

**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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²[Chapter XXXIX
CHINA PAKISTAN ECONOMIC CORRIDOR (CPEC)
Sub-Chapter 1
Gwadar Tax Free Zone Rules

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839. Import from abroad (entry of goods into the Free Zone from abroad).- (1) Subject to sub-rules (6) and (7), any goods may be imported into the Free Zone from abroad.

(2) A goods declaration in respect of goods imported for a free zone along with other documents, as required under the Act and the rules made there under, shall be presented in terms of section 79 of the Customs Act, 1969.

(3) The goods declaration shall be filed by the investor, or a clearing agent duly authorized in terms of section 207 of the Customs Act, 1969 and subject to procedural formalities as prescribed under the Customs Act, 1969 or the rules made there under.

(4) 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 Act and Ordinance 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:

Provided further that the disposal of plant, machinery, equipment and apparatus before the expiration of five years shall be subject to following reduced rates of duty and taxes levied at the time of importation, namely:-

S. No.	Duration Period (for disposal in tariff area)	Duty and Taxes
(1)	(2)	(3)
1.	If sold or otherwise disposed of before the expiration of three years from the date of importation.	Full
2.	If sold or otherwise disposed of after three and before four years from the date of importation.	50%
3.	If sold or otherwise disposed of after four and before five years	25%

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 Added vide SRO 264(I)/2021 dated 24th February, 2021

	from the date of importation.	
4.	If sold or otherwise disposed of after five years from the date of importation.	0%

(5) Notwithstanding the provisions of sub-rule (3), plant and machinery imported under these rules may be surrendered at any time to the regulatory collectorate without payment of any customs duties and taxes for further disposal by the Collector.

(6) Admission of goods imported for free zone shall not be refused except when the goods are liable to restrictions or prohibitions imposed on grounds of public morality or order, public security, hygiene or health or for sanitary or phyto-sanitary considerations, or relating to the protection of patents, trademarks, or intellectual property rights as envisaged in import policy order.

(7) Hazardous goods may be allowed to be admitted to a free zone only when a safe area specially designed for its storage has been made available within the Free Zone to the satisfaction of the licensing authority and Customs as well as such conditions under relevant national laws have been complied with.

(8) Input goods, other than plant and machinery, admitted to a free zone by an investor shall be consumed within two years from the date of entry into the zone. For duly justified reasons, extension may be granted for another one year by a written approval of an officer not below the rank of Collector of Customs.

(9) Duty and tax free vehicles shall be allowed to be imported by the concession holder and its operating companies 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 FBR, in consultation with the Provincial Government if so required, and shall be notified by the FBR.

(10) Investor operating in the free zone and employing up to twenty five workers shall be entitled to import or purchase one duty/tax free coaster, while investors employing more than twenty five shall be entitled to import or purchase one duty/tax free bus up to fifty seats. Investors having exports of five million US\$ or more per annum shall be entitled to import or purchase one duty/tax free cargo vehicle or truck and one motor car up to 1600 CC subject to verification of the amount of exports and approval by the Collector of Customs.

(11) 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 under sub-rule (9) and after recommendation from the Authority.

(12) The duty and tax free vehicles shall be retained subject to following conditions, namely:-

- (a) life of vehicle shall be five years unless damaged to the extent that it cannot be further used;
- (b) for claiming replacement of any vehicle, the vehicle required to be replaced shall be surrendered to the regulatory collectorate free of cost; and
- (c) regulatory collectorate shall either use such surrendered vehicle for operational use or cause it to be auctioned under the relevant rules provided that the decision for operational use or auction shall not be taken by an officer below the rank of Collector.