GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE, ECONOMIC AFFAIRS, STATISTIC AND REVENUE
(REVENUE DIVISION)
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Islamabad, the 15th June, 2002.

NOTIFICATION
CUSTOMS

S.R.O. 357 (I)/2002.- In exercise of the powers conferred by section 19 of the Customs Act, 1969 (IV of 1969), and in supersession of this Ministry's Notification No. S.R.O. 434(I)/2001, dated the 18th June, 2001, the Federal Government is pleased to exempt raw materials, sub-components and components, as are not manufactured locally, imported for the manufacture of goods specified in Table I and Table II below, from so much of customs-duty leviable under the First Schedule to the said Act as is in excess of the rates specified in the Schedule given below, subject to certain exclusions, and the following conditions, namely: -

(i) The manufacturer has suitable in-house facilities or registration with the Sales Tax Department for manufacture of such goods;

(ii) the manufacturer shall furnish to Chief (Survey), Central Board of Revenue, or any officer authorized in this behalf, the list of such goods along with the details of raw materials, sub-components and components required and the Chief (Survey) Central Board of Revenue, or such authorized officer, will certify input/output ratio and annual requirement of the manufacturer;

(iii) the manufacturer of goods listed at Sr.No. 4 to 14 of Table I and at Table II, shall chalk out indigenization programme with the approval of Indigenization Committee of the Engineering Development Board. In case of any default as determined by said committee in the indigenization programme, the goods imported in violation of the indigenization programme shall attract statutory customs-duty chargeable on the relevant finished item;

(iv) the continued availability of the exemption under this notification shall be contingent upon the achievement of indigenization targets;

(v) the manufacturer shall, import in accordance with entitlements as determined under terms of condition (ii) above;

(vi) the manufacturer shall communicate to the concerned Collector of Customs in writing about the consumption of imported goods within one month of consumption. In case of non-consumption within one year, the importer shall pay the customs-duty and other taxes involved or shall give plausible reasons to the Collector of Customs and seek extension for a reasonable period; and

(vii) in case the manufacturer does not provide information regarding consumption or otherwise of the imported goods within a period of one year of import or such extended period as allowed by the Collector or if otherwise deemed necessary, the Duty Suspension Audit Organization (DSAO) shall carry out audit of the manufacturing unit. If upon audit consumption of goods is not found satisfactory the Collector of Customs shall initiate proceedings for the recovery of leviable customs-duty and penal action under the relevant provisions of the law in force.

Explanation.- (I) For the purposes of this notification, the expression "not manufactured locally" mean the goods which are not included in the list of locally manufactured items in the indigenization programme approved by the Indigenization Committee comprising members from Central Board of Revenue and the Ministry of Industries; and

Explanation.- (II) Vendors and manufacturers manufacturing components of goods mentioned in Tables I and II for in-house use or sale, as the case may be, shall be entitled for concession under this notification subject to fulfillment of conditions as aforesaid. They shall maintain record of the sale or in-house use of the manufactured components.

TABLE I

S.No.	Description of goods.
(1)	**(2)**
1.	Wire rope.
2.	Cable and conductor.
3.	Insulators.
4.	Air-conditioning, chilling, humidification and industrial refrigeration plants.

(1)	(2)
5.	Refrigerated vehicles, chillers for milk storage and bowzers for transportation of LPG or hazardous chemicals.
6.	Centrifugal and turbine pumps.
7.	Cranes and derricks.
8.	Electric meters, electrical capacitors, industrial switch gears, high voltage electrical switches.
9.	Diesel generating sets, generators and boilers.
10.	LPG tanks, gas pressure regulators, heat exchanger, pressure vessels.
11.	Air conditioners, deep-freezes, refrigerators.
12.	Telephone sets, fax machines, speakers, small transformers, telecommunication equipments, electronic exchanges, PABX/digital switching equipments.
13.	Electronic diagnostic, monitoring and laboratory equipment for medical use.
14.	Solar cells, panels, modules.
15.	Any other industry approved by Indigenization Committee of EDB having members from the Ministry of Industries and Production and Central Board of Revenue.

TABLE II

S.No.	Description of goods.
(1)	(2)
1.	Components, sub-assemblies of automotive vehicles, automotive batteries and bicycles meant for sale or in-house use.

Exclusions.- Artificial plastic resin, mild steel bars, rods and wire rods shall not be entitled to the exemption under this notification.

SCHEDULE

S.No.	Category.		Rate of duty on raw materials.	Rate of duty on sub-components.	Rate of duty on components.
(1)		**(2)**	**(3)**	**(4)**	**(5)**
1.	For goods, covered by Table I:				
	(i)	Sr.No. 1-2	10%	-	-
	(ii)	Sr.No. 3-10	5%	10%	20%
	(iii)	Sr.No. 11	5%	10%	10%
	(iv)	Sr.No.12-14	5%	10%	10% 20% on modules and sub-assemblies
2.	For goods, covered by Table II:				
	(i)	For tractors.	0%	0%	0%
	(ii)	For other vehicles.	5%	10%	15%

[C.No.1/2/Mach./2002]

(Dr. Manzoor Ahmad)
Additional Secretary