

### **FBR decides to pay duty drawbacks on FIFO basis**

KARACHI: The Federal Board of Revenue (FBR) has decided to make payments of duty drawback claims on 'first in, first out basis' (FIFO) basis as part of the government efforts to provide some fiscal space to exporters, facing severe liquidity crunch after COVID-19 led economic slowdown, The News learnt of Monday.

Further, it has also decided that all repayments against each duty drawback claim would be subject to post clearance audit. The FBR issued SRO 561 (I)/2020 and invited comments on the draft amendments to Customs Rules, 2001 before finalisation. According to the draft amendment the claims of duty drawback would be sanctioned by the customs if the same were complete in all respect and FIFO basis.

It further said a comprehensive audit of duty drawback payments would be carried out by the Directorate General of Post Clearance Audit (PCA) of the FBR. The amount detected by the PCA would be recovered from the next duty drawback claim of the exporter besides initiating recovery proceedings under the law, it added.

The FBR said that the duty drawback payment of such claims that were complete in all respect shall be made on FIFO basis, taking into account the date of filing of claim.

For calculating the amount of customs duties paid at the time of import, the FBR said past six months' import data would be used, taking the average quantity or value of each class or description of the materials, including packing materials, from which a particular class or description of goods was ordinarily produced or manufactured. Further, the average exchange rates of the same period would be taken into consideration.

The tax authority further said the average amount of customs duties paid on imported materials used in the manufacture of components, intermediate or semi-finished products, which were exported as such as further used for manufacture of goods, would be taken into account for the purpose of calculation of the duty drawback.

The association of relevant exporters would be required to submit complete calculations of goods imported or exported in order to authenticate the claims of exporters, the board said.

The Director General has been empowered to initiate exercise for determination of duty drawback rates on its own motion where it is found: duty drawback rates have not been determined, and where already determination rates have changed due to amendments in tariffs.

The FBR said the duty drawback claims should be part of the process of assessment of cargo for export and the amount so admissible to the exporter shall be computed and processed by Customs Computerized System on sale proceeds amount repatriated into the country and Form-E settlement from the commercial bank.