

**Government of Pakistan
(Revenue Division)
Federal Board of Revenue**

Islamabad, the 01st July, 2017

**NOTIFICATION
(CUSTOMS)**

S.R.O. 564(I)/2017.- In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Customs Rules, 2001, namely:—

(1) in Rule 56, in sub-rule (2), for the words “Central Board of Revenue”, the words “Chief Collector” shall be substituted;

(2) in rule 58,-

(i) in sub-rule (2), for the existing proviso, the following provisos shall be substituted, namely:-

“Provided that depreciation in the value of goods, excluding vehicles (Chapter 87), construction machinery and Iron / Steel Products, will be allowed after one month from the date of importation, at the rate of one percent per month during the first year, and at the rate of 2% per month during the 2nd year onwards, up to a maximum of fifty percent, in case of imported goods. In case of seized goods the period shall be reckoned from the date of seizure;

Provided further that for construction machinery and iron and steel products, the mechanism of depreciation, provided in the first proviso shall be applicable after twelve months from the date of importation.”;

(ii) after sub-rule (2), the following new sub-rule shall be inserted, namely:-

“(2A) Notwithstanding the mechanism contained in the proviso to sub-rule (2), where the Reserve Price is required to be further revised downwards, due to physical condition of the goods, the Reserve Price

shall be determined by a committee constituted by the Collector and headed by an officer not below the rank of an Additional Collector, allowing extent of depreciation after taking into consideration, the physical condition of the goods.

Explanation.- The reserve price shall consist of the depreciated value, duties and taxes and other charges.”; and

(iii) in sub-rule (3), clause (iv) shall be omitted;

(3) in rule 88, for the words “Collector of Customs”, the words “Additional Collector of Customs” shall be substituted;

(4) in rule 89, for the word “Collector”, the words “Additional Collector of Customs” shall be substituted;

(5) in rule 95, in sub-rule (10), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that subject to such additional conditions as the licensing authority may impose, the license may be renewed for a period of five years, if it has remained valid for the last 10 years and no criminal proceedings have been initiated or pending against the licensee.”;

(6) in rule 101, after clause (h), following new clause (hh) shall be inserted, namely:-

“(hh) not appear, act, plead or represent before any officer of Customs, in any proceedings under the Act incidental to a Goods Declaration filed, where he was not Customs Agent at the time of filing of GD, except where accompanied by the importer in person;”;

(7) in rule 104, for the word “six”, the word “three” shall be substituted;

(8) in rule 107, in clause (a), after the word “valued”, the following shall be inserted, namely:-

“except in cases where Valuation Rulings issued under section 25-A exist, the Valuation Ruling shall remain in field unless rescinded, modified or replaced with a new Valuation Ruling”;

- (9) in rule 126, for the word “three”, the word “five” shall be substituted;
- (10) in rule 138, in sub-rules (1) and (3), for the comma and the words “,Central Excise or Sales Tax”, the words “or Inland Revenue” shall be substituted;
- (11) in rule 302A, after the word “drawn”, the words “from such consignments selected for physical examination through the Customs Computerized System,” shall be inserted;
- (12) in rule 328,-
- (i) for the existing sub-rule (2), the following shall be substituted, namely:-
- “(2) Bonded carrier license shall be issued by the Collector of Customs MCC-Appraisement (West), Karachi, for a period of two years on the recommendation of committee comprising Collectors of Customs, Model Customs Collectorate of Appraisement-West, Model Customs Collectorate of Preventive (Karachi) and Director, Intelligence and Investigation-Customs (Enforcement), Karachi, after completion of formalities under the Customs Rules, 2001. The license may be revoked at any time by the licensing authority.”; and
- (ii) after sub-rule (8), the following sub-rule shall be added, namely:-
- “(9) The Renewal of licenses to Bonded Carriers shall be dealt with in accordance with Chapter VIII of these rules, and the duration of renewal shall be for a period of two years.”;
- (13) after rule 329, the following shall be added, namely:-
- “329-A. Action in case of violations.-** (1) The licensing Authority may revoke or suspend a license or permission of any Bonded Carrier for one or more than one of following reasons, namely:-
- (a) the licensee has made or cause to be made in any application for any license or permission under this chapter, or report filed with the customs, any statement which was, at the time and in light of the circumstances under which it was made, false or misleading with respect to any material fact, or has omitted to state in any such application or report;

- (b) the licensee has been convicted at any time for larceny, theft, robbery, extortion, forgery, counterfeiting, fraud, concealment, embezzlement, fraudulent conversion, or misappropriation of funds;
- (c) the licensee is involved in any manner, including but not limited to, abetting, facilitating, substitution/replacement, removal, pilferage, tampering with transport units/seals etc. of enroute Transshipment cargo.
- (d) the licensee has knowingly employed, or continues to employ, any individual who has been convicted of any offence referred to under clause (b) and (c);
- (e) the licensee, in the course of its customs business, with intent to defraud, has in any manner, wilfully and knowingly deceived, misled or threatened any client or prospective client;
- (f) violation by the licensee of any provision of the Act or the rules, regulations, notifications, instructions or orders issued there under;
- (g) aiding or abetting any individual, firm or company, as the case may be, for violation of any provision of the Act or the rules or regulations made thereunder;
- (h) negligence or inefficiency of the licensee in discharge of its obligations;
- (i) unsatisfactory conduct of the licensee while transacting customs business or in relation to any person who has entrusted it with any customs business;
- (j) failure of the licensee to comply with any condition of the bond executed by him under this chapter;
- (k) concealing, removing or destroying, by the licensee, of its financial and customs business records or refusing to allow an officer of customs to inspect them and take extracts there from;
- (l) attempt by the licensee to influence the conduct of any employee in the custom house, custom station, port, airport or en-route transshipment of cargo by the use of force, intimidation, false accusation, duress, bribery or by offering any special inducement or gift;
- (m) failure of the licensee to exercise due diligence and due care to apprehend and forestall an untrue declaration in respect of description,

content, classification, origin, quality or value of the goods by its client and en route transshipment of cargo;

(n) withholding by the licensee, of any information, document or other evidence, from an officer of customs which is likely to prevent any fraud or evasion of customs duties and other taxes or dues and the circumvention or contravention of any restrictions imposed by any law for the time being in force;

(o) the licensee's previous performance has not been satisfactory or has not been true to the customs or towards his clients; or

(p) the licensee's previous record of customs business due to his being concerned in any customs offence is not free from reasonable doubt.

(2) In case of revocation of a license under sub-rule (1), the licensing Authority may, after issuing show cause notice to the licensee, forfeit the whole or part of the security deposited by the licensee under rule 328(6) for the settlement of any duty, taxes or any other charges due from him.

(3) The licensing Authority shall not pass any order under sub-rules (1) and (2) to revoke the license or permission unless the licensee is informed in writing regarding the allegations and opportunity of hearing is afforded. While passing an order for revocation of license, the licensing Authority may also direct forfeiture of the security deposited by the licensee under rule 328(6):

Provided that where it is expedient in the public interest, an immediate action is considered necessary against the licensee, for, including but not limited to, abetting, having knowledge of, tampering with transport units and seals affixed thereto, facilitations, substitution, replacement, removal, pilferage etc., during en-route transshipment of cargo, the Licensing Authority may suspend the license forthwith, after recording reasons in writing, pending final action under the Act and rules made there under.”;

(14) rule 332 shall be omitted;

- (15) in rule 337, the words "or Federal Excise and Sales Tax," shall be omitted;
- (16) in whole of Chapter XXI, for the words "Pakistan Customs Computerized System" and acronym "PACCS", the words "Customs Computerized System" and acronym "CCS" shall be respectively substituted;
- (17) in rule 424, in sub-rule (1), in the proviso, for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-
"Provided further that, subject to such conditions as may be prescribed, the Board may waive the condition of registration of users for clearance of any particular class of goods.";
- (18) in rule 433, for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-
"Provided that the Board or the Chief Collector may, by an Order, specify the goods or class of goods where goods declaration shall be filed only through a Customs Agent, licensed under section 207 of the Act.";
- (19) in rule 434,-
- (i) the existing rule shall be numbered as sub-rule (1) of that rule;
 - (ii) in clause (i), the word "or" shall be omitted;
 - (iii) in clause (ii), the full stop shall be substituted by a semi-colon, and thereafter the following new clause shall be added, namely:-
"(iii) in other cases where the Additional Collector of Customs is satisfied that the circumstances warrant cancellation of goods declaration."; and
 - (iv) after sub-rule (1) numbered as aforesaid the following new sub-rule shall be added, namely:-
"(2) Where a goods declaration is cancelled, as laid down in clause (i) to (iii) of sub-rule (1), all duty and taxes paid against the goods declaration may be adjusted, against the subsequent goods declaration filed for clearance of the same goods, subject to appropriate changes in the Customs Computerized System.";

(20) in rule 475, in sub-rule (3), for the word "All", the figure "20%" shall be substituted;

(21) in rule 478, for the existing preamble, the following shall be substituted, namely:-

"On qualifying the criteria mentioned in rule 477, license shall be issued to the transport operator by the Collector of Customs, Model Customs Collectorate of Appraisalment (West), Karachi for a period of two years on the recommendation of a committee comprising of Collectors of Customs, Model Customs Collectorate of Appraisalment (West), Karachi, Model Customs Collectorate of Customs, Preventive (Karachi) and Director, Directorate of Intelligence and Investigation-Customs, (Customs Enforcement), Karachi. The Licensing Authority shall issue approval letter for issuance of license subject to the following, namely:-";

(22) in rule 484-M, in sub-rule (1), after the full stop at the end, the expression "Moreover, this procedure shall apply mutatis mutandis to confiscated goods." shall be added;

(23) rule 492 shall be omitted;

(24) in rule 501, the words "except vehicles" shall be omitted;

(25) in rule 555, for the words "Collector, Model Collectorate of Customs", the words "Director Reforms and Automation", and for the word "Collector", the word "Director" shall be substituted;

(26) in rule 556,-

(i) in clause (d), after sub-clause (ii), the following sub-clause shall be added, namely:-

"(iii) Upon communication of the electronic Examination Request from the CCS, the Terminal Operator / Off-dock Terminal shall be obligated to provide grounding along with de-stuffing and arrangement of cargo for examination including availability of sufficient labour with necessary equipment. The Collector of Customs may specify the time frame within which the container has to be grounded beyond which punitive measures shall be initiated for the delay."; and

(ii) after clause (e), the following new clause shall be added, namely:-

“(f) Auction of cargo:

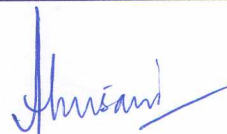
(i) The Terminal Operator / Off-dock Terminal shall earmark a dedicated area for storage of un-cleared / abandoned cargo to be put to auction. All such cargo / containers shall be shifted to such dedicated area after the stipulated period in terms of section 82 of the Act. In case the cargo/containers is to be shifted to such dedicated area, beyond the secure environment defined in terms of rule 554, the Terminal Operator or off-dock terminal, shall get such location approved by the Collector of Customs who may prescribe minimum conditions or requirements, including such securities and / or infrastructural requirements prior to allowing shifting of cargo.

(ii) Movement of cargo between the terminal / off-dock terminal and such secure area, as mentioned in sub-clause (i), shall be through inter-port movement.”; and

(27) in rule 639, for the existing preamble, the following shall be substituted, namely:-

“On qualifying the criteria mentioned in rule 638, license shall be issued to the transport operator by the Collector of Customs, Model Customs Collectorate of Appraisalment (West), Karachi for a period of two years on the recommendation of a committee comprising of Collectors of Customs, Model Customs Collectorate of Appraisalment (West), Karachi, Model Customs Collectorate of Customs, Preventive (Karachi) and Director, Directorate of Intelligence and Investigation-Customs, (Customs Enforcement), Karachi. The Licensing Authority shall issue approval letter for issuance of license subject to the following, namely:-”.

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(Azhar Husain Merchant)
Secretary (Law & Procedure)

(ii) after clause (e), the following new clause shall be added, namely:-

“(f) Auction of cargo:

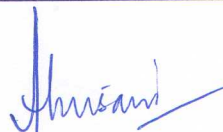
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(ii) Movement of cargo between the terminal / off-dock terminal and such secure area, as mentioned in sub-clause (i), shall be through inter-port movement.”; and

(27) in rule 639, for the existing preamble, the following shall be substituted, namely:-

“On qualifying the criteria mentioned in rule 638, license shall be issued to the transport operator by the Collector of Customs, Model Customs Collectorate of Appraisalment (West), Karachi for a period of two years on the recommendation of a committee comprising of Collectors of Customs, Model Customs Collectorate of Appraisalment (West), Karachi, Model Customs Collectorate of Customs, Preventive (Karachi) and Director, Directorate of Intelligence and Investigation-Customs, (Customs Enforcement), Karachi. The Licensing Authority shall issue approval letter for issuance of license subject to the following, namely:-”.

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