

S.R.O 670(1)/2013 dated 18th July 2013

In exercise of powers conferred by clause (c) of section 4 of the Sales Tax Act, 1990, the Federal Government is pleased to direct that the import and supply of goods mentioned in column (2) of the Table below and the raw materials, packing materials, sub-components, components, sub-assemblies and assemblies imported or purchased locally for the manufacture of the said goods shall be charged to sales tax at the rate of zero percent subject to the conditions specified below the Table, namely:-

TABLE		
S.No	Description of goods	PCT Heading
(1)	(2)	(3)
1.	Colors in sets	3213.1000
2.	Writing, drawing and making inks	3215.9010 and 3215.9090
3.	Erasers	4016.9210 and 4016.9290
4.	Exercise books	4820.2000
5.	Pencils sharpener	8214.1000
6.	Geometry box	9017.2000
7.	Pens, ball pens, markers and porous tipped pens	96.08
8.	Pencils including color pencils	96.09
9.	Milk including flavored milk	04.01 and 0402.9900
10.	Yogurt	0403.1000
11.	Cheese	0406.1010
12.	Butter	0405.1000
13.	Cream	04.01 and 04.02
14.	Desi ghee	0405.9000
15.	Whey	04.04
16.	Milk and cream, concentrated and added sugar or other sweetening matter	0402.1000
17.	Preparations for infant use put up for retail sale	1901.1000
18.	Fat filled milk	1901.9090

CONDITIONS

- (i) The zero-rating under this notification shall be available subject to determination of input/output ratios by the Input-Output Co-efficient Organization (hereinafter referred to as "IOCO"), if not already determined under an earlier concessionary notification issued for such goods:

Provided that this condition shall not be applicable in case of import of finished goods and their supply in same state; and

- (ii) For import and local procurement of raw materials, packing materials, subcomponents, components, sub-assemblies and assemblies for the manufacture of the goods specified in column (2) of the said Table, the following conditions and procedures shall be followed, namely:-

- (a) a sales tax registered manufacturer of the goods specified in the said Table having suitable in-house facilities shall submit, in the format prescribed in Annex-A to this notification, the complete list of his annual requirement of the inputs he intends to import or purchase locally for the manufacture of goods specified in column (2) of the said Table, to the Commissioner Inland Revenue having jurisdiction;
- (b) the Commissioner shall approve the declaration of input-output ratio of the manufacturer without physical verification in case the declared input-output ratio and input requirement is in accordance with the prevailing industry average or the inputs consumption pattern of the applicant manufacturer or as already determined by IOCO under an earlier notification issued for such goods, in the format of approval prescribed as Annex-B to this notification;
- (c) in case the Commissioner is not satisfied with the declared input-output ratios of the goods to be manufactured because of their being prima facie not in accordance with the prevalent average of the relevant industry or in case the input-output ratios are not already determined by IOCO, he may, after allowing a six months provisional quantity, make a reference to the IOCO for final determination thereof. On receipt of report from IOCO the Commissioner shall then determine the final annual quantitative entitlement of inputs and grant final approval for zero-rated purchases or imports. In case of non-receipt of report from IOCO within four months of the application made by the manufacturer, the Commissioner shall provisionally allow another six months quantity to the applicant manufacturer;
- (d) in case of goods to be imported by the registered manufacturer, the authorized officer of Inland Revenue shall furnish all relevant information online to Customs Computerized System as per Annex-C to this notification against a specific user ID and password obtained under section 155D of the Customs Act, 1969 (IV of 1969);
- (e) where a registered person supplies goods to a registered manufacturer of goods specified in the said Table, he shall issue a zero-rated invoice under section 23 of the Sales Tax Act, 1990 mentioning the name, sales tax registration and approval number of the buyer;
- (f) the registered manufacturer of goods specified in the said Table will be entitled to claim refund of input tax paid on utilities and such inputs, which are purchased by him after payment of sales tax, in terms of section 10 of the Sales Tax Act, 1990 read with the relevant provision of the sales tax rules, 2006;
- (g) the registered manufacturer shall maintain complete records of the inputs imported or locally purchased and the goods manufactured therefrom;
- (h) the input goods allowed under clause (ii) shall be consumed within twelve months of purchase or import thereof, where the consumption period shall start from the date of purchase or import of input goods. However, the input goods shall be purchased or imported before the expiry date of the approval.
- (i) the manufacturer shall communicate to the concerned Commissioner of Inland Revenue in writing about the consumption of imported or locally procured inputs within ninety days of their consumption. The indemnity bond shall be released on receipt of written confirmation regarding consumption of goods by the manufacturer.

- (j) in case the input goods are not consumed within the period allowed in the approval, the manufacturer shall pay the amount of sales tax involved or obtain extension from the Commissioner of Inland Revenue under intimation to the Collector of Customs;
- (k) the concerned Commissioner Inland Revenue, whenever he deems necessary but not more than once in a calendar year, may get the records of the manufacturer audited. In case it is found that the inputs have not been properly accounted for or consumed in the manufacture and supply of goods as prescribed, the Commissioner may initiate proceedings for recovery of the sales tax involved on the unaccounted inputs besides penal action under the relevant provisions of the Sales Tax Act, 1990; and
- (l) under circumstances of exceptional nature and for reasons to be recorded in writing, the concerned Commissioner may relax any of the conditions, if he is satisfied that such condition is detrimental to the bona fide purposes of manufacturer's business, subject to such surety or guarantee he may deem appropriate to secure the sales tax and to ensure proper accountable and utilization of the imported or locally procured goods.

Annex-A
 [See condition (i)]

Name of the Manufacturer: _____

Sales Tax Registration No: _____

N.T.N No: _____

Address: _____

Application date: _____

S.No	Description of goods to be manufactured	PCT Heading	Description of raw materials, components, sub-components, assemblies, sub-assemblies and packing materials	PCT Heading	Input-output ratio	Quantity
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Authorized Signature: _____

XXXXX

Annex-B
[See condition (ii)]

Approval No: _____

Name of Manufacturer: _____

Sales Tax Registration No: _____

N.T.N. No: _____

Expiry date of approval: _____

S.No	Description of goods to be manufactured	PCT Heading	Description of raw materials, components, sub-components, assemblies, sub-assemblies and packing materials	PCT Heading	Quantity allowed
(1)	(2)	(3)	(4)	(5)	(6)

Authorized Signature of Sales Tax Officer: _____

XXXXXXXXXXXXXXXXX _____

Annex-C
[See condition (iii)]

Name of the Manufacturer: _____

Sales Tax Registration No: _____

N.T.N No _____

Address: _____

S.No	Description of input goods to be imported	PCT Heading	Quantity	Value
(1)	(2)	(3)	(4)	(5)

Authorized Signature: _____