Procedure for collection of duty. – (1) Every developer or builder at the time of allotment or transfer of commercial property and first allotment or first transfer of open plots or residential property shall collect duty at the rate of –

- (a) 3% of gross amount of consideration involved where the buyer is appearing on active taxpayer list maintained under section 181A of the Ordinance on the date of acquisition of the property;
- (b) 5% of gross amount of consideration involved where the buyer has not filed the income tax return by due date as specified in proviso to rule IA of Tenth Schedule to the Ordinance; or
- (c) 7% of gross amount of consideration involved where the buyer is not appearing on active taxpayer list maintained under section 181A of the Ordinance, on the date of acquisition of the property.

(2) The duty collected by developer or builder shall be credited to the Federal Government on the same day through a computerized payment receipt (CPR) or SWAPS payment receipt (SPR) as set out in the Form 'A' attached to these rules.

¹³² New Chapter XVII added by Notification No. S.R.O. 1376(I)/2008, dated 5th September, 2024

Federal Excise Rules, 2005

(3) The developer or builder shall furnish to the Commissioner a monthly statement as per Form 'B' attached to these rules.

(4) Where, for any reason, the duty is not paid or short paid, by way of credit to the Federal Government, by the developer or builder, the Officer Inland Revenue having jurisdiction over the developer or builder for the purposes of the Act, shall proceed to collect the amount of duty so unpaid or short paid under section 14 of the Act and the amount of default surcharge under section 8 of the Act on the duty unpaid or short paid for the period commencing on the date on which the duty was due and ending on the date on which it was paid.

(5) Where at the time of recovery of duty it is established that the duty that was to be collected from a person has meanwhile been paid by that person, no recovery shall be made from the developer or builder who had failed to collect the duty but the developer or builder shall be liable to pay the default surcharge at the rate as provided under section 8 of the Act from the date the person failed to collect the duty to the date the duty was paid.

Federal Excise Rules, 2005

Form 'A' [see rule 92(2)]

	SALES TAX DEPARTMENT COMPUTERIZED PAYMENT RECEIPT (CPR - FE)			
SBP Banking Services Corporation				
Alternative Delivery Channel - ADC (0101) :				
CPR No : FE-NNNNNNNN-NNNN-NNNNNNNN				
Payment Date : DD-MM-YYYY				
Province: _____ Province Name _____ District: _____ District Name _____				
☐ Tehsil ☐ Town ☐ Housing Authority <u>Islamabad Capital Territory</u>				
Tax Year : YYYY Tax Office : Tax Office Name Buyer ATL Status: ATL/Non-ATL/Late Filer				
A. PARTICULARS OF BUYER(s)				
Sr.	CNIC/NTN/PP No. of Buyer	Name of Purchaser	%Age Share	Buyer Type
1	NNNNN-NNNNNNN-N	Name		Owner
B. PARTICULARS OF SELLER(s)				
Sr.	CNIC/NTN/PP No. of Seller	Name of Seller	%Age Share	Seller Type
1	NNNNN-NNNNNNN-N	Name		Principal Seller
C. LOCATION & PARTICULARS OF PROPERTY				
Type ☐ Commercial ☐ Residential				
Land Size _____ Acre(s) _____ Kanal(s) _____ Marla(s) _____ Sarsai(s) _____ Sq Yards _____ Sq Feet				
Covered Area _____ ☐ Sq Yards ☐ Sq Feet				
Address _____				
Plot / House / Flat / Shop/ Office No. _____ Street / Lane etc. No. _____				
Sector / Phase / Mohalla/ Block etc. _____				
Khasra/Khewat/Acre/etc. No. _____ Province _____ District/Tehsil/Housing Society _____				
Date of Purchase/Acquisition by the Current Seller <u>DD/MM/YYYY</u>				
Purchase Price / Value _____ NAM Code: <u>B02485</u>				
FED Rate _____ FED Amount _____				
Amount payable in words _____				
D. PAYMENT DETAILS				
Amount of Tax :				
Amount of Tax in Words :				
Payment Mode	Amount	Date	AC / Ref No	Bank & Branch
ADC (e-payment)		DD-MM-YYYY		
				
FE-NNNNNNNN-NNNN-NNNNNNNN				
_____ Signature & Stamp of Manager / Authorized officer				

Federal Excise Rules, 2005

Form 'B'

[see rule 92(3)]

Federal Excise Duty on Property							
NTN		Name of developer or builder:			Tax Period: MM/YY		
S. #	Name of the buyer	Location of preparty	Area	Consideration received	FED rate	FED paid	CPR #
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
”.							

[Ch. XVI] Rules for Maintenance of Records and Payment of Federal Excise Duty by Tobacco GreenLeaf Threshing (GLT) Units

ANNEX-I

[See rule 82]

Date: _____

Invoice No. _____

TAX INVOICE OF CLEARANCE OF PROCESSED UN-MANUFACTURED TOBACCO																														
Name of the Seller/Manufacturer:																														
Sales Tax/FED Registration No:										<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>																				
Name & Address of Consignee/Buyer																														
CNIC/NTN																														

Description of excisable goods (Tobacco Variety)	Type of packaging	No. of Packages	Quantity	Value of goods		Excise Duty	
				Rate/Kg.	Amount	Rate/Kg	Amount

Excise Duty:

* In case of stock movement other than sales, the column pertaining to value is not mandatory to be filled.

[See rule 85]

Register of receipts, issues & Balance of un-manufactured tobacco	
Name & Address of the Manufacturer:_____	
Description of goods (variety):_____	

¹³³[CHAPTER XVII

INDEPENDENT CASE SCRUTINY COMMITTEES FOR FEDERAL EXCISE

93. Independent Case Scrutiny Committees.- (1) These rules shall provide for constitution of independent case scrutiny committees.

2. In this rule, unless there is anything repugnant in the subject or context,-

- (a) Chairman” means the Chairman of the Independent Case Scrutiny Committee;
- (b) Commissioner” means as define under clause (5) of section 2 of the Federal Excise Act, 2005.
- (c) "Committee" means any of the Independent Case Scrutiny Committees constituted under these rules for specified territorial jurisdiction;
- (d) “petition” means a petition to the Supreme Court under Article 185(3) of the Constitution of the Islamic Republic of Pakistan or Federal Constitutional Court, arising from any of the tax law;
- (e) "reference" means a reference filed under section 34A of the Act;
- (f) “Secretary” means an officer of Inland Revenue nominated by the Board for the purposes of the Committee;
- (g) “Serving member of the Committee” means an in service officer of BS 20 or above of Inland Revenue service; and
- (h) “tax laws” means the Income Tax Ordinance, 2001 (XLIX of 2001), the Customs Act, 1969 (IV of 1969), the Sales Tax Act, 1990, and the Federal Excise Act, 2005 and includes any rules, regulations, or notifications issued thereunder.

3. The Board by an order shall constitute the following committees with powers, functions and jurisdiction, namely:-



¹³³ New Chapter XVIII added vide S.R.O. 1168(I)/2026, dated 27th July, 2026.

Federal Excise Rules, 2005

Committee No. 1			
S. No.	Member	Status	Functions & Jurisdiction
(1)	(2)	(3)	(4)
1	A retired Judge of the Supreme Court, Federal Constitutional Court or any of the High Courts of Pakistan	Chairman	(i) To timely examine each case and make recommendation to file or otherwise a reference before the High Court, a petition before the Supreme Court or Federal Constitutional Court; (ii) To review pending references and petitions periodically to determine whether continuation of litigation is warranted in the interest of revenue; (iii) To maintain a database of settled legal questions and relevant precedents to guide future litigation decisions and ensure consistency; and (iv) To identify systemic issues requiring legislative or administrative intervention and recommend appropriate measures to the Board. Jurisdiction: References to be filed before Islamabad High Court and CPLAs before the Supreme Court and Federal Constitutional Court by LTO Islamabad, ¹³⁴[[***]], RTO Islamabad, RTO Peshawar, RTO Abbottabad DG I&I Islamabad and its Directorates.
2	An Advocate having not less than fifteen years' experience in tax and commercial litigation before the High Courts and / or the Supreme Court of Pakistan	Member	
3	A senior serving or retired officer of the IRS of BS 20 or above	Member	

¹³⁴ The expression CTO Islamabad omitted vide S.R.O 1238(I)/2026 dated 30th July, 2026

Federal Excise Rules, 2005

Committee No. 2			
S. No.	Member	Status	Functions & Jurisdiction
(1)	(2)	(3)	(4)
1	A retired Judge of the Supreme Court, Federal Constitutional Court or any of the High Courts of Pakistan	Chairman	(i) To timely examine each case and make recommendation to file or otherwise a reference before the High Court, a petition before the Supreme Court or Federal Constitutional Court;
2	An Advocate having not less than fifteen years' experience in tax and commercial litigation before the High Courts and / or the Supreme Court of Pakistan	Member	(ii) To review pending references and petitions periodically to determine whether continuation of litigation is warranted in the interest of revenue;
3	A senior serving or retired officer of the IRS of BS 20 or above	Member	(iii) To maintain a database of settled legal questions and relevant precedents to guide future litigation decisions and ensure consistency; and (iv) To identify systemic issues requiring legislative or administrative intervention and recommend appropriate measures to the Board. Jurisdiction: References to be filed before Lahore High Court and CPLAs before the Supreme Court and Federal Constitutional Court by LTO Lahore, LTO Multan, CTO Lahore, ¹³⁵ [RTO-I Lahore, RTO-II Lahore] RTO Rawalpindi, RTO Gujranwala, RTO Faisalabad, RTO Multan, RTO Bahawalpur, RTO Sialkot, RTO Sargodha and RTO Sahiwal.

¹³⁵ For the expression RTO Lahore, the expression RTO-I Lahore, RTO-II Lahore substituted vide S.R.O 1238(I)/2026 dated 30th July, 2026

Federal Excise Rules, 2005

Committee No. 3			
S. No.	Member	Status	Functions & Jurisdiction
(1)	(2)	(3)	(4)
1	A retired Judge of the Supreme Court, Federal Constitutional Court or any of the High Courts of Pakistan	Chairman	(i) To timely examine each case and make recommendation to file or otherwise a reference before the High Court, a petition before the Supreme Court or Federal Constitutional Court; (ii) To review pending references and petitions periodically to determine whether continuation of litigation is warranted in the interest of revenue; (iii) To maintain a database of settled legal questions and relevant precedents to guide future litigation decisions and ensure consistency; and (iv) To identify systemic issues requiring legislative or administrative intervention and recommend appropriate measures to the Board. Jurisdiction: References to be filed before Sindh High Court, Balochistan High Court and CPLAs before the Supreme Court and Federal Constitutional Court by LTO Karachi, ¹³⁶ [CTO-I Karachi, CTO-II Karachi] RTO-I Karachi, RTO-II Karachi, RTO Sukkur, RTO Hyderabad and RTO Quetta.
2	An Advocate having not less than fifteen years' experience in tax and commercial litigation before the High Courts and / or the Supreme Court of Pakistan	Member	
3	A senior serving or retired officer of the IRS of BS 20 or above	Member	

¹³⁶ For the expression CTO Karachi, the expression CTO-I Karachi, CTO-II Karachi substituted vide S.R.O 1238(I)/2026 dated 30th July, 2026

(4) The Secretary as defined in clause (f) of sub-rule (2) of these rules shall provide secretariat and administrative support to the Committee and shall—

- (a) convene meetings with the approval of the Chairman, circulate the agenda, maintain minutes and records of proceedings;
- (b) coordinate with the concerned field formations and obtain records, comments, briefs or any other information required by the Committee;
- (c) communicate the decisions, recommendations and directions of the Committee to the concerned Commissioners and field formations, and ensure necessary follow-up;
- (d) maintain the records, database and correspondence of the Committee;
- (e) keep the concerned Commissioners informed regarding the proceedings of cases before the Committee; and
- (f) perform such other functions as may be assigned by the Committee, the Chairman or the Board."

(2) The Committee may co-opt a Chartered Accountant as a non-voting member, where it is deemed necessary. The remuneration of such non-voting member shall be determined by the Board.

(6) The Board may, for the purpose of identifying suitable candidates, constitute a Search Committee, the composition, terms of reference and procedure whereof shall be determined by the Board.

(7) Proceedings and records placed before the Committee shall be confidential. Any member having a conflict of interest in a matter shall recuse himself, and such recusal shall be recorded in the minutes.

(8) The Secretary shall convene meetings, circulate agenda, maintain minutes and a case register or docket, and communicate recommendations of the Committee to the Commissioner concerned.

(9) The Commissioner having jurisdictions for the purposes of this rule shall, within ten days of receipt of the order of the ATIR or the High Court, refer a case for pre-filing scrutiny, and the Secretary shall place such cases before the Committee accordingly.

(10) The referral shall contain all material particulars including the manner of

reference, documents required, revenue implications involved, questions of law requiring interpretation, precedents and settled law, basis of the case, the original decision, the appellate decision, where applicable, and the recommendations of the Commissioner concerned, where applicable, and all relevant documents shall be attached thereto.

(11) The Board may for reasons to be recorded in writing transfer the jurisdiction of a case from one scrutiny committee to another Committee.

(12) The Committee may call for any record, document, brief, or clarification from any office or field formation through the Secretary.

(13) The Committee shall convene on a daily basis, whether in person or online, and shall prioritize its workload so as to ensure that every recommendation is finalized within a period of fifteen days from the date of referral:

Provided that where, for reasons to be recorded in writing, a recommendation cannot be finalized within the said period, the Committee may extend the said period to such further time but not beyond limitation period provided in the law as may be necessary, subject to intimation to the Board.

(14) Where the Committee recommends non-pursuance of any case, the Secretary shall intimate the Commissioner concerned for compliance of such directions.

(15) The quorum for a meeting of the Committees shall be two Members, including the Chairman.

(16) The decision shall be taken by majority vote and shall be recorded in writing; any dissenting opinion, if recorded by a Member, shall form part of the official record.

(17) While making decision of filing of reference or petition, the committee shall keep in view the binding precedents set up by the Supreme Court of the Pakistan or Federal Constitution Court, revenue involved in the particular case or other similar cases and interpretation of law and facts of the case

(18) If the Committee may not render a decision within the prescribed timeline (including any extension granted), the case shall be deemed to have been cleared for filing, subject to compliance with all other applicable legal requirements and the Secretary shall record in writing that the prescribed period has been lapsed and intimate Commissioner concerned accordingly.

- (19) Where the period of limitation for filing a reference or petition is expiring within fifteen days, or where there is imminent and substantial revenue loss requiring urgent intervention, the matter shall be placed before the Chairman as an emergency case.
- (20) The Chairman may, after prima facie satisfaction of urgency, approve filing of reference or petition.
- (21) Any emergency approval granted under sub-rule (19) shall be subject to post-facto review by the full Committee within thirty days of the decision and the committee may decide to withdraw the case if the law and facts so permits.
- (22) The Committee shall cause to be published, on a yearly basis, anonymized summaries of its recommendations, excluding confidential commercial information and taxpayer identifying details. The published summaries shall include the questions of law considered, the decision criteria applied, and the recommendations made.
- (23) The Secretary shall maintain a searchable database of published decisions for reference by field formations and to ensure consistency in future decisions.
- (24) Chairman and Members shall hold office for a term of one year which may be extendable for a further term on continued fitness and satisfactory performance, as may be decided by the Board.
- (25) Chairman or any Member, may resign from his office at any time by writing under his hand addressed to the Board with thirty days notice.
- (26) Chairman or any Member may be removed by the Board on grounds of conflict of interest, misconduct, breach of confidentiality, or inability to perform functions, after providing an opportunity of being heard.
- (27) The Chairman and Members of each Committee shall be paid fees as follows:-
- (a) the Chairman shall be entitled to a monthly fee of twelve hundred thousand rupees, and in addition thereto, a per case fee of twenty-five thousand rupees in respect of which a recommendation is made, whether in favour of filing or otherwise, subject to a maximum of twenty cases per month;

- (b) the Advocate Member shall be entitled to a monthly fee of eight hundred thousand rupees, and in addition thereto, a per case fee of twelve thousand and five hundred rupees in respect of which a recommendation is made, whether in favour of filing or otherwise, subject to a maximum of twenty cases per month;
 - (c) where a retired officer of Inland Revenue is nominated as a Committee member, he shall be entitled to a monthly fee of eight hundred thousand rupees, and in addition thereto, a per case fee of twelve thousand and five hundred rupees in respect of which a recommendation is made, whether in favour of filing or otherwise, subject to a maximum of twenty cases per month;
 - (d) the remuneration of the support staff shall be determined by the Board; and
 - (e) The serving Board Member and the Secretary shall not be entitled to additional remuneration; except as provided in rules related to reward and honorarium.
- (28) All Members shall be entitled to TA/DA for official travel as admissible to a grade 21 officer of the Federal Government.
- (29) The Committee shall submit an annual report to the Board by the 31st of March each year, covering the preceding financial year and shall consist of,—
- (a) the number of cases reviewed, and recommendations made (to file, not to file, or to withdraw);
 - (b) the outcome of filed references and petitions (decided in favour, against, pending, or settled);
 - (c) analysis of success rate and factors contributing to favorable or unfavorable outcomes;
 - (d) revenue implications of decisions made pursuant to Committee recommendations;
 - (e) identification of recurring legal issues and systemic problems requiring legislative or administrative intervention; and
 - (f) recommendations for improving litigation management and enhancing the effectiveness of the Committee.
- (30) The annual report shall be placed before the Board for consideration and appropriate action.]

The
ELECTRONIC FILING OF FEDERAL EXCISE RETURN
RULES, 2005

CONTENTS

1. Short title, application and commencement.
2. Definitions.
3. Digital certification from NIFT.
4. Filing of Electronic Federal Excise Return.
5. Miscellaneous.



The
ELECTRONIC FILING OF FEDERAL EXCISE RETURN
RULES, 2005

¹³⁷**Notification No. S.R.O. 1185(1)/2005, dated 1st December, 2005.**-In exercise of the powers conferred by sub-section (6) of section 4 of the Federal Excise Act, 2005, the Federal Board of Revenue is pleased to make the following rules, namely:—

- 1. Short title, application and commencement.** – (1) These rules may be called the Electronic Filing of Federal Excise Return Rules, 2005.
(2) These shall apply to:—
 - (a) the registered persons falling in the jurisdiction of the Large Taxpayers Units, Karachi and Lahore; and
 - (b) the private and public limited companies registered in other Collectorates of Sales Tax and Federal Excise.
- (3) These rules shall come into force at once.
- 2. Definitions.** – (1) Unless there is anything repugnant in the subject or context, -
 - (a) "Act" means the Federal Excise Act, 2005;

¹³⁷ Reported as PTCL 2006 St. 988.

- (b) "Computerized Payment Receipt" means a computer generated receipt showing payment of tax to the designated branch of the National Bank of Pakistan;
- (c) "Digital Certificate Request Form" means a form to be downloaded from NIFT website and filled for obtaining NIFT Class 2 Digital Certificate as required under sub-rule (I) of rule 3;
- (d) "Electronic Federal Excise Return Form" means a form of Federal excise return available on the Central Board of Revenue's website to be filled in and filed in terms of rule 4;
- (e) "NIFT" means the National Institutional Facilitation Technologies (Pvt.) Ltd.;
- (f) "NIFT Class 2 Digital Certificate" means a certificate to be obtained, filled and used in the manner specified under rule 3;
- (g) "Nil return" means a return indicating that no excise duty is payable by the registered person in respect of the tax period to which the return relates;
- (h) "Officer-in-charge" means an officer not below the rank of Assistant Collector of Federal Excise authorized to process the Federal excise returns;
- (i) "transmit" means to transmit data through a computer network

(2) The words and expressions used, but not defined herein, shall have the same meaning as is assigned to them in the Act and the rules made there under.

3. Digital certification from NIFT. – (1) The registered persons shall obtain NIFT Class 2 Digital Certificate from NIFT by downloading and filling the Digital Certificate Request Form from NIFT website i.e. www.nift.pk

(2) The NIFT certificate shall be installed by the registered person in his computer.

4. Filing of Electronic Federal Excise Return. – (1) The registered person shall download MS Excel based blank Electronic Federal Excise Return Form from the Federal Board of Revenue's website and fill the information about the purchases and supplies made during a tax period, the tax due and paid and other applicable information as stated in the filling instructions.

Federal Excise Rules, 2005

- (2) Payment of the amount of excise duty, if any, shall be made in any of the designated online branches of the National Bank of Pakistan on the prescribed TR-6.
- (3) Reference number of the Computerized Payment Receipt and other required information shall be duly mentioned in the relevant columns of the electronic Federal excise return.
- (4) The duly filled Electronic Federal Excise Return including a 'Nil return' shall be transmitted to the Central Board of Revenue's e-mail address i.e. {federalexcise.returns@cbr.gov.pk}, through a digitally signed e-mail.
- (5) The Electronic Federal Excise Return and its relevant attachments, if any, shall be kept in the electronic record of the registered person and shall be produced to the officer-in-charge on demand along with the supportive documents.
- (6) The Board shall send a digitally signed e-mail acknowledging the receipt of Electronic Federal Excise Return.
- (7) An Electronic Federal Excise Return filed under these rules shall be deemed to be a return for the purpose of sub-section (1) of section 4 of the Federal Excise Act, 2005.

5. Miscellaneous. — All provisions of the Federal Excise Act, 2005, and the rules made there under, in so far as they are not inconsistent with these rules and are relevant to the matter concerned, shall apply to the registered persons filing electronic Federal excise returns under these rules.

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