

**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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845. Sub-contracting for units of the tariff area.-(1) Subject to the approval of Collector, the investors licensed as industrial units in the free zone shall be allowed to provide sub-contracting or vendor services for units of the Tariff Area. The subcontracting shall be allowed only for partial processing, embellishment, decoration or further manufacturing. The licensed industrial units shall apply on the form as set out in Appendix-II to the regulatory collectorate. The duty and taxes shall be paid by the units of Tariff area units on value addition.

(2) Subject to the approval of regulatory collectorate, the industrial units operating in the tariff area shall also be allowed to provide sub-contracting or vendor services for industrial units of the free zone on such conditions, restrictions and limitations as may be prescribed. The subcontracting shall be allowed only for partial processing, embellishment, or decoration. The subcontracting shall not be allowed without pre-determination of input-output ratios. The licensed industrial units shall apply on the form as set out in Appendix-III to the regulatory collectorate.

(3) The facility of subcontracting shall be extended on submission of copy of work contract and after physical verification of the manufacturing facility and production capacity of the unit operating in the tariff area as per procedure specified in Appendix-IV which may be modified by the regulatory collectorate in a manner that secures the duty-free goods from any pilfering / replacement during the sub-contracting process. The duty and taxes involved on the outgoing goods from free zone for subcontracting in the Tariff Area shall be secured through post dated cheque and indemnity bond as set out in Appendix-V subject to drawl of the samples of both the outgoing and incoming goods. The relevant securities shall be released after completion of the subcontracting activity.

(4) The period of subcontracting shall be determined by the Assistant or Deputy Collector of Customs, but such period shall not exceed three months, which shall be accounted for from the date of exit and entry of sub-contracted goods. An officer not below the rank of Additional Collector may allow extension of time up to another three months subject to submission of revalidated security for the extended period.

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