

**GOVERNMENT OF PAKISTAN
(REVENUE DIVISION)
CENTRAL BOARD OF REVENUE**

Islamabad, the 18th June, 2001

**NOTIFICATION
(CUSTOMS)**

S.R.O. 450(I)/2001.-¹[In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), section 50 of the Sales Tax Act, 1990, section 40 of the Federal Excise Act, 2005 and section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Board of Revenue is pleased to make the following rules, namely:-]

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**CHAPTER XV
WAREHOUSING**

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352. Procurement, manufacture, export and removal of goods by a licensee of a manufacturing bond.-(1) The input goods for production of finished goods according to the specification approved in the Analysis Certificate shall be procured by the licensee of a manufacturing bond in any of the following manners, namely:-

- (i) the input goods may be imported by the licensee without payment of custom duty, ²[federal] excise duty and sales tax after declaring on the bill of entry that input goods are being imported under manufacturing bond for manufacture of export goods;
- (ii) the input goods produced from the local exciseable unit may be procured by the licensee without payment of ³[federal] excise duty against AR-3 or any other rule for the time being in force;
- (iii) the sales taxable goods meant for further processing shall be supplied to the licensee of the manufacturing bond against a tax invoice after payment of sales tax and the licensee shall be entitled for refund of input tax credit in accordance with the Sales Tax Refund Rules, 2000; and
- ⁴[(iv) the licensee may be procure duty-paid input goods manufactured locally, in addition to duty free input goods for production of finished goods and if duty drawback and rebate of federal excise duty is admissible on export of such finished goods on the basis of standard duty drawback and rebate notification, the f.o.b. value for claiming such duty drawback and rebate shall be the value excluding value of the duty-free goods imported under these rules.]

the licensee may procure duty paid input goods manufactured locally for production of finished goods and the licensee shall be entitled for payment of duty draw back and rebate of ⁵[federal] excise duty worked out on the basis of standard duty drawback notifications on the f.o.b. value of export provided that the amount of duty drawback and rebate of ⁶[federal] excise duty shall be reduced by the proportionate duty amount, applicable at current rates, on the quantity of used duty free input

¹ Existing preamble substituted and shall be deemed always to have been so substituted vide SRO 831(I)/2018 dated 2nd July, 2018. At the time of substitution was as under:-

“In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), the Central Board of Revenue is pleased to make the following rules, namely:--”

² Substituted for the word “Central” vide SRO 994(I)/2019 dated 4th September, 2019.

³ Substituted for the word “Central” vide SRO 994(I)/2019 dated 4th September, 2019.

⁴ Substituted for clause (iv) vide SRO 612(I)/2009 dated 29th June, 2009

⁵ Substituted for the word “Central” vide SRO 994(I)/2019 dated 4th September, 2019.

⁶ Substituted for the word “Central” vide SRO 994(I)/2019 dated 4th September, 2019.

goods imported or procured locally, as mentioned in the respective Bill of Entry or AR-3 in the list of items in respect of which duty drawback and rebate is allowed.

⁷[(2) Item-wise record of input goods received, manufactured and exported shall be maintained in the format as set out in Appendix-IV to this chapter, which shall be examined, stamped and signed by the supervising Customs official every month:

Provided that one copy in the form of quarterly return in the same format as Appendix IV shall be submitted to the ⁸[Regulatory Authority] before the tenth day of the following quarter. Such quarterly return should show the item-wise opening balances, accumulated inwards during the quarter, accumulated issued for manufacturing facility, accumulated production of finished goods, factory rejects, wastes or losses, accumulated exports and or removals and remaining balances at the end of the quarter.

- (3) The export of finished goods shall be made against,--
- (i) the bill of export prepared by the licensee of manufacturing bond or his representative and endorsed as " Export from Manufacturing Bond' ;
 - (ii) a consumption sheet showing the imported inputs consumed for relative finished goods, providing for import consignments reference numbers.

The Customs official examining the goods for release before export shall strictly check and verify the records of inputs consumed for the export goods.]

(4) The licensee of manufacturing bond may exercise his option to get the finished goods meant for export examined by an official of customs either in the manufacturing bond or at the Port and quadruplicate copy of the bill of export shall bear the examination report of the official of customs accordingly

⁹[***]

(6) Removal of finished goods for home consumption on filing of bill of entry may be allowed subject to the limitations and restrictions provided in the Import Policy Order for the time being in force on payment of duties and taxes leviable thereon, up to forty per cent of the annual production of the manufacturing bond:

Provided that in case of engineering goods and leather footwear in the first three years up to seventy five per cent and forty per cent for subsequent years of their annual production in the manufacturing bond may be removed for home consumption.

¹⁰[(6a) The leftover quantities of raw materials imported in a manufacturing bond or those which could not be utilized in export for certain reasons, to be recorded in writing, may be allowed removal in its original and unprocessed form for home consumption by the ¹¹[Regulatory Authority] of Customs on case to case basis subject to the limitation and restrictions provided in the Import Policy Order for the time being in force. The licensee shall file ex-bond Goods Declaration for payment of duties and taxes leviable thereon for such domestic clearance. The warehousing period for ex-bonding purpose shall be the same as prescribed under section 98 of the Customs Act, 1969.]

(7) For the purpose of removal of finished goods for home consumption, normal value for the purpose of assessment of customs duty shall be the sum total of the value of input goods procured under clauses (i), (ii) and (iii) of sub rule (1) and value of supply for the purpose of assessment of sales tax shall be taken in accordance with clause (46) of section 2 of the Sales Tax Act, 1990.

(8) The licensee of a manufacturing bond may remove input goods or semi-finished goods out of his premises for partial manufacture or processing by the vendors after intimating the

7 Substituted for sub-rules (2) and (3) vide SRO 601(I)/2010 dated 28th June, 2010

8 Substituted for the word "Collector" vide SRO 994(I)/2019 dated 4th September, 2019.

9 Sub rule (5) was omitted vide SRO 143(I)/2007 dated 20th February, 2007

10 New Sub rule (6a) was inserted vide SRO 493(I)/2009 dated 13th June, 2009

11 Substituted for the word "Collector" vide SRO 994(I)/2019 dated 4th September, 2019.

¹²[Regulatory Authority] ¹³[***] in this behalf, in the form as set out in Appendix-V to this chapter.

Provided that in case the manufacturing process performed by the vendor is liable to central excise duty, the processed goods shall be returned to the manufacturer in such manner as if these are exported without payment of central excise duty.

Provided further that the finished goods may be removed directly for export from the vendor to the customs-port of exit

(9) The factory rejects or finished goods not conforming to the export standards shall be allowed disposal in the local market as per provisions of the Import Policy Order for the time being in force after the filing of a bill of entry for home consumption by the licensee:

¹⁴[(10) No wastage of input goods in terms of quantity, volume, weight or number, as the case may be, shall be allowed except as determined in the Analysis Certificate and no duty and taxes shall be charged on such wastage of the warehoused input goods, provided that such wastage is either destroyed in the presence of an officer of Customs, not below the rank of an Assistant Collector, or leviable ¹⁵[customs duty] federal excise duty and sales tax is paid on such wastage before removal.]

Provided that the factory rejects shall be allowed removal by an officer of customs not below the rank of an Assistant Collector, at the appraised value and customs-duty, central excise duty and sales tax shall be levied as if it had been imported into Pakistan in that condition.

¹⁶[(11) The Collector of Customs shall be responsible for overall monitoring of manufacturing bond scheme.]

12 Substituted for the word "Collector" vide SRO 994(I)/2019 dated 4th September, 2019.

13 Omitted for the words "or the officer authorized by him" vide SRO 994(I)/2019 dated 4th September, 2019.

14 New Sub rule (10) was added vide SRO 493(I)/2009 dated 13th June, 2009

15 Inserted vide SRO 293(I)/2022 dated 17th February, 2022.

16 Added vide SRO 994(I)/2019 dated 4th September, 2019.