

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

Islamabad, the 15th June, 2002.

NOTIFICATION
(CUSTOMS)

S.R.O. 360 (I)/2002.- In exercise of the powers conferred by section 19 of the Customs Act, 1969 (IV of 1969), the Federal Government is pleased to direct that the following further amendments shall be made in its Notification No. S.R.O. 367(I)/94, dated the 9th May, 1994, namely: -

In the aforesaid Notification, -

- (1) in the preamble,-
 - (i) after the brackets, letters, words and figure “(IV of 1969)”, the words, brackets, figures and commas “and sub-section (1) of section 13 of the Sales Tax Act, 1990 (VII of 1990)”, shall be inserted; and
 - (ii) for the words, brackets, letters, figures and commas “the Exploration and Production (E&P) Companies specified in column (4), against serial No.1, in column (1), of the table below, from the whole of customs-duties and others from so much of the customs-duty as is in excess of 10%”, the words, brackets and commas “from customs-duties and sales tax to the extent specified in columns (5) and (6) respectively of that Table,” shall be substituted;
- (2) in condition (1), for the word “certified” the word “recommended” shall be substituted;
- (3) after condition (3), the following new condition shall be added, namely,
 - “3A. the Petroleum Sector Companies shall submit an account of all import invoices to the Regulatory Authority and the Collector of Customs for confirmation with their record at the time of annual payment;”

(4) in condition (4),-

- (i) after the words “customs-duties” wherever occurring the words “and sales tax” shall be inserted;
- (ii) for the words “Ministry of Commerce” the words “relevant Regulatory Authority” shall be substituted;
- (iii) for the words “for a further period of one year” the words “from time to time” shall be substituted; and
- (iv) in the proviso, for the word “transferred” the word “transferee” shall be substituted;

(5) in condition (6),-

- (i) after the word “certificate” the words “to be furnished within a period of six months” shall be inserted;
- (ii) for the “semicolon” at the end, the fullstop shall be substituted and thereafter the following shall be added, namely:-

“The dispute regarding the local manufacturing or otherwise shall be resolved through the Engineering Development Board.”;

(6) in condition (8),-

- (i) for the words and comma “become scrap, junk or obsolete” the words and commas “become surplus, scrap, junk, obsolete or otherwise required to be disposed of” shall be substituted; and
- (ii) for the fullstop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that the items imported by E&P Companies which have been rendered scrap, with change in their physical status, composition or condition and PCT classification, will be dealt with as scrap and shall be chargeable to customs-duties and sales tax accordingly, at standard rates”;

(7) in the Explanation,-

- (i) serial number (i) and the entry relating thereto shall be omitted; and
- (ii) against entry at Sr.No. (iv), for the words, brackets, comma and letters “a committee headed by the Joint Secretary (Admn), Ministry of Petroleum and Natural Resources with a representative each of the concerned Regulatory Authority, PEPPCA and Service Companies as its members” the words “the concerned Regulatory Authority” shall be substituted;

(8) for the table the following new table shall be substituted, namely:-

TABLE

S. No.	Project description.	Project phase.	Category of import.	Extent of exemption	
				Customs Duty	Sales Tax
(1)	(2)	(3)	(4)	(5)	(6)
1.	Petroleum projects covered under petroleum concessions agreements, permits, licences and leases.	Exploration, development, production, compression and enhanced recovery.	i. Exploration and production (E&P) companies, their contractors and sub-contractors.	Whole.	Whole.
			ii. Companies providing services covering seismic, drilling, cementation, testing or similar type of services to E&P companies under a service contract.	Whole.	Whole.
2.	Refinery projects.	Establishment (initial installation), expansion, modernization and upgradation.	E&P Companies where they establish a refinery as a part of their field development.	Whole.	Whole.
3.	Oil and Gas Pipeline Projects.	Oil transportation and gas	E&P companies where they establish a pipeline.	Whole.	Whole.

(1)	(2)	(3)	(4)	(5)	(6)
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		transmission distribution (as determined by the relevant Regulatory Authority).			
4.	Liquefied Petroleum Gas (LPG) Projects.	Establishment (initial installation), and expansion of LPG processing and extraction plants, LPG bottling and handling facilities.	E&P companies, corporations and organizations, where they establish LPG facilities.	Whole.	Whole.
5.	Compressed Natural Gas (CNG) Projects.	Establishment of natural gas compression, refilling and outlet facilities, the conversion of vehicles in CNG and transportation of CNG through specialized Vehicle Mounted Systems (SVMS).	E&P companies where they establish CNG facilities or market CNG.	Whole.	Whole.
6.	Petroleum Terminal Projects.	Establishment of port terminals mainly used to handle petroleum products including crude and fuel oil, LPG and CNG whether for import or export.	E&P companies where they establish petroleum terminal facilities.	Whole.	Whole.
7.	Energy Conservation, Environment and Safety Control Projects.	Energy conservation, efficiency enhancement, pollution, environmental and safety control.	E&P companies where they import conservation, efficiency enhancement, pollution control, environmental and safety equipment.	Whole.	Whole.
8.	Construction and erection of projects listed at S.No. 1 to S.No. 7 above.	During all phases listed at S.No. 1 to S.No. 7 above.	Exploration and production companies their contractors and sub-contractors and service companies for the projects mentioned in column (2).	Whole.	Whole.

(1)	(2)	(3)	(4)	(5)	(6)
9.	Oil pipe line projects.	Oil transportation and distribution (as determined by the relevant Regulatory Authority).	Oil transmission, distribution companies, corporations and organizations including its contractors and sub-contractors for the purpose of construction and erection of project on an import-cum-export basis against a corporate guarantee equal to the value of import duties and taxes that would have otherwise been payable on import. Should the goods, etc., not be exported on the conclusion of the project or transferred with the approval of the relevant Regulatory Authority to another duty free pipe line project then the company, corporation and organization concerned shall be liable to pay duty and taxes chargeable on importation.	Whole.	Nil.
10.	Refinery projects.	i. Replacement	Existing refineries.	In excess of 10% <u>ad val.</u>	Nil.
		ii. Establishment (initial installation), expansion, modernization and upgradation.	Refining companies, corporations, organizations.	In excess of 10% <u>ad val.</u>	Nil.
11.	Gas pipelines projects.	Gas transmission and distribution (as determined by the relevant Regulatory Authority).	Gas transmission, distribution companies, corporations and organizations.	In excess of 10% <u>ad val.</u>	Nil.
12.	Petroleum terminal projects.	Establishment of port terminals mainly used to handle petroleum items including crude and fuel oil, petroleum	Terminal companies, corporations and organizations.	In excess of 10% <u>ad val.</u>	Nil.

(1)	(2)	(3)	(4)	(5)	(6)
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products, LPG and CNG whether for import or export.

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|-----|---|--|--|---------------------------------|------|
| 13. | Compressed Natural Gas (CNG) Projects. | Establishment of natural gas compression, refilling and outlet facilities, the conversion of vehicles in CNG and transportation of CNG through specialized Vehicle Mounted Systems (SVMS). | i.CNG companies.
ii. Petroleum marketing companies, corporations and organizations. | In excess of 10% ad val. | Nil. |
| 14. | Energy conservation, environment and safety control projects. | Energy conservation, efficiency enhancement, pollution, environmental and safety control. | Other corporations/ organizations, where they import conservation, efficiency enhancement, pollution control, environmental and safety equipment. | In excess of 10% <u>ad val.</u> | Nil. |
| 15. | Construction and erection of petroleum projects listed at S.No. 10 to S.No. 14 above. | During all phases listed at S.No. 10 to S.No. 14 above. | All petroleum sector companies, corporations and organizations including their contractors and sub-contractors for the purpose of construction and erection of petroleum projects on an import-cum-export basis against a corporate guarantee equal to the value of import duties and taxes that would have otherwise been payable on import. Should the goods, etc., not be exported on the conclusion of the project or transferred with the approval of the relevant Regulatory Authority to another duty free petroleum project then the company, corporation and organization | In excess of 10% ad val. | Nil. |

(1)	(2)	(3)	(4)	(5)	(6)
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concerned will be liable
to pay duty and taxes
chargeable on
importation.

(9) in the INDEMNITY BOND,-

- (i) in second paragraph, for the words and figure “as is in excess of 10%” the words “and sales tax as is specified” shall be substituted; and
- (ii) in fourth paragraph, for the words and figure “as is in excess of 10%” the words “and sales tax as is specified” shall be substituted.

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

(Dr. Manzoor Ahmad)
Additional Secretary