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Export-oriented units:

FBR decides to withdraw ST, FED exemption



The Federal Board of Revenue (FBR) has decided to withdraw the exemption of sales tax and federal excise duty on buying of locally procured input goods by exporters operating under Export Oriented Units and Small and Medium Enterprises Rules, 2008.

The FBR has released SRO 747(I)/2019 here on Wednesday to issue draft amendments in the Export Oriented Units and Small and Medium Enterprises Rules, 2008. The FBR has decided to omit the clause 10 sub-section (b) and (c) of the Export Oriented Units and Small and Medium Enterprises Rules, 2008.

The FBR has also proposed to reduce the life of plant and machinery to five years as compared to previous life of 10 years, however it inserted a new proviso about the replacement parts of machinery and spares shall be allowed removal after three years from the date of importation from EOU subject to mutilation or scrapping under the supervision of an officer not below the rank of assistant collector.

In order to facilitate exporters, the Federal Board of Revenue (FBR) has granted powers to Additional Collector of Customs to issue 'analysis certificates' to export orientated units. Earlier, the powers to issue 'analysis certificates' were available only to Collector of Customs. Now, the same powers have been extended to the Additional Collector of Customs.

Under the revised rules, the "Regulatory Authority" means the Additional Collector of Customs designated by the Collector of Customs as the Regulatory Authority in relation to an export oriented unit, in whose jurisdiction the place of business or manufacturing unit of the export oriented unit applicant, duly registered under the Sales Tax Act, 1990, is situated.

The Regulatory Authority (Additional Collector of Customs) may issue a provisional analysis certificate till the determination of input to output ratio and wastage by IOCO or EDB, as the case may be: Provided further that if there is no change in the previously determined input and output ratio, then the Regulatory Authority (Additional Collector of Customs) may uphold the previously determined input output ratio without sending it to the input output coefficient organization (IOCO) or engineering development board (EDB).

The FBR has further proposed that the replacement parts of machinery and spares shall be allowed removal after three years from the date of importation from EOU subject to mutilation or scrapping under the supervision of an officer not below the rank of Assistant Collector.

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