



Towel Manufacturers' Association of Pakistan

TMA HOUSE

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Dear Valued Members

PRESENTATION ON SRO 957(I) 2021 EXPORT FACILITATION SCHEME

Dear Sirs,

TMA has conducted a fruitful seminar on 22nd August 2023 wherein members have also taken keen interest & more than 70 participant attended the said seminar.



Therefore, we attached herewith the presentation on SRO 957 for your kind information & it will support to understand the mechanism of the said SRO.

Warmest Regards

M. Muzzammil Hussain
Secretary General



Affiliated with the Federation of Pakistan Chamber of Commerce and Industry





EXPORT FACILITATION SCHEME 2021

**Collectorate of Customs
Exports PMBQ**

FEATURES OF EXPORT FACILITATION SCHEME 2021

- Scheme will run parallel with existing schemes like Manufacturing Bond, DTRE, Export Oriented Unit for **two years**. And will **Replace all w.e.f. 14.08.2023**.
- Provides remission of import duty, sales tax, FED, WHT on acquisition through import and local purchase of raw material required for the manufacture of goods meant for export.
- Provides remission of import duty, sales tax, FED, WHT on acquisition through import and local purchase of plant, machinery, equipment, spares & capital goods.
- Applicable on all business entities associated with export without any scope limitation.
- Plant , machinery, equipment and capital goods- Acquisition & Disposal mechanism

CONTINUED ... FEATURE OF EFS 2021

- Application of all existing users of DTRE, MB, EOU, having IOR/wastage already determined shall be processed by the Regulatory Collectorate.
- Application of new entrants shall be referred to IOCO for determination of input-output ratio and production capacity for uploading quota in the WeBOC /PSW..
- Defined jurisdiction criteria. *Assigned territory* based jurisdiction. The Collectorate in whose jurisdiction the place of business (for commercial exporters) or manufacturing unit (for manufacturers) of the applicant is shall act as Regulatory Collectorate. In case of multiple manufacturing facilities in different jurisdictions, where head office is located.



CONTINUED ... FEATURE OF EFS 2021

- Provisional authorization shall be finalized as per IOCO's assessment.
- Scope of scheme extended to manufacturers for direct or indirect export, commercial exporter, toll manufacturer and common export houses.
- A warehouse keeper may avail this scheme for import in his name, warehousing and supply of duty & tax free input goods to exporters having authorization for acquisition under EFS.
- Scope of 'export' broadened. Supply in Pakistan against international tender defined as export.
- Domestic sale of output goods allowed upto 20% on payment of duty & taxes on assessed value of finished goods.

CONTINUED ... FEATURE OF EFS 2021

- Domestic sale of output goods over & above 20% limit subjected to payment of surcharge Kibor+3% per annum in addition to duty & taxes on assessed value of finished goods.
- Categorized the applicants under (3) main positions with 2 sub-levels in B&C categories for furnishing security instrument depending upon export volume, age, type & compliance profile of the exporter.
- Increased utilization period from 2 to 5 years for different users.
- Upheld retention period of 5 years for machinery / spares.
- Allowed re-export of un-used input goods subject to EPO.



CONTINUED ... FEATURE OF EFS 2021

- Allowed DDB facility on acquisition of duty paid input goods used in finished goods exported.
- Allowed sales tax refund on acquisition of sale tax paid input goods used in finished goods exported.
- Reduced minimum value addition limit to 10% for manufacturers.
- Allowed vendor's facility without any exception.
- Remission of duty/taxes is permissible in case of a force majeure or destruction of goods
- *Assigned* audit function to PCA to be conducted once in three to five years as per users' categorization.

Categorization of Traders Under New Scheme

| Category A Manufacturers & exporters | Category B Manufacturers & exporters | Indirect Exporters Commercial Exporters | Toll Manufacturers | Common Bonded Warehouse |
|---|---|---|--|--|
| Existing Users | New users being Targeted | Existing users as well as new users | New sector | Existed but not implemented |
| <ul style="list-style-type: none"> • Manufacturers cum exporters with 60% or above exports of their total annual production in last two years • All existing users of DTRE, MB & EOU except commercial exporters | <ul style="list-style-type: none"> • Manufacturer cum exporters with less than 60% total annual production being exported <p>Sub-category B-1 Exporters having more than 3 years export history</p> <p>Sub-category B-2 Exporters having less than 3 years export history</p> | <ul style="list-style-type: none"> • Indirect exporters Manufacturers having firm Contract with a direct manufacturer/exporter, or commercial exporter and • Commercial exporters • Subcategory C1: With more than 3 years export history • Subcategory C2: With less than 3 years export history | <ul style="list-style-type: none"> • International Toll Manufacturing manufacturers with an arrangement where the foreign principal provides input goods to an exporter to produce finished goods for subsequent export against a prescribed fee | <ul style="list-style-type: none"> • Owners of Common bonded warehouse |

Export Targets

| Manufacturing Bond | DTRE | EOU | EFS 2021 |
|--------------------------------|---|--|--|
| 60% export of total production | 100% Permission for domestic sale by Collector in case of reasons beyond control of exporter led to non export | <ul style="list-style-type: none">• At least 80% of its production• 50% of its production as an engineering unit for the first three years and after that 80% of its production | NO FIXED TARGET OF EXPORT ✓ Option provided for local sale of finished goods upto 20% on payment of duty/taxes & ✓ Above 20% on payment of duty/taxes & surcharge |

Security Under The New Scheme

Performance Based

Contract Based

**Category A
Manufacturers**

**Category B-1
Manufacturers with
3-year export history**

**Category B-2
Manufacturers with
less than 3-year
export history**

**Category C-1
Indirect
manufacturer/
Commercial
Exporters**

**Category C-2
Indirect manufacturer/
Commercial Exporters**

**(Above 60%
exports)**

(Below 60% exports) Not targeted before

(3 yr. History)

**(Less than 3 yr.
history)**

- Indemnity bond and PDC

- Indemnity bond & PDC for manufacturer cum exporters with self-owned manufacturing facility
- Revolving Insurance Guarantee for Manufacturer cum exporters with a rented facility

- Revolving Insurance Guarantee for manufacturers with self-owned manufacturing facility,
- Revolving Bank Guarantee for Manufacturers with rented production facility till three years benchmark

- Indemnity Bond and PDC for manufacturers with self-owned manufacturing facility,
- Revolving Insurance Guarantee for Manufacturers with rented production facility & Commercial Exporters

- Revolving Insurance Guarantee for manufacturers with a self-owned facility
- Revolving Bank Guarantee for Manufacturers with rented production facility or commercial exporters till three years benchmark

- Security according to category of the exporter

Utilization/Authorization Period

| Category | Utilization/Authorization Period |
|---|----------------------------------|
| Category A (Above 60% exports) | Five years |
| Category B1 (Below 60% exports, 3 yr. History) | Four Years |
| Category B2 (Below 60% exports, less than 3 yr. History) | Two years |
| Category C1 Indirect/commercial exporter (3 yr. History) | Four years |
| Category C2 Indirect/commercial exporter (less than 3 yr. History) | Two years |

INTERNATIONAL TOLL MANUFACTURING

1. An exporter holding a contract for Toll manufacturing may import input goods directly or indirectly from the foreign principal without involving any remittance of foreign exchange.
2. The exporter shall provide EIF against the input goods (EIF of zero value) from concerned Authorized Dealer (Bank).
1. After the production of the output goods the exporter shall export the goods on submission of FI equivalent to service charges by the concerned Authorized Dealer (Bank) for Export that **service fee has been repatriated** to the exporter in foreign currency as per contract.



COMMON EXPORT HOUSE

- The license shall be issued for a period of three years and the same shall stand revalidated for successive periods of three years
- For import of input goods into a Common Export House a goods declaration shall be filed with the name and NTN of the licensee as importer,
- Removal of input goods to the SMEs, indirect and direct exporters shall be done on the filing of an ex-bond goods declaration giving the name of the buyer.



COMMON EXPORT HOUSE ... CONTINUED

- The WeBOC system shall debit the authorized quantity from the account of the common export house as well as the buyer.
- Retention Period three years
- Re-export of unsold goods allowed
- Permission to sell goods in domestic market on payment of duties and taxes and surcharge @KIBOR Plus 3% after three years



SUNSET OF PREVIOUS SCHEMES

- All approvals under various export promotion schemes, if otherwise in order and correct, shall remain operative for a period of two years from the date of issuance of these rules and shall stand abolished thereafter (w.e.f. 14.08.2023).



NO. OF EFS APPLICATIONS RECEIVED AND PROCESSED AS OF NOW :

- No. of Applications received = **115:**
- No. of EFS Applications processed/approved = **98**
 - **New Entrants:** **38**
 - **DTRE users shifted to EFS:** **16**
 - **MB users shifted to EFS:** **23**
 - **EOU users shifted to EFS:** **21**
- No. of EFS Applications under process = **17**
- No. of EFS Applications rejected = **Nil**



THANK YOU

