GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE, ECONOMIC AFFAIRS, STATISTICS & REVENUE
(REVENUE DIVISION)
****

Islamabad, the 17th June, 2000

NOTIFICATION
(CUSTOMS)

S.R.O. **369** (I)/2000. In exercise of the powers conferred by section 19 of the Customs Act, 1969 (IV of 1969) and in supercession of its Notifications No. S.R.O. 25(I)/98, S.R.O. 26(I)/98 and S.R.O. 27(I)/98, all dated 17th January 1998, the Federal Government is pleased to direct that the plant, machinery and equipment, not manufactured locally, imported by-

(a) hi-tech industries specified in column (2) of Table I below, shall be exempt from the whole of customs-duties leviable under the First Schedule to the said Act;

(b) priority industries or agro-based industries specified in column (2) of Table II below, shall be exempt from so much of the customs-duties leviable under the First Schedule to the said Act as are in excess of 10% ad valorem; and

(c) value added industries or export industries specified in column (2) of Table III below, shall be exempt from the whole of customs-duties leviable under the First Schedule to the said Act provided-

(i) the value added industry attains a minimum value addition of forty per cent of production value to be determined by the Committee comprising representatives of the Engineering Development Board, the National Tariff Commission, the Central Board of Revenue, the Board of Investment and Ministry of Industries; or

(ii) the export industry annually exports minimum average fifty per cent of its production in first ten years,

and subject to the following conditions, namely :-

(1) The importer shall, at the time of import of plant, machinery and equipment, make a written declaration on the bill of entry specifying the category of industry and that the plant, machinery and equipment has been imported in accordance with this notification and will be used for manufacturing in the category of industry claimed on the bill of entry.

(2) the importer shall furnish an indemnity bond in the form set out below to the extent of customs-duty exempted under this notification. The said

bond shall not be discharged till production of an installation certificate, within one year from the date of importation of plant, machinery and equipment, from the Assistant Collector or Deputy Collector, Customs and Central Excise, in whose jurisdiction the project is located and such certificate shall clearly state that plant, machinery and equipment imported for the purposes specified in the bill of entry have been duly installed;

(3) in the event of non-production of such certificate by the importer, the Collector of Customs shall enforce the indemnity bond and proceed to recover Government dues under section 202 of the Customs Act, 1969 (IV of 1969), and the rules made thereunder; and

(4) in case any provision of this notification is violated, the Collector of Customs shall proceed to recover Government dues besides taking punitive action under the law.

<u>Explanations-</u>

For the purposes of this notification, the expression-

(i) "not manufactured locally" shall mean the goods, which are not included in the list of locally manufactured goods, specified in the General Order, issued by the Central Board of Revenue or certified as such by the Engineering Development Board and Central Board of Revenue;

(ii) "machinery and equipment" shall mean-

(a) machinery operated by power of any description, such as is used in industrial processes;

(b) apparatus and appliances, including metering and testing apparatus and appliances specially adapted for use in conjunction with machinery specified in sub-clause (a);

(c) mechanical and electrical control and transmission gear adapted for use of goods specified in sub-clause (a) above; and

(d) component parts of machinery and equipment specified in sub-clauses (a) and (b) above, identifiable for use in or with such machinery and equipment.

TABLE I

Sr. No.	Type of Industry
(1)	(2)
1.	Process control equipment/systems; power tools/pneumatic tools.
2.	Powder metallurgical industry and manufacture of alloys and stainless steel.
3.	Information Technology.
4.	Solar technology/solar cell industry.
5.	Aerospace.
6.	Defence Production.
7.	Hermetical sealed (HS) technology.
8.	Oil refining (mineral oil)/Hydrocracking and other value added petroleum products.

TABLE II

Sr. No. Type of Industry

(1) (2)

1. Priority Industries

(I) Engineering/Capital Goods Industry:

1. Manufacture of industrial plants, machinery and equipment including mining or mineral processing, agricultural and earthmoving machinery.
2. Valves and controls for fluids and gas, high pressure/temperature piping and fittings, specialized pumps for chemical/petroleum industry.
3. Elevators or escalators.
4. Passenger and goods carriages, locomotive.
5. Ship building.
6. Turbines.
7. Seamless high pressure gas cylinders.
8. Compressors.

(II) Chemicals

1. Rubber and textile chemicals/dyes/pigments.
2. Specialized paints or coatings.
3. Basic manufacture of pesticides, pharmaceutical raw materials, manufacture of basic chemicals.
4. Fire-fighting foam.
5. Petro-chemicals and their down stream products (including fibers).
6. Safety (Auto) glass, float glass.
7. Chloro-Alkali.
8. Fertilizers.
9. Pulp and paper (Integrated unit).

(III) Others

1. Development and production of fibre-optic communication equipment.
2. Treatment and disposal of toxic and hazardous/industrial wastes, sewerage, effluent/solid waste management, water supply.
3. Laboratory, chemical or industrial ware.
4. Optical goods and equipment.
5. X-ray and photographic films.
6. Manufacture of bio-medical/medical diagnostic equipment/devices.
7. Research and development/technical testing facilities.

2. Agro-based industries.

1. Production of quality/hybrid seeds.
2. Edible oil extraction/refining.
3. Livestock/poultry food.
4. Integrated poultry, livestock complex including the facility for processing and packing.
5. Milk processing and milk products/dairy products.
6. Fruits, vegetables and flowers – grading, packing/processing etc.
7. Agro-based value added products/bi-products/chemicals (e.g. cotton, sugar cane, rice, corn-based like cattle feed, cellulose and its products, industrial alcohol, glycerine, fructose, furfural, Xylose etc).

TABLE III

Sr. No.	Type of Industry
(1)	(2)
1.	Leather: value added.
2.	Textile: value added
3.	Footwear.
4.	Surgical and sports goods.
5.	Carpets.
6.	Electronics.
7.	Soft, stuffed and battery toys.
8.	Frozen concentrated citrus juices.
9.	Seafood industry (farming/catching, processing and preservation of fish, shrimp and other marine products).
10.	Mining or value added mineral processing (incentives will be admissible depending upon level of value addition in accordance with the criteria specified).
11.	Any industry other than indicated in this table shall also be entitled to same facility provided it fulfills the criteria laid down in clause (c) above.

FORM

{See Condition (2)}

(On appropriately stamped non-judicial paper)

INDEMNITY BOND

THIS DEED OF INDEMNITY is made on the ________ day of _____ ___________ BETWEEN Messers ______________________________ having registered office at ____________________________ (hereinafter called "the importer" which expression shall include their successors, administrators, executors and assignees) of the one part, AND the President of Pakistan through the Collector of Customs _______________ (hereinafter called "the Collector of Customs") of the other part;

WHEREAS the Federal Government has, **vide** its Notification No. S.R.O. ____________, dated the _____________, and subject to the conditions given in the said Notification been pleased to direct that the plant, machinery and equipment, not manufactured locally, imported for _____________(mention category of industry) shall be exempt from so much of the customs duty, as specified in the said Notification.

AND WHEREAS M/s ______________________ having registered office at _______________________ have imported the plant, machinery and equipment as is not manufactured locally, in accordance with the conditions given ion the aforesaid Notification for installation at _____________________________.

(address of industrial unit)

NOW, THEREFORE, in consideration of the release of plant, machinery and equipment without recovery of the leviable customs duty, the importers bind themselves to pay on demand to the Government of Pakistan the sum of Rs _____________ being the customs-duty leviable on the plant, machinery and equipment, if the importers fail to produce a certificate from the Assistant Collector of Central Excise within one year from the date of importation of plant, machinery and equipment to the effect that the machinery has been installed at the said unit.

The importers further agree and bind themselves that the amount of duty covered by the Bond may be recovered as arrears of customs-duty under section 202 of the Customs Act, 1969 (IV of 1969).

The Bond shall become void when the aforesaid certificate has been produced and the Collector of Customs is satisfied that the importers have fulfilled all the conditions of this Bond and the aforesaid Notification.

Signed by importers on this ______________________ day of _____________.

____

Managing Director

(Name and permanent address)

Witness ____
(Signature, name, designation and full address)
Witness ____
(Signature, name, designation and full address)

Note. This bond shall be witnessed by a Government servant in BPS-17 or above or an officer of a scheduled bank.

SCHEDULE OF MACHINERY IMPORTED

(C.No. 5/2/Mach./98).

(MIR FUAD)
ADDITIONAL SECRETARY