

Duty drawbacks, Razak discusses progress on various MoC's initiatives

ISLAMABAD: Advisor to the Prime Minister on Commerce and Investment Abdul Razak Dawood chaired a meeting on duty drawbacks, at the Ministry of Commerce on Tuesday to discuss the progress on various initiatives by the Ministry in this regard. The meeting was attended by senior officers of MoC.

While reviewing the progress on the interventions by MoC, the Advisor emphasized that the duty drawback was neither an incentive nor a subsidy, rather it was an established right of the exporters, which needed to be properly calculated and fairly assessed to reflect the costs borne for exporting the goods. He added that duty drawback was essential part of international trade which was covered under the World Trade Organisation Rules as well as the laws of the country.

During the meeting, the Advisor was briefed on the progress on implementation of Duty Drawback rates recalculation exercise. It was informed that MoC had earlier selected 11 sectors for recalculation, out of which Duty Drawback revised rates had been duly notified in three sectors, including leather hides, plastic goods and carpets. The exercise for remaining eight sectors was in final stages and would be finalized shortly.

The changes in Customs Act 1969 and Customs Rules, which cover the procedures of payment of Duty Drawbacks, were also shared during the meeting. Under the amended Act and Rules, Duty Drawbacks will be directly credited to the bank accounts of the exporters by the State Bank of Pakistan. The calculation of the duty drawback amounts will be done by Pakistan Customs computerized System WeBOC without any human involvement based on Risk Management System. However, this requires a secure line for data sharing between Pakistan Customs database and State Bank of Pakistan, which is under process and would be completed in the next month.

It was further explained that, under the new rules, all kinds of duties, including Customs Duty, Additional Customs Duty, Special Customs Duty and Regulatory Duty will now be part of Duty Drawback. In addition, to make the process of calculation of rates of Duty Drawback hassle free, Director General IOCO has been authorized, through change of Rules, to calculate the rates at 6HS or 4HS Codes instead of detailed exercise at 8HS Codes level if the variation is within 10 percentricular sector.

Commenting on the amended rules, Abdul Razak Dawood reiterated that use of locally produced raw material may be incentivized to reduce reliance on imported goods and to boost industrialization in the country.

At the end of the meeting, Abdul Razak Dawood desired that after the completion of the exercise in 11 sectors, the focus should be shifted to developmental sectors including chemicals, engineering, iron & steel, ceramics and pharmaceuticals. He further directed his team to prepare a plan for the entire exercise, which would be shared with businessmen for their feedback.