

GOVERNMENT OF PAKISTAN
MINISTRY OF COMMERCE



Islamabad, the 27th February, 2015

ORDER

S.R.O 177 (I)/2015.- In exercise of the powers conferred by section 3 of the Imports and Exports (Control) Act, 1950 (XXXIX of 1950), the Federal Government is pleased to make the following Order, namely:-

1. **Short title application and commencement.-** (1) This Order may be called the Drawback of Local Taxes and Levies Order, 2015.

(2) The drawback shall be available on annual basis on FOB-realized values of enhanced exports for shipments made during 2013-14, if increased beyond 10% over last year's exports i.e. 2012-13. The export performance shall be analyzed separately for each category of eligible products.

(3) It shall come into force at once.

2. **Definitions.-** In this order, unless there is anything repugnant to the context;

(a) "Annex" means an annexure to this Order;

(b) "BSC" means SBP-Banking Services Corporation (SBP-BSC), a wholly owned subsidiary of State Bank of Pakistan, under the SBP Banking Services Corporation Ordinance, 2001 (LXVII of 2001);

(c) "exporter" means any person with a valid NTN and registered with his respective association or chamber;

(d) "Forwarding Schedule" means reference under which the original application is submitted;

(e) "SBP" means the State Bank of Pakistan; and

(f) "nominated bank" means the SBP authorized Bank which is located in the vicinity of the concerned TDAP office where the claims shall be authenticated;

(g) "TDAP" means the Trade Development Authority of Pakistan.

3. **Eligibility.-** (1) The drawback shall be provided to the exporters on export of products as specified in **Annex-I**, at the rate of 4% of FOB value of their enhanced exports.
- (2) The exporter shall hold a valid NTN number and previous tax returns for two years.
- (3) The exporter shall furnish data or any information related to its operations, domestic sales, accounts and exports as and when required by the TDAP.
4. **Role of TDAP.-** (1) The TDAP shall be responsible for carrying out authenticity of information provided by the exporter and ensure compliance of the Pakistan Customs Tariff. The incentives shall be allowed only in respect of commodities as per HS code in use at the time of shipment and mentioned in the relevant shipping documents.
- (2) The claim documents shall be verified by an officer of TDAP, of not less than BPS-19.
- (3) The authentication of claim by TDAP shall bear a unique reference number identifying the office of TDAP performing the authentication along with a running serial number of authentications performed by that office of TDAP
- (4) The TDAP shall also provide list of exporters registered with them to relevant Field Office of SBP BSC and FEOD SBP BSC head Office, Karachi on the following format:-

| Sr. No. | NTN | TDAP Special Identification No. | Name | Address |
|---------|-----|---------------------------------|------|---------|
|---------|-----|---------------------------------|------|---------|

5. **Procedure for claims.-** The drawback for local taxes and levies shall be provided subject to the following conditions, namely:-
- (i) the exporter shall file claims for drawback along with an undertaking as specified in **Annex-II** and **III** respectively and get this verified by TDAP;
- (ii) the exporter shall nominate one authorized bank to submit the claims to the SBP - BSC. The Exporter shall also give undertaking to the effect that it has only nominated one bank of its choice and that the claims have not been submitted for the same shipment, through any other bank. All claims shall have the NTN of each exporter;
- (iii) exporter shall submit the filled-informs duly certified by the TDAP along with supporting documents as mentioned in **Annex II**, by 31st March, 2015 to the nominated authorized bank. No claims shall be accepted after 31st March, 2015;

- (iv) the nominated bank shall scrutinize the application carefully and upon verification, submit the same with an undertaking, on the format specified at **Annexure-IV**, to the field offices of the SBP-BSC. Such applications shall be received by the said offices in the normal public dealing hours on all working days.
- (v) the admissible drawback payment as approved by the field office of the SBP-BSC shall be made by crediting the account of the authorized banks, which shall pay the amount to the exporters within twenty-four hours thereafter;
- (vi) in order to avoid delays or rejection of the drawback claims, the authorized banks, while certifying the documents shall ensure that the description of the commodity and Pakistan Custom Tariff code recorded in the form is correct and corresponds with the documents attached;
- (vii) applications containing discrepancies shall be returned by the SBP to the authorized banks within thirty days from the date of submission of claims. The authorized banks, after rectification of the discrepancies, shall submit claims within twenty days. While re-submitting the applications, authorized banks shall quote the reference of the "forwarding schedule" under which the application was originally submitted. In case of non-submission within twenty days, the claims shall be rejected without any further process; The detailed guidelines for the banks would be issued by SBPBSC.
- (viii) the claim certified by the TDAP shall only be allowed from SBP offices that are located in the concerned city (e.g. the claims certified by TDAP office Lahore will only be entertained at SBP BSC Lahore). The list of field offices which shall deal with claims under this scheme is at **Annex-V**.
- (ix) the applications shall be entertained on first come first serve basis. The discrepant claims shall be processed on the basis of the date they are re-submitted after corrections.

6. Periodic audits.- (1) The receipt of drawback payments shall be properly reflected in the book of accounts or balance sheets of the exporting unit.

(2) The Federal Government reserves the right to conduct periodic, random, on the spot checks and audits to verify the claims filed and drawbacks received under this order.

7. **Penalties for Contravention.-** Any exporter who files fraudulent or false claims, in contravention of the provisions of this Order, through acts of omission or commission, shall be liable to penalty of 100% of the claim along with reversal of the claimed amount.
8. **Appellate authority.-** The appellate authority for penalties on exporters shall be the Committee constituted by Managing Director, SBP Banking Services Corporation

ANNEX-I
(See paragraph 3(1))

LIST OF SECTORS ELIGIBLE FOR DUTY DRAW BACK FOR LOCAL TAXES AND LEVIES SUPPORT

| Sr. No. | Description | Chapters / sub-headings as per Pakistan Customs Tariff |
|---------|------------------------------------|---|
| 1. | Fish and Fish Preparations | 1603, 1604, 1605, 03 |
| 2. | Meat and meat preparation | 1601, 1602 excluding 1602.9000 0201, 0202, 0204, 0206, 0207, 0208, 0210 |
| 3. | Spices | 0904, 0906, 0907, 0908, 0909, 0910 |
| 4. | Gloves | 4015.1100, 4015.1900, 4203.2100, 4203.2910, 4203.2920, 4203.2930, 4203.2990, 6116, 6216, 7323.1000, 7418.1000, 7615.1000 |
| 5. | Football and Other sports goods | 9506, 9507 |
| 6. | Leather garments | 4203 |
| 7. | Other Leather manufactures | 4202.1120, 4202.2100, 4202.3100, 4202.9100 |
| 8. | Leather Foot wear | 64 |
| 9. | Surgical goods/medical instruments | 9018, 9019, 9020, 9021, 9022, 9025.1110 |
| 10. | Cutlery | 8211, 8212, 8213, 8214, 8215 |
| 11. | Electric Fans | 8414.5110, 8414.5120, 8414.5130, 8414.5140, 8414.5190, 8414.5910 |
| 12. | Transport equipment and Auto Parts | 4008.1110, 4008.1910, 4008.2110, 4008.2910, 4009.1110, 4009.1120, 4009.1130, 4009.2110, 4009.2120, 4009.2130, 4009.3110, 4009.3120, 4009.3130, 4009.4110, 4009.4120, 4009.4130, 4010.3110, 4010.3210, 4010.3310, 4010.3410, 4010.3510, 4010.3610, 4010.3910, 4011, 4016.9920, |

| | | |
|-----|---|---|
| | | 4016.9930, 4016.9940, 5703.2020, 5703.2030, 5703.3020, 5703.3030, 6813, 7007.1111, 7007.1119, 7007.2111, 7007.2119, 7009.1010, 7009.1090, 7014.0010, 7014.0020, 7307.9120, 7315, 7320, 8206, 8301.2010, 8301.2090, 8302.1010, 8302.1020, 8302.1030, 8302.3010, 86, 87, 88, 89, 9026.1010, 9026.1020, 9026.1030, 9029.2011, 9029.2012, 9029.2013, 9030.3310, 9030.3320, 9032.8910, 9032.8920, 9104, 9106.1010, 9106.1020, 9401, 9402, 9613.8010, 9613.8020 |
| 13. | Machinery specified for a particular industries or other machinery and Other electric equipment | 84, 85 |
| 14. | Furniture | 9403 |

Annexure-II

[See Paragraph 5 (i) & 5(ii)]

Application for Payment of Drawback of local Taxes and levies on Exports

Director FEOD, SBP BSC, Karachi / Chief Manager, SBP BSC _____ (city)

Dear Sir,

I/Wc, M/s _____ (Name & address of the exporter) having NTN No. _____ and TDAP special identification No. _____ hereby apply for payment of Incentive of Rs. _____ (Rupees) through our nominated Bank _____ (Name of Bank).

We further enclose the following documents in support our claim: (all photocopies are to be attested by the relevant banks).

- (a) Copy of Goods Declaration Form (in case of manual GID Form, containing examiner's report and MR date) Prescribed under the Customs Act, 1969
- (b) Copy of Commercial/Custom Invoice for e-forms in case of having multiple categories
- (c) Insurance Premium Paid Certificate (in case of CIF Exports) where applicable
- (d) Freight Invoice where applicable
- (e) Undertaking by the Claimant (Annex- III)
- (f) Bank Verification Certificate (Annex- IV)
- (g) Detail of Export Proceeds (attested by relevant banks)

(To be filled by Applicant _____) (to be filled by Banks)

| Sr. No | E-Form # | Amount of E-Form (FCY) | Date of Shipment | HS Code | Description of goods | Quantity | Date of Realization | Value Realized (FCY) | Rate of Exchange | Equivalent PKR | Freight, Commission Insurance (PKR) | Net FOB Realized after deducting freight, insurance, commission etc | Name of Bank | Month | Schedule | Page | Sr |
|--------|----------|------------------------|------------------|---------|----------------------|----------|---------------------|----------------------|------------------|----------------|-------------------------------------|---|--------------|-------|----------|------|----|
| | | | | | | | | | | | | | | | | | |

Verification Signatures and Stamp of TDAP

Bank Certificate of Verification for Drawback on export of Value added Goods

This is to certify that Messers _____ bearing TDAP Registration No, _____ and NTN _____ had exports realization through our bank on the shipments made during 2012-13 and 2013-14 as follows.

| HS Code | Description | 2012-13 | 2013-14 |
|---------|-------------|---------|---------|
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| Total | | | |

The above information and form verified by the bank is genuine and complete in all respect as per conditions of the Government Order on Drawback of Local Taxes and Levies 2014-15. We undertake that in case any discrepancy is detected subsequently, the SBP may debit the amount involved to our account along with penal interest @ 4% p.a. plus inter-bank rate on date of payment.

(Stamp & Signature of the Authorized Officials)

**LIST OF THE SBP BSC OFFICES DEALING
WITH CLAIMS UNDER MOC INCENTIVE
SCHEME**

| Sr. No. | Name of Office |
|---------|-----------------------------------|
| 1. | Faisalabad Office |
| 2. | Gujranwala Office |
| 3. | Hyderabad Office |
| 4. | Karachi Office (FEOD SBP BSC HOK) |
| 5. | Lahore Office |
| 6. | Multan Office |
| 7. | Peshawar Office |
| 8. | Quetta Office |
| 9. | Rawalpindi Office |
| 10. | Sialkot Office |
| 11. | Sukkur Office |

[F. No. 1(26)/2013-SO (TP)]


(Aemien Javairha)
Section Officer