

# **SALIENT FEATURES**

## **CUSTOMS BUDGETARY MEASURES 2014-15**

### **Objectives:**

- Relief to general Public
- Tariff Rationalization
- Reducing discretionary powers
- Balancing controls and facilitation

### **RELIEF MEASURES:**

- (a) In order to encourage industrialization and promote fruit cultivation, plant, machinery and equipment imported for setting up fruit processing and preservation industrial units in Gilgit-Baltistan, Balochistan and Malakand Division exempted from whole of customs duty.
- (b) To generate employment and encourage industrialization, plant, machinery and equipment imported for setting up industries in FATA, exempted from whole of customs duty.
- (c) Customs duty on UPS (PCT code 8504.4010) reduced from 20% to 15% to provide relief to general public.
- (d) Customs duty on petroleum coke not-calcined (PCT code 2713.1100) decreased from 5% to lowest slab of 1% to reduce input costs for manufacturing concerns.

### **Review Of Concessionary Regime (SROs):**

Exemptions and concessions allowed under various SROs reviewed to minimize exemptions. Concessions considered non-essential, and which were minimally utilized withdrawn. Concessions considered socially sensitive retained. Essential concessions retained on enhanced concessionary rates by incorporating in newly added Fifth Schedule to the Customs Act

### **Tariff Rationalization Measures:**

- (a) Maximum general tariff rate of 30% reduced to 25%.
- (b) Exemption of duty and taxes on Hybrid Electric Vehicles (HEVs) rationalized: HEVs upto 1800 cc granted 50% exemption of duty and taxes and above 1800 cc granted 25% exemption of duty and taxes.
- (c) Substitution of 0% duty slab with 1% customs duty in Tariff. Socially sensitive items continued at 0% in new Fifth Schedule to the Customs Act.
- (d) Customs duty on networking equipments increased from 5% to 10%.
- (e) Fixed amounts of duty and taxes on used vehicles revised upward by 10% approximately.
- (f) Customs duty on flat-rolled products of alloy steel (PCT codes 72.25 and 72.26) increased from 0 and 5% to 10% to bring them at par with flat-rolled products of non-alloy steel.
- (g) Customs duty @ 5 % levied on import of generators above 1100 KVA (PCT code 8502.1390).
- (h) A uniform rate of 15% customs duty levied on dyes except basic dyes (3204.1300) and indigo blue dyes (3204.1510) being used in textile sector.
- (i) A uniform rate of 10% customs duty on all kinds of CDs/DVDs of PCT codes 8523.4000 levied.

- (j) Customs duty on flavouring powders (PCT code 2106.9030) enhanced from 10% to 20% to avoid misclassification
- (k) A uniform rate of 10% levied on Liquid paraffin (PCT code 2710.1995) and White oil (PCT 2710.1996) being same in nature.
- (l) Customs duty on dryers (PCT code 8421.1900) increased from 5% to 10%.
- (m) A uniform rate of 15% levied on starches (PCT code 11.08) to rationalize duty structure and avoid classification disputes.
- (n) Customs duty on coloring matters (PCT code 3206.4990) enhanced from 5% to 10% to reduce the chance of misclassification.
- (o) Customs duty on Satellite mobile phones whether or not functional on cellular networks (PCT code 8517.1230) reduced from 25% to 10%.

**Revenue Measures:**

Regulatory duty levied on luxury goods.

**Legislative Changes:**

Following changes made in the Customs Act, 1969:

- (a) In section 2, clauses (k) and (m) merged in a single definition of “customs-station”.
- (b) In section 7, words “Central Excise” substituted with the word “Federal Excise”.
- (c) In section 18, new subsection 1A is inserted to add the Fifth Schedule to the Customs Act, 1969 to levy specified conditional rates of customs duty on goods and class of goods.
- (d) In section 18A the words “Central Excise and Salt Act, 1944” substituted with the words “Federal Excise Act, 2005”
- (e) To ensure rational applicability of valuation data in cases of imported goods, clause (d) of sub-section (5) of section 25 omitted. Resultantly, reference to clause (d) in sub-section (6) also omitted.

- (f) The word “taxes” inserted in sub-sections (2), (3) and (3A) of section 32 to recover non-levied and short levied taxes.
- (g) The words “taxes and other charges levied thereon” inserted in sub-section (3) of section 80 to include taxes and other charges on reassessment of goods.
- (h) For uniformity of the two provisions in subsection (1), the words “taxes and other charges levied thereon” inserted.
- (i) Under the Control of Narcotics Substances Act, 1997 cases involving narcotics and narcotic substances are to be tried in Special Courts created under the said Act. Necessary change made in section 185B.
- (j) In Sub-sections (3) of section 194 the words “Customs and Excise Group” are proposed to be substituted by “Customs Service of Pakistan” in line with section 202B. Further, the word “five” is proposed to be substituted with the word “three” to bring experience of a senior Collector for appointment as technical member of the Appellate Tribunal, at par with section 130 of Income Tax Ordinance, 2001.