

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

C. No. 3(2) TAR-I/10

Islamabad, the 16th April, 2010

The Collector of Customs,
Model Collectorate of Customs
Custom House,
Lahore

SUBJECT: CLARIFICATION REGARDING LEVY OF FEDERAL EXCISE DUTY ON THE GOODS IMPORTED AGAINST H.S.CODES 2201,2202,3303 TO 3307 OF THE 1ST SCHEDULE TO THE CUSTOMS ACT, 1969

I am directed to refer to the MCC's Lahore letter No. V-Cus.Misc/CFS/128/2010/357 dated 10-03-2010 on the subject cited above. The matter was referred to the Policy Wing (In Direct Taxes) of the Board. The views of the Policy Wing (In Direct Taxes) are re-produced as follows for necessary action:

- (a) The rate of FED applicable to cosmetics imported in retail packing is 10% of retail price fixed by the manufacturer under section 12(4) of F.E. Act, 2005 read with Sr. Nos. 42-45 of Table-I of First Schedule to the said Act.
- (b) There is no requirement of printing of retail price on any imported goods other than cigarettes, as specified by the Board vide SRO 545(I)/2006 dated 5th June, 2006.
- (c) Board's letter C.No. 5/24-STB/2005 dated 27th July, 2007 is akin to a direction from the Board, in terms of section 12(4) of the FE Act, 2005, specifying exclusions from the condition of indicating retail price.
- (d) Section 19(9) of FE Act, 2005 is not attracted to the imports in the instant case and can not be treated as an alternate rate of duty in respect thereof.
- (e) Valuation aspect may be examined by the MCC of imports in question, in the light of section 12(4) of the FE Act, 2005.

(Dr. Muhammad Nadeem Memon)
Second Secretary (Tariff-I)

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Circular
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ACC II
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PA II
Principal
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REC'D
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C. No. 3(2) TAR-I/10

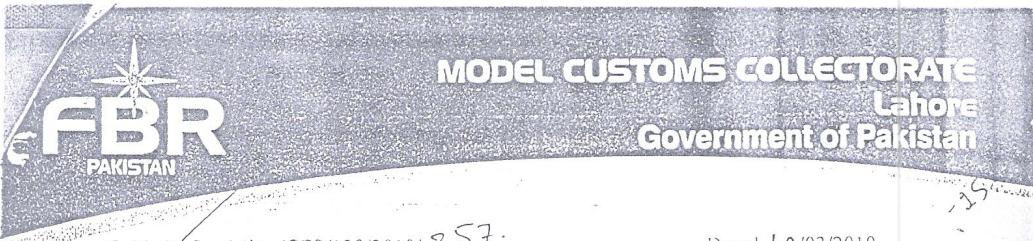
Copy to:

(i) The Directorate General (I & I), Islamabad with reference to letter No. 10(20)DGCI/Cus/2010 dated 11-03-2010.

(ii) All Collectorates of Customs alongwith copy of MCC Lahore's letter No. V-Cus.Misc/CFS/128/2010/357 dated 10-03-2010.

Encl: As above.


16/4/10
(Dr. Muhammad Nadeem Memon)
Second Secretary (Tariff-I)



C. No. V-Cus.Misc./CFS/128/2010/ 357.

Dated: 10/03/2010.

The Member (Customs),
Federal Board of Revenue,
Islamabad.

Handwritten notes:
TT No. 2010
C/T (T)
SSCF-I
M. cross-check with
SSCF-I & FED budget
11/3

Subject:- CLARIFICATION REGARDING LEVY OF FEDERAL EXCISE DUTY ON THE GOODS IMPORTED AGAINST H.S. CODE 2201, 2202, 3303 TO 3307 OF THE 1ST SCHEDULE TO THE CUSTOMS ACT, 1969.

Kindly refer to the above cited subject.

2. The Directorate of Intelligence and Investigation-FBR, Lahore intercepted a consignment of Toiletries and Shampoos cleared through Dryport, Lahore with the observation that the imported goods are in retail packing but retail price is not indicated on goods hence FED @ 40% adval is leviable instead of 10% Retail Price (as charged by the Collectorate), as provided in Pakistan Customs Tariff against PTC headings 3303 to 3307. This Collectorate is of the view that the levy of 40% FED against the subject PCT headings is not supported by Federal Excise Act / Law on the following grounds:-

a. Sub-section (4) of Section 12 of the Federal Excise Act, 2005 deals with the charging of Federal Excise duty on the basis of retail price printed thereof on the locally manufactured goods, however, proviso to the sub section reads as under:-

“Provided that where so and as specified by the Board any goods or class of goods liable to duty on local production as percentage of retail price, the provisions of this sub section shall mutatis mutandis apply in case such goods are imported from abroad.”

b. Only one item has been specified by the Board, under the aforesaid provisions vide SRO-545(I)/06 dated 05.06.2006 which stipulates collection of FED on imported cigarettes (PCT Heading 24.02) only on the basis of retail price legibly printed on each packet of cigarettes.

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64-C III Gulberg III, Lahore. Ph: 042-35772222 Fax: 35772223

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- c. The Federal Board of Revenue, vide letter C.No.5/24-STB/2005 dated 27.07.2007 (Annex-A), clarified that the requirement of printing of retail price on the imported goods has been abolished and the concerned staff of the ports of clearance should not insist for printing retail price on the imported goods. For the levy of FED, the printing of retail price has been made mandatory by the Board only for cigarettes vide Notification SRO 545(1)/2006 dated 5th June, 2006.
 - d. The rate of Federal Excise duty is 10% of retail price on the subject goods as per sr. S.No.42 - 45 of the 1st Schedule of the Federal Excise Act, 2005 as well as current Pakistan Customs Tariff (Volume II).
3. In view of the aforementioned facts, the Board is requested to kindly enlighten the Collectorate on this issue.

Encl: (As Above)

With regards,

Naajeb R. Abbasi
(NAJEEB R. ABBASI)
COLLECTOR