

**Pakistan Knitwear & Sweater Exporters Association**

1014-16, Park Avenue, PECHS Block 6,  
Shahrah-e-Faisal, Karachi-75350

Tel: 34544035-36 SG: 34544039, email: [info@paksea.com](mailto:info@paksea.com)

**Circular to members # 144/2018-19**

July 5, 2019

**Issuance of zero rated invoice**

With reference to the applicability of GST through rescinding of zero rating facility to textile sector with effect from 1<sup>st</sup> July 2019 under Finance Act 2019, please note that the exporter is holder of Export Oriented Unit (EOU) License under SRO 327(1)/2008 dated 29.3.2008 read with SRO 326(1)/2008 dated 29.3.2008.

As per clause 10(b) of SRO 327(1)/2008 (The Export oriented units & Small and Medium Enterprises Rules 2008) dated 29.3.2008, "The local input goods liable to sales tax shall be supplied to the licensee against a zero rated sales tax invoice." The said EOU rules allow all export oriented unit companies holding such license to procure (import and local purchase) all of its raw material (input goods) and machinery without any sales tax and duties.

Reproduced below is the relevant clause 10 of above referred SRO:

**10. Procurement, manufacture, export and removal of goods by a licensee of an Export Oriented Unit.- (1)** The input goods for production of output goods according to the specification approved in the analysis certificate shall be procured by the licensee in any of the following manners, namely:-

(a) the input goods may be imported by the licensee without payment of <sup>7</sup>[customs duty, sales tax, federal excise duty and income tax] after declaring on the goods declaration that such input goods are being imported for export oriented unit for manufacture of export goods. The amounts of <sup>7</sup>[customs duty, sales tax, federal excise duty and income tax] involved on clearance of imported input goods shall be secured by the Collector of the importing station against indemnity bond and post-dated cheque as set out in *Appendix-IV*;

(b) The local input goods liable to sales tax shall be supplied to the licensee against a zero rated sales tax invoice;



Copy of SRO 327(1)/2008 dated 29<sup>th</sup> March 2008 can be had from Association secretariat on request.

---

M. Siddique  
Secretary General  
0320-8364130