

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

Islamabad, the 22nd June, 2006.

NOTIFICATION
(CUSTOMS)

S.R.O. 655 (I)/2006. In exercise of the powers conferred by section 19 of the Customs Act, 1969 (IV of 1969), the Federal Government is pleased to exempt raw materials, sub-components and sub-assemblies, as are not manufactured locally, imported for the manufacture of components and assemblies as specified in Table-I below from so much of customs-duties leviable under the First Schedule to the said Act as are in excess of the rates specified in Schedule to the Table- I thereto, subject to the following conditions, namely: -

- (i) the importer-*cum*-manufacturer has suitable in-house facilities and registration with the Sales Tax Department for manufacture of such goods;
- (ii) the manufacturer-*cum*-importer, at the time of import of approved items, shall make a declaration on the bill of entry or Goods Declaration (GD) to the effect that the items have been imported in accordance with his entitlement for the manufacture of specified items. The manufacturer shall also declare that the imported items shall be consumed for the purpose of manufacture of the items within a period of one year;
- (iii) the input output ratios of items to be manufactured and total annual requirement of raw materials, sub-components, sub-assemblies and components shall be defined and determined by Engineering Development Board (EDB) or by any other organization as the Central Board of Revenue may, by notification in the official Gazette, authorize;
- (iv) the clearance of inputs is allowed from one port or dry port;
- (v) the authorized officer of Engineering Development Board or other authorized organization shall furnish all relevant information online to Customs Computerized System (PACCS) as per form 'A' (appended to this notification) against a specific user ID and password obtained under section 155D of the Customs Act, 1969;
- (vi) the chief executive officer of importing company shall furnish all relevant information online to Customs Computerized System as per form 'B' appended to this notification against a specific user I.D and password obtained under section 155D of Customs Act, 1969;
- (vii) in other Collectorates or customs stations where PACCS is not yet operational, the Project Director or any other authorized officer shall feed the requisite data in PACCS on daily basis or on weekly basis, from the information obtained from the customs-stations which have not yet been computerized;
- (viii) the manufacturer-*cum*-importer shall maintain records of the inputs and the goods manufactured from imported items in such form as may be prescribed by the Central Board of Revenue or required under any other law for the time being in force;
- (ix) the manufacturer-*cum*-importer shall communicate to the concerned Collector of Customs in writing about the consumption of imported items within sixty days of consumption of goods. In case of non-consumption within one year from the date of import, the importer shall pay the customs-duty and other taxes involved or obtain extension from the Collector of Customs giving plausible reasons for a reasonable period; and

- (x) in case the manufacturer-*cum*-importer 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 records of manufacturer-*cum*-importer shall be audited by any person or agency duly designated by the Engineering Development Board and Central Board of Revenue. 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 other taxes besides penal action under the relevant provisions of the law in force.

Explanations: - For the purpose of this notification, -

(a) The expression “**Sub-component**” means an article manufactured by any process in which the raw material singly, or in combination with other materials, is converted into another distinct article or product for further use in the manufacture of a component or sub-assembly and includes castings and forgings (not necessarily with runners or risers) which have not been further processed including tubes, rods, sheets etc. cut to size and shape but not further worked;

(b) the expression “**component**” means an article machined, fabricated or manufactured by any process in which the sub-component singly or in combination with other materials is so changed, transformed or reshaped that it becomes capable of being put to use differently and distinctly; is normally not useful by itself and is not amenable to further disassembly; and

(c) the expression “**chief executive officer**” means –

- (a) owner of the firm, in case of sole proprietorship;
- (b) partner of firm having major share, in case of partnership firm;
- (c) Chief Executive Officer or the Managing Director in case of limited company or multinational organization; or
- (d) Principal Officer in case of a foreign company.

2. Mild steel bars, mild steel rods and mild steel wire rods shall not be entitled to exemption under this notification.

3. Any certificate issued for manufacture of components and assemblies *vide* erstwhile notification S.R.O No. 453(I)/2004 dated the 12th June 2004, shall remain valid for a period of ninety days from the date of issue of this notification. Within this period manufacturers shall apply in terms of this notification and obtain necessary approvals.

4. This notification shall take effect on the 1st day of July, 2006.

TABLE I
Description of goods

Sub-components, components and sub-assemblies of automotive vehicles, automotive climate control equipment and automotive batteries meant for in-house use or supply to OEMs and assemblers or sale in the open market.

S.No.	Category	Rate of duty on raw materials	Rate of duty on sub- components	Rate of duty on sub- assemblies
(1)	(2)	(3)	(4)	(5)
1	For Agricultural tractors of PCT 8701	0 %	0 %	0 %
2	For fully CNG-dedicated	0 %	0 %	0 %

	vehicles of PCT heading 87.02			
3	For vehicle of PCT 87.03	0 %	5 %	20 %
4	For vehicles falling under PCT heading 87.02 (Non-CNG) & 87.04	0 %	5 %	15 %
5	For vehicles of PCT 87.11	0 %	5 %	20 %
6	For bicycles falling under PCT Heading 87.12	0 %	5 %	10 %
7	Other vehicles	0 %	05 %	15 %

FORM-A

[See condition (v)]

(To be filled in by the authorized officer of Engineering Development Board or, as the case may be, the authorized organization)

Header information						
Name of importer		NTN/STN of importer		Approval No.		
Details of input goods (to be filled by the authorized officer of Engineering Development Board)						
HS Code	Description	Specs	Quantity		UOM	Custom Duty rate (applicable)
			Per Unit	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Signature _____
Designation _____

Note.- In case of clearance through Customs Computerized System (PACCS), the above information shall be furnished on-line against a specific user I.D. and password obtained under section 155D of the Customs Act, 1969.

FORM-B

[See condition (vi)]

(To be filled in by the Chief Executive of the importing company)

Name & address of the Importer		NTN/STN			Bill of Lading No.				
Port of clearance		IGM No. & Date, Index No.			Customs Agent Name/No.				
S.No.	H.S. Code	Description	Specifications of imported inputs	Applicable rate of duty	Quantity		Unit Value	Unit of measure	Total value in Pak Rupees
					Per Unit	Total			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

CERTIFICATE.

It is certified that the description and quantity mentioned above are commensurate with the inputs requirement and that the same are not manufactured locally. It is further certified that the above items shall not be used for any other purpose.

Signature of Chief Executive

Name of Chief Executive _____

N.I.C No. _____

Note.- In case of clearance through Customs Computerized System (PACCS), the above information shall be furnished on line against a specific user I.D. and password obtained under section 155D of the Customs Act, 1969.

[C.No.2(4)I.I & T-III/2006 (Pt)-42/2006]

(SHAHID AHMAD)
Additional Secretary