

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

C. No. 6(1)/2024-GB/13046-2

Islamabad the 3rd July, 2025.

1. All Chief Collectors of Customs,
2. All Director Generals of Customs,
3. All Collectors of Customs,
4. All Directors of Customs.

Subject: - BUDGET INSTRUCTIONS – FY 2025-26

The major changes of Customs in the Budget FY 2025-26 are given below for information and implementation: -

1. LEGISLATIVE CHANGES IN THE CUSTOMS ACT, 1969.

The following important legal changes have been made in the Customs Act, 1969 through Finance Act, 2025: -

(i) Cargo Tracking System

A new section 83C has been added in the Customs Act, 1969 to introduce and implement Cargo Tracking System (CTS). Relevant definitions have been added in Section 2 of the Customs Act, 1969. The system will come into force once necessary technological infrastructure is developed.

(ii) Fixation of minimal duties not to be demanded - Section 19C

The de-minimis limit for courier parcels has been revised/reduced from Rs. 5,000 to Rs. 1,000 to check misuse of the facility particularly for e-commerce.

The Chief Collector of Customs, Airports, Islamabad and all Collectors of Customs Airports are directed to ensure strict implementation.

(iii) Option of Scrapping & Mutilation at Ports not to exceed 10% of the imported goods - Section 27A

To limit the facility of allowing mutilation/scrapping of disputed scrap only to bonafide disputed goods, a provision has been added to section 27A that scrapping and mutilation shall not be allowed for quantity exceeding ten percent of the imported goods.

The Collectorates are directed to strictly implement the amendment.

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(iv) **Option to file Goods Declaration before berthing of vessel without payment of duty & taxes - Section 79**

The importers have been provided option to file GDs without prior payment of duties and taxes if GDs are filed before berthing of vessel or cross-over of vehicle at land borders. The facility shall be available from such date as notified by the Board.

The Chief Collector of Customs, Appraisement (South), Karachi is directed to ensure the implementation of the change in WeBOC.

The existing Explanation in section 79 has been substituted. As per the new explanation, the assessment of goods declarations filed at the dry ports may be undertaken in such manner at such places as may be prescribed by the Board.

(v) **Legal provision related to Central Assessment Units and Central Examination Units - Section 80**

A new sub-section (6) has been added in Section 80 regarding the provisions related to Centralized Assessment Units and Centralized Examination Units.

 (vi) **Penalties for not clearing goods within specified time - Section 82**

Section 82 provides a mechanism for auction of goods not cleared or warehoused or transhipped or removed from the port. To avoid port congestion and unnecessary delay in payment of duty & taxes, penalties have been provided to cater different situations arising at the ports. However, the Collector of Customs in unavoidable circumstances may waive-off the penalty.

The Chief Collector of Customs, Appraisement (South), Karachi is directed to ensure development of the system accordingly in WeBoC.

(vii) **Enhancement of time period for deciding the cases related to clause (s) of section 2 and for cases where goods are lying at sea-port, airport or dryport – Section 179**

Amendment has been made in sub-section (3) of Section 179 of the Customs Act, 1969 whereby the time period for deciding the cases related to clause (s) of section 2 and for cases where goods are lying at sea-port, airport or dryport has been enhanced from thirty days to forty-five days.

Amendment has also been made in sub-section (4) whereby Board can regulate the system of adjudication including transfer of cases and extension of time-limit as deemed appropriate after reasons to be recorded in writing.

(viii) **Strengthening the law related to burden of proof of ownership of smuggled goods - Section 187**

Section 187 has been amended to include Good Declaration (GD) and Sales Tax invoice in the list of documents required as proof of lawful authority. Amended Section 187 is as under:

"187. Burden of proof as to lawful authority etc.- When any person is alleged to have committed an offence under this Act and any question arises whether he did any act or was in possession of anything with lawful authority or under a permit, license or goods declaration or sales tax invoice or other document prescribed by or under any law for the time being in force, the burden of proving that he had such authority, permit, license or goods declaration or sales tax invoice or other document shall lie on him:...."

The Collectors of Customs are directed to implement the said amendment.

(ix) **Treatment of Tampered Vehicles - Insertion of new section 187A**

A new section has been added to define the legal character of tampered vehicles. The Collectors are directed to obtain authorization from the Board for allotment of tampered vehicles for operational purposes as provided in section 182, within ninety days of the confiscation, as provided in the new section.

(x) **Enhancement of time period for filing Appeal before the Tribunal - Section 194A**

The time period for filing of appeal in the Appellate Tribunal under section 194A (2) has been enhanced from 30 to 45 days.

(xi) **Extend powers of re-opening cases to Director General and Director in their respective jurisdiction - Section 195**

(a) The powers to re-open the cases by Director General or Director in their respective jurisdiction have been granted under section 195(1) of the Act.

(b) Sub-section (1A) of section 195 has been amended to include words "adjudication proceeding".

(xii) **New Legal provisions**

(a) Customs Command Fund has been established under section 225 of the Customs Act, 1969 to support anti-smuggling establishments.

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- (b) A new section 226 in the Act has been added for establishment of Digital Enforcement Units to strengthen anti-smuggling activities.

(xiii) Creation of New Directorate Generals and merging of existing Directorate Generals

- (a) The Directorate General of Intelligence & Investigation (Customs) and Directorate General of Risk Management have been merged as Directorate General of Intelligence and Risk Management, Customs.
- (b) The Directorate General of Post Clearance Audit (PCA) and Directorate General of Internal Audit have been merged as Directorate General of Post Clearance Audit and Internal Audit (PCA & IA).
- (c) Two new Directorate Generals, namely Directorate General of Customs Auction and Directorate General of Communication and Public Relations, Customs, have been created.

2. TARIFF RATIONALIZATION.

- A*
- (i) New tariff slabs of 5%, 10% and 15% have been introduced and existing tariff slabs of 3%, 11% and 16% have been abolished.
- (ii) 0% tariff slab, previously applicable on 2201 tariff lines, has been extended to further 916 PCT codes, while CD rate has been reduced on goods falling under 2623 PCT codes.
- (iii) Two new PCT Codes 4810.9210 and 3920.1010 have been created.
- (a) The PCT code 4810.9200 has been bifurcated into 4810.9210 and 4810.9290. The description for PCT code 4810.9210 is specific i.e. multi-ply – “clay coated paper and paperboard exceeding either 370mN or 325 gsm for aseptic liquid food packaging” and is chargeable to CD @ 10%, while the other bifurcated PCT 4810.9290 is chargeable to CD @ 20%. The Chief Collectors of Appraisalment and all Collectors are directed to ensure that the products imported under 4810.9210 are tested through a reputable laboratory to ensure that they have the requisite specification as required under the said PCT code to check any misuse of this newly created PCT code.
- (b) Similarly, the PCT code 3920.1000 has been bifurcated into 3920.1010 and 3920.1090. The description of 3920.1010 is specific i.e. of Polymers of ethylene –

“Mineral filled film of Polyolefins for aseptic liquid food packaging” chargeable to CD @ 10%, while the other bifurcated PCT code 3920.1090 is chargeable to CD @ 20%. The Chief Collectors of Appraisalment and all Collectors are directed to ensure that the products imported under 3920.1010 are tested through a reputable laboratory to ensure that they have the requisite specification as required under the said PCT code to check any misuse of this newly created PCT code.

3. REDUCTION IN ADDITIONAL CUSTOMS DUTY (ACD) RATES.

- (i) Existing SRO 929(I)/2024 dated 30th June, 2024, for levy of ACD, has been replaced with SRO 1151(I)/2025 dated 30.06.2025.
- (ii) ACD rate has been reduced from 2% to 0% on Tariff slabs of 0%, 5% and 10%. However, 95 tariff lines, from above slabs, will remain chargeable to ACD @ 2%. These are specifically mentioned in the SRO ibid and have also been uploaded in the system accordingly.
- (iii) ACD rate has been reduced from 4% to 2% on goods subjected to tariff slab of 15%. Reduction in ACD rate on goods subjected to tariff slab of 20% is 6% to 4% and on tariff slabs of above 20%, this reduction is 7% to 6%.
- (iv) Specified exemptions of ACD in the SRO 929(I)/2024 dated 30th June, 2024 will continue, as updated in the new SRO 1151(I)/2025 dated 30.06.2025.

4. REVIEW OF REGULATORY (RD) REGIME.

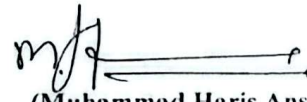
- (i) Existing SRO 928(I)/2024 dated 30th June, 2024, for levy of RD, has been replaced with SRO 1152(I)/2025, dated 30.06.2025.
- (ii) Downward revision of Regulatory Duty (RD) has been made on 1011 PCT codes. RD rate on 473 PCT codes has been reduced by 50% and RD rate on 538 PCT codes has been reduced by 20%. The maximum rate of RD has been reduced from 90% to 50%.
- (iii) RD on 970 PCT codes has been retained at previous year rates.
- (iv) RD on Plums (allocha) has been imposed @ 28%. This is to ensure that Plums (allocha) is charged RD @ 28% irrespective of their PCT codes. The Chief Collectors of

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Appraisement and Collectors of Appraisement are directed to ensure that RD is correctly charged on Plums (allocha).

5. REVIEW OF EXEMPTION REGIME.

- (i) To streamline and reduce the cost of exemptions, 479 entries in Part-I, Part-III and Part-VII of the Fifth Schedule to the Customs Act, 1969 have been deleted. It has been taken care to retain serial numbers in the Fifth Schedule to match previous year, for ease in data comparison and statistics.
 - (ii) Part-VII (Misc. Goods) of the Fifth Schedule has been omitted. However, two entries first with the description, "Live (baby / brood stock) fish and shrimp/prawns for breeding and production in commercial farms and hatcheries" and the second with the description, "Unmanufactured tobacco; tobacco refuse" have been shifted to Part-III of the Fifth Schedule at Sr. Nos. 153 and 154.
 - (iii) The condition for registration with erstwhile Ministry of Textile Industry (now Ministry of Commerce) under Part-IV of the Fifth Schedule has been done away with. It has been amended as "Machinery and equipment, not manufactured locally, if imported by textiles and apparel industrial units registered as manufacturers-cum-exporters under Sales Tax Act, 1990."
3. These instructions are of illustrative nature only and in case of any inconsistency in PCT codes, rates of duty, extent of concession, legal implications etc., relevant entries of the First Schedule, Fifth Schedule, SROs and provisions of the Customs Act, 1969, shall prevail. All concerned officers/officials are, therefore, directed to go through the budget documents carefully, so as to avoid any misinterpretation, misunderstanding or misapplication of the budgetary measures. Errors, omissions or lacunae, if any, should immediately be brought to the notice of the Board for suitable corrective action.


(Muhammad Haris Ansari)
Chief (Tariff & Trade)

Copy to: -

- 1. Member (Customs - Policy), Federal Board of Revenue, Islamabad
- 2. Member (Customs - Operations), Federal Board of Revenue, Islamabad
- 3. All Chiefs (Customs), Federal Board of Revenue, Islamabad