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Duty, tax payment mandatory, EPZ investors can dispose of machinery in tariff areas: FBR

ISLAMABAD: The Federal Board of Revenue (FBR) has allowed investors in Export Processing Zone (EPZ) to dispose of machinery in the tariff areas of Pakistan after payment of specified duty and taxes.

The FBR has made amendment to the Customs Rules, 2001 through an SRO 994(I)/2019 issued here on Saturday.

According to the notification, the investors in Export Processing Zone shall retain machinery for a period of five years from the date of its import into the Zone. Provided further that the investors in Export Processing Zone shall be allowed to dispose of machinery in the tariff area after filing Goods Declaration subject to the fulfillment of conditions of Import Policy Order upon payment of duty and taxes on the specified terms.

If machinery is sold or otherwise disposed of before the expiration of three years from the date of import in EPZ, full duties and taxes would be charged by the FBR.

The FBR will charge 75 percent of the duties and taxes if sold or otherwise disposed of after three and before four years from the date of import in EPZ.

The FBR will charge 50 percent of the duties and taxes if sold or otherwise disposed of after four and before five years from the date of import in EPZ.

If machinery is sold or otherwise disposed of after five years from the date of import in EPZ, zero percent duties would be charged by the FBR.

The FBR has also issued another SRO to amend the Export Oriented Units and Small and Medium Enterprises Rules, 2008.

The regulatory authority may issue a provisional analysis certificate till the determination of input to output ratio and wastage by the Input Output Coefficient Organization (IOCO) or Engineering Development Board (EDB), as the case may be. Provided further that if there is no change in the previously determined input and output ratio, then the Regulatory Authority may uphold the previously determined input output ratio without sending it to the IOCO or EDB.

The replacement parts of machinery shall be allowed removal after three years from the date of importation from export oriented unit (EOU) subject to mutilation or scrapping under the supervision of an officer not below the rank of Assistant Collector.

Under the revised rules, any DTRE applicant aggrieved by any decision or order passed under sub-rule (3) of rule 301 or any other order may prefer an appeal to the Chief Collector of Customs within 60 days of passing of such decision or order.

In case of manufacturing bond, the applicant shall apply to the regulatory authority designated by the collector of customs having jurisdiction in which the unit is registered under the Sales Tax Act, 1990, and in case there are more than one unit of a proprietor, he shall apply to the regulatory authority designated by the collector of customs where the head office of the applicant is registered under Sales Tax Act, 1990, the FBR added.