

China-Pakistan Economic Corridor project: FBR introduces new chapter in customs law

ISLAMABAD: The Federal Board of Revenue (FBR), Friday, introduced a new chapter i.e. China-Pakistan Economic Corridor (CPEC) project in the customs law to guide the investors about the tax concessions and exemptions available to them under the CPEC projects.

In this regard, the FBR has notified Gwadar Tax Free Zone Rules, 2021, explaining the tax exemptions, incentives, and tax concessions available to the investors of the zone under the CPEC project. The new chapter i.e. the CPEC has been introduced in the Customs Rules 2001 through an SRO 264(I)/2021, issued here on Friday.

According to the Gwadar Tax Free Zone Rules, 2021, issued here on Friday, the goods declaration shall be filed by the investor, or a clearing agent duly authorised. The goods imported into a free zone shall be examined and assessed in accordance with the provisions of the Customs Act, 1969 and rules made thereunder.

The exemption granted under the Customs Act and Gwadar Port Authority Ordinance, 2002 shall be applicable to plant, machinery, equipment, apparatus, and materials to be used solely within the limits of a free zone, and to goods imported into the zone by the investors.

Provided that plant, machinery, equipment and apparatus including capital goods imported shall be retained for a period of at least five years from the date of importation.

The duty and tax free vehicles shall be allowed to be imported by the concession holder and its operating company for construction, development and operations of Gwadar Port and free zone area under the regulatory mechanism.

The regulatory mechanism for such vehicles, including the number and types importable, shall be devised by the Ministry of Port and Shipping and the FBR, in consultation with the provincial government, if so required, and shall be notified by the FBR.

An investor providing logistic services may import vehicles and equipment, free of leviable duty and taxes proportionate to their operational requirements determined under the regulatory mechanism devised and after recommendation from the authority.

The rules added that the concession holder, its operating companies and contractors/subcontractors may import materials and equipment (plant, machinery, appliances and accessories), exclusively for construction and operation of the terminals and the free zone area subject to filing a goods declaration to that effect.

The "concession holder" means China Overseas Ports Holding Company Limited or any other company having rights from the Gwadar Port Authority to develop, manage and operate Gwadar Free Zone in terms of concession agreement signed under the Gwadar Port Authority Ordinance, 2002.