

**GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

Islamabad, the, 20th February, 2025.

NOTIFICATION

S.R.O. 204 (1)/2025.- The following draft of certain further amendments in the Customs Rules, 2001, which the Federal Board of Revenue proposes to make in exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), is hereby published for information of all persons likely to be affected thereby and, as required under sub-section (3A) of the said section 219, notice is hereby given that objections or suggestions thereon, if any, may for consideration of the Federal Board of Revenue be sent within seven days of publication of the draft amendments in the official Gazette. Objections or suggestions received from any person, before expiry of the aforesaid period, shall be taken into consideration by the Federal Board of Revenue, namely:-

DRAFT AMENDMENTS

In the aforesaid Rules, in Chapter XL, -

- (1) in rule 871,
- a) in clause (a), the expression "or as approved by Engineering Development Board (EDB)" shall after six months from commencement of this Notification be omitted;
 - b) in clause (j), the expression "or as approved by the EDB" shall after six months from commencement of this Notification be omitted;
 - c) in clause (m), after the words "for acquisition", the words "except iron and steel scrap falling under the respective headings of Pakistan Customs Tariff", shall be inserted;
 - d) clause (n) shall be omitted; and
 - e) for clause (u), the following shall be substituted, namely:-
"(u) "regulatory authority" means Collector of Customs, in whose jurisdiction the place of business or manufacturing unit of the applicant, duly registered under the Sales Tax Act, 1990, is located. In case an applicant has multiple manufacturing facilities in different jurisdictions, the Collector in whose jurisdiction, the head office of the applicant or principal manufacturing unit is located shall be the regulatory authority.";
- (2) in rule 872, in sub-rule (1), after the words "following persons", the expression "except persons engaged in import of iron and steel scrap falling under the respective headings of Pakistan Customs Tariff," shall be inserted.

- (3) in rule 874,
- a) in sub-rule (4), for the expression “per the claimed percentage of production to be exported i.e., Category A or B, which shall be subject to review by the Regulatory Collector after one year” the expression “in Category B2” shall be substituted;
 - b) for sub-rule (5) and the table, the following shall be substituted, namely: -

“(5) An applicant showing a poor compliance profile, i.e., having one or more contravention cases adjudged against him or having pending recovery cases or pending criminal proceedings, the authorization granted shall on providing opportunity of defence be suspended immediately and the Regulatory Collector may initiate proceedings for cancellation of the authorization besides other legal action.”; and
 - c) sub-rule (6) shall be omitted;

- (4) in rule 875, in sub-rule (2), after clause (viii), the following new clause shall be inserted, namely:-

“(viiiia) the list of vendors in accordance with the requirements laid down in rule 882.”;

- (5) in rule 876, in sub-rule (1), -

- a) for clause (a), the following shall be substituted, namely:-

“(a) **Category A:**

- (i) indemnity bond as set out in Appendix-III and PDC for manufacturers-cum-exporters having minimum export value of USD 20 million or above in last two years;
- (ii) manufacturers-cum-exporters having exports value less than USD 20 million in last two years, shall furnish indemnity bond as set out in Appendix-III and PDC equivalent to the average annual duty & taxes of input goods used in exports in last two years, and bank guarantee or revolving bank guarantee shall be furnished for any excess duty & taxes being deferred or remitted.”

- b) for clause (b), the following shall be substituted, namely:-

“(b) **Category B1:** For manufacturer-cum-exporters with a self-owned manufacturing facility, indemnity bond as set out in Appendix-III and PDC equivalent to the average annual duty & taxes of input goods used in exports in last three years, and bank guarantee or revolving bank guarantee shall be furnished for any excess duty & taxes deferred or remitted; and for manufacturer-cum-exporters with a rented production facility, bank guarantee or revolving bank guarantee covering their annual requirement;”;

(c) in clause (c), the words “Revolving Insurance”, the word “Bank”, shall be substituted and thereafter the expression “for manufacturers with self-owned manufacturing facility covering their annual requirement, Revolving Bank Guarantee for manufacturers with rented production facility” shall be omitted;

(d) for clause (d), the following shall be substituted, namely:-

“(d) **Category C1:** For manufacturers with a self-owned manufacturing facility, indemnity bond as set out in Appendix-III and PDC equivalent to the average duty & taxes of input goods used in indirect exports in last three years and bank guarantee or revolving bank guarantee shall be furnished for any excess duty & taxes deferred or remitted, and for manufacturers with a rented production facility and commercial exporters, bank guarantee or revolving bank guarantee covering their annual requirement;”;

(e) in clause (e), the words “Revolving Insurance”, the word “Bank” shall be substituted and thereafter the expression “with a self-owned manufacturing facility and Revolving Bank Guarantee for manufacturers with rented production facility” shall be omitted.

(6) in rule 877,

a) sub-rule (2) and (3) shall be omitted;

b) for sub-rule (4), the following shall be substituted, namely:-

“(4) Within seven days of the receipt of the application, the case shall be referred to relevant Collectorate of Input Output Coefficient Organization (IOCO) for determination of production capacity and input output ratios within sixty days. The Collector IOCO shall ensure that the application is processed within 60 days of the date of receipt in IOCO:

Provided that in case the IOCO fails to process the case within sixty days, the user shall be allowed acquisition of 25% of the value of input goods involved as declared against a bank guarantee. The provisional permission shall be subject to modification once the IOCO finalizes its assessment of the production capacity and input output ratios and the same shall be uploaded in the WeBOC or PSW System by IOCO or Regulatory Collector.”;

c) for sub-rule (5), the following shall be substituted, namely:-

“(5) In case the production capacity and input output ratios have already been determined by IOCO or EDB, as the case may be, the Regulatory Collector shall process the authorization on the basis of already determined production capacity and input output ratios.”;

d) for sub-rule (6), the following shall be substituted, namely:-

“(6) The Chief Collector (Exports & IOCO) shall monitor all pending cases to ensure their timely processing within 60 days.”;

e) in sub-rule (9), the words “including the Engineering Development Board” shall after six months from commencement of this Notification be omitted;

f) in sub-rule (11), the expression “as well as by EDB on sectoral basis” shall after six months from commencement of this Notification be omitted;

g) sub-rules (13) and (14) shall be omitted; and

h) after the sub-rule (14), omitted as aforesaid, the following new sub-rule shall be inserted, namely:-

“(15) No authorization under this rule shall be issued without determination of production capacity and input output ratios by IOCO, except as provided in the proviso to sub-rule (4).”;

(7) after rule 877, the following new Rule shall be inserted, namely:-

“**877(A). Drawal of samples.**- The customs computerized system may assign Goods Declarations filed under these rules for drawal of samples on computerized selectivity criteria:

Provided that the Regulatory Collector or the Collector of Customs in whose jurisdiction the imports or exports are being made, may also authorize the drawal of samples by an officer not below the rank of Assistant Collector.

(2) Three samples of imported input goods or output goods meant for export shall be drawn at the time of import or export, respectively, duly signed by concerned Assistant Collector or Deputy Collector and EFS authorization number and date shall be endorsed thereon. Out of the drawn samples, one will be handed over to the EFS user or his authorized agent, second will be retained by the drawing Collectorate and the third will be sent to the Regulatory Collectorate. The Assistant Collector or Deputy Collector incharge of concerned Customs station, shall inform the Regulatory Collector about the cases where any discrepancy is reported against the EFS user in accordance with law:

Provided that the Regulatory Collector may also authorize an officer not below the rank of Assistant Collector to visit the premises of the EFS user to draw samples, in addition to already drawn samples.”

(8) in rule 878,-

(a) for sub-rule (3), the following shall be substituted, namely:-

“(3) The authorization of the value of input goods shall be uploaded for each year based on annual estimated requirement determined by IOCO. The uploading of the authorization for the subsequent year shall be subject to satisfaction of Regulatory Collector that no action under the Acts is pending against the user and the user has submitted all reconciliation statements as set out in Appendix-IV.”; and

(b) sub-rule (4) shall be omitted;

(9) in rule 879, after sub-rule (4), the following new sub-rule shall be inserted, namely:-

“(5) The Regulatory Collector, upon satisfaction that the input goods have been illegally removed from the premises or disposed-off or retained beyond the utilization period or failed to achieve the value addition in the utilization period as required under these rules, shall immediately proceed to encash the PDC or Bank Guarantee, as the case may be.”;

(10) in rule 880,-

- a) in sub-rule (2), for the word “thirty”, the word “seven” shall be substituted;
- b) after sub-rule (3), the following new sub-rules shall be inserted, namely:-

“(3A) The Regulatory Collector may conduct the stock-taking of inputs through an officer not below the rank of Assistant Collector, at any time during the utilization period.

(3B) The user shall ensure proper traceability of inputs through proper inventory records which shall be made available to the officer not below the rank of Assistant Collector undertaking stock-taking as specified in sub-rule (3A).”; and

- c) in sub-rule (4), after the expression “information, audit”, the expression “stock-taking”, shall be inserted, and thereafter, after the words “been uploaded in time,” the expression “or the input goods are not accounted for,” shall be inserted.;

(11) in rule 882,

- (a) for sub-rule (2), the following shall be substituted, namely:-

“(2) The user with past export performance may apply online to the Regulatory Collector, in the WeBOC or PSW system, as per the prescribed format as set out in Appendix-V, to remove input goods out of his premises for partial manufacture or processing by a vendor duly declared at the time of filing his application for grant of authorization, having in-house manufacturing facility to perform the stated manufacturing process at the premises of the vendor which are geo-tagged in the WeBOC registration database:

Provided that the processing period by vendor shall not exceed sixty days from the date of removal of goods from the user premises.”; and

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

“(3) All details related to the goods removed from the premises including quantity and description, particulars of the vendor, registration number of the vehicle and outward gate pass, shall be fed into the system by the EFS user on the same day.

(4) The vendor shall not be changed or added except with prior permission of the Regulatory Collector concerned.”;

(12) for rule 883, the following shall be substituted, namely:-

“883. Utilization period.- The input goods acquired under these rules shall be utilized within 9 months extendable in exceptional circumstances by a committee to be constituted by the Board.”;

(13) In rule 884, for the first and second proviso, the following shall be substituted, namely:-

“Provided that for supplies against international tenders or to exempt projects or sectors in Pakistan, the user shall be required to file a declaration in WeBOC system”;

(14) In rule 885, in sub-rule (2A), the words “revolving insurance”, the word “Bank”, shall be substituted;

(15) in rule 886,

a) in sub-rule (3), after the words “B grade goods”, the expression “not more than 5% of the total production” shall be inserted and for full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that in case of factory rejects or B grade are more than 5% of the total production, the Goods Declaration shall be assessed as if the goods are imported into Pakistan in standard condition.”; and

b) in sub-rule (4), after the words “sales tax”, the expression “, or any other leviable duty and taxes” shall be inserted;

(16) in rule 887,

a) in sub-rule (1), clause (a) shall be omitted; and
b) sub-Rule (4) shall be omitted;

(17) in rule 892, sub-rule (3) shall be omitted; and

(18) in rule 893, in sub-rule (1),-

a) for the words “as under”, the expression “on annual basis for all categories:- shall be substituted”
b) clauses (a), (b), (c) and (d) shall be omitted, and

c) for the second proviso, the following shall be substituted, namely:-

“Provided further that the system may assign the audit to the regulatory Collector instead of the Directorate of Post Clearance Audit.”

[F.No.5(7)EP/2019-Pt]


(Shafiq-ur-Rahman)
Secretary (Export Policy)