GOVERNMENT OF PAKISTAN
(REVENUE DIVISION)
FEDERAL BOARD OF REVENUE
*****

Islamabad, the 24th May, 2018.

NOTIFICATION
(CUSTOMS)

S.R.O. **647**(I)/2018.— In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), section 50 of the Sales Tax Act, 1990, section 40 of the Federal Excise Act, 2005 and section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Export Oriented Units and Small and Medium Enterprises Rules, 2008, namely:–

In the aforesaid Rules,–

(a) in rule 2, in sub-rule (1), in clause (f), after the word "sub-assemblies", the expression ", coal, diesel, gas and furnace oil (for generation of electricity/energy)" shall be inserted;

(b) in rule 10,—

(i) in sub-rule (1), in clause (e), for full stop at the end a semicolon and the word "or" shall be substituted and thereafter the following new clause shall be added, namely:–

"(f) the Collector, on submission of an application by the EOU, may allow sale or transfer of plant, machinery, equipment and apparatus from one EOU to another EOU. In case, the EOUs fall under the jurisdictions of different Collectorates, sale or transfer may be allowed after obtaining no objection certificate from the destination Collectorate. Any stated sale or transfer shall be subject to replacement of security and indemnity bond for the remaining period as prescribed in Appendix-IX deposited at the time of import. After sale or transfer of plant, machinery, equipment and apparatus, EOUs shall provide certificate to the respective Collectorate to the effect that such sale or transfer has been completed as per prescribed procedure.";

(ii) in sub-rule (6), for the proviso, the following shall be substituted, namely:–

"Provided that the factory rejects shall be allowed removal by an officer of customs not below the rank of an Assistant Collector, at the appraised value and customs-duty shall be charged on the imported input component consumed in the factory rejects and sales tax and federal excise duty shall be paid or adjusted, if applicable."; and

(iii) after sub-rule (6), amended as aforesaid, the following new sub-rule shall be added, namely:–

"(7) No wastage of input goods in terms of quantity, volume, weight or number, as the case may be, shall be allowed except as determined in the analysis certificate and no duty and taxes shall be charged on such wastage of the input goods, provided that such wastage is either destroyed in the presence of an officer of Customs, not below the rank of an Assistant Collector, or leviable federal excise duty and sales tax is paid on such wastage before removal.";

(c) in rule 13, in clause (b), for full stop at the end a semicolon and the word "or" shall be substituted and thereafter the following new clause shall be added, namely:–

"(c) local sale on payment of duties and taxes leviable at the time of import alongwith payment of surcharge at the rate of KIBOR plus three per cent per annum to be calculated from the date of import of input goods:

Provided that the quantity of the input goods for local sale shall not be more than ten per cent of the total imports during a year.";

(d) in rule 14, after sub-rule (5), the following new sub-rule shall be added, namely:–

"(6) If shortfall in export limit–

(a) is upto 5%, leviable duty and taxes shall be recovered to the extent of input goods not exported;

(b) is between 6-10%, leviable duty and taxes shall be recovered on the input goods not exported alongwith the amount of surcharge at the rate of KIBOR plus three per cent per annum to be calculated from the date of import of such input goods; and

(c) is more than 10%, leviable duty and taxes shall be recovered on the input goods not exported alongwith the amount of surcharge at the rate of KIBOR plus five per cent per annum to be calculated from the date of import of such input goods and the penal action may also be taken under the law."; and

(e) After Appendix-VIII, the following new Appendix shall be added, namely:–

"APPENDIX-IX

[*see rule 10(1)(f)*]

GOVERNMENT OF PAKISTAN
COLLECTORATE OF CUSTOMS

INDEMNITY BOND
(ON APPROPRIATELY STAMPED NON-JUDICIAL PAPER)

This deed of indemnity is made on the ____________________ day of ________ 20______ between M/s____ who have registered office at ____ (hereinafter called the licensee which means and includes their successors, administrators, executors and assignees) on the one part and President of Pakistan through the Collector of Customs) ______________ (hereinafter called "the Collector") on the other part.

2. Whereas, the Collector has allowed us to remove plant, machinery, equipment and apparatus under this BOND, we shall pay on demand all duties, taxes, drawbacks, repayments, rebates and refunds, not levied or paid under the rules, on the procurement of plant and machinery which are not accounted to the satisfaction of the Collector and to pay any penalties imposed by the Collector or adjudicating officer for violation of these rules or the Acts.

3. Now, these presents witness that in pursuance of this BOND the licensee M/s.________________ hereby agrees to indemnify the said Collector or adjudicating officer for loss of revenue to the extent of Rs.__________ (Rupees___________________) and also against costs and expenses which may be incurred by the Collector in recovery of the above amount of revenue.

4. It is further agreed that the above amount may be recovered as arrears under relevant sections of the Acts and the rules made thereunder if the licensee fails to abide by any condition laid down in rules.

5. IN WITNESS WHEREOF, the parties hereto have put their respective hands and seals on the day above written.

(1) M/s.____
(Address)

(2) ____
(Name and permanent address)
For and on behalf of the President

Witness No.1	Witness No.2
Signature____________________	Signature____________________
Name____________________	Name____________________
Designation____________________	Designation____________________
Full address____________________	Full address____________________
CNIC No.____________________	CNIC No.____________________

Note 1.- The witnesses shall be government servants in BPS-16 or above, or Oath Commissioner, Notary Public or an Officer of a Scheduled Bank.

Note 2.- This bond shall be based upon proper collateral security in the shape of NIT units, National Saving Certificates, Defense Saving Certificates and such other securities which banks generally accept for extending credit.”.

[C.No.3(1)EP/2018.]

(Moeen Afzal Ali)
Secretary (Exports Policy)