

SALIENT FEATURES
CUSTOMS BUDGETARY MEASURES 2012-13

Objectives:

- Relief to general public.
- Encouraging growth and investment.
- Providing incentives for local industry.
- Reducing cost of doing business.
- Better regulation and enforcement.

Relief Measures:

- a) The maximum general tariff slab has been reduced from 35% to 30%. This will reduce the number of duty slabs from 8 to 7.
- b) Customs duty on raw materials and components for printing and stationery sector has been reduced.
- c) Customs duty on 88 pharmaceutical raw materials and other input goods has been further reduced from 10% to 5%.
- d) Customs duty on self-copy papers and self-adhesive papers has been reduced from 25% and 20% to 10%.

Incentives for Local Industry:

- (a) Three major Notifications (SRO 565, 567 and 575) provide exemptions and concessions on import of plant and machinery for setting up of industries and import of raw materials for a large number of domestic industries. These are being cleansed of anomalies and are being simplified.
- (b) In order to promote indigenous industry, some industrial raw materials are being included in the concessionary regime.
- (c) Customs duty on scrap of rubber / shredded tyres has been reduced from 20% to 10% to encourage its use as a substitute fuel for the cement industry.

Tariff Measures:

- (a) WCO has made 5-yearly changes in HS nomenclature for commodity classification and has issued HS-2012 version. Pakistan Customs Tariff classification structure is being aligned with the WCO nomenclature.
- (b) Introduction of 12 Digit Subheadings in Customs Tariff to fulfill the requirement of full automation of import processing through the Customs computerized system (WeBOC) and statistical purposes.

- (c) The Ministry of Textile Industry has recommended new tariff headings for facilitation of the textile industry and to update national tariff in accordance with international best practices. These headings are accordingly being created in Tariff.
- (d) In order to encourage import of hybrid electric vehicles (HEVs) at affordable prices the rate of duty and taxes presently applicable to HEVs and their batteries are being reduced by 25%.
- (e) In order to simplify the tariff the composite rate of duty on cinematographic film is being change to a simple specific rate of Rs. 5 per meter.
- (f) Correction of classification and description of some items is being made in the Tariff.

Legislative Measure:

- (a) Quasi judicial and administrative functions are being separated at the Collectorates' level.
 - (b) Enabling provision for introduction of the facility of "e-auction".
 - (c) Incorporation of an explicit provision for condoning delays in time-limits
 - (d) Provision of appeal in cases where the application for refund has been declared.
 - (e) Definition of smuggling has been made more comprehensive by including en route pilferage of transit goods.
 - (f) Application of record keeping provisions on transport operators (for transit goods) and on tracking companies.
 - (g) Declaring attempts to make un-authorized access/ use or interfere with the Customs computerized system an offence.
 - (h) Introduction of the punishment of imprisonment for a term not exceeding five years, where rules or conditions of transit are contravened.
 - (i) Establishment of formations for better enforcement.
 - (j) Removal of the punishment of "whipping", in cases of smuggling, possession or acquiring of smuggled goods and armed intimidation of persons engaged in the discharge of duty under the Customs Act.
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