

The Federal Excise Act, 2005

**As amended up to 09th October 2018 by Finance Act, 2018 and
further amended by Finance Supplementary (Amendment)
Act, 2018**

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**CHAPTER I
PRELIMINARY**

1. Short title, extent and commencement.— (1) This Act may be called the Federal Excise Act, 2005,

(2) It extends to the whole of Pakistan

(3) It shall come into force on 1st day of July, 2005.

2. Definitions.— In this Act, unless there is anything repugnant in the subject or context,—

(1) “adjudicating authority” means any authority competent to pass any order or decision under this Act or the rules made there under, but does not include the Board or Appellate Tribunal;

(2) “adjustment” means deduction of amount of duty paid on goods used in the manufacture or production of other goods from the amount of duty payable on such other goods in the prescribed manner;

¹[(3) “Appellate Tribunal” means the Appellate Tribunal Inland Revenue established under section 130 of the Income Tax Ordinance, 2001 (XLIX of 2001);]

²[(4) “Board” means the Federal Board of Revenue established under the Central Board of Revenue Act, 1924 (IV of 1924) and on the commencement of the Federal Board of Revenue Act, 2007, the Federal Board of Revenue established under section 3 thereof;]

³[(4A) “Chief Commissioner” means a person appointed as the Chief Commissioner Inland Revenue under section 29;]

⁴[(5) “Commissioner” means a person appointed as a

¹ Clause (3) Substituted by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259.

² Substituted vide Finance Act, 2007

³ Clause (4A) Substituted by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259.

⁴ Clause (5) Substituted by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009,

Commissioner Inland Revenue under section 29;]

- (6) “conveyance” means any means of transport used for carrying goods or passengers such as vessel, aircraft, vehicle or animal etc.;
- (7) “default surcharge” means surcharge levied under section 8;
- (8) “distributor” means a person appointed by a manufacturer in or for a specified area to purchase goods from him for sale to a wholesale dealer in that area;
- ¹[(8a) “due date”, in relation to furnishing a return under section 4, means the 15th day of the month following the end of the month, or such other date as the ²[Board] may, by notification in the official Gazette, specify ³[and different dates may be specified for furnishing of different parts or annexures of the return].
- ⁴[(8b) “dutiable goods” means all excisable goods specified in the First Schedule except those which are exempt under section 16 of the Act;
- (8c) “dutiable supply” means a supply of dutiable goods made by a manufacturer other than a supply of goods which is exempt under section 16 of the Act;
- (8d) “dutiable services” means all excisable services specified in the First Schedule except those which are exempt under section 16 of the Act;
- (9) “duty” means any sum payable under the provisions of this Act or the rules made there under and includes the default surcharge and the duty chargeable at the rate of zero per cent;
- ⁵(9a) “duty due” means duty in respect of supplies made or services provided or rendered during a month and shall be paid at the time of filing of return;
- (10) “establishment” includes an undertaking, firm or company, whether incorporated or not, an

Promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

¹ Inserted vide Finance Act, 2006.

² Substituted for the words “Federal Government” by Finance Act, 2017

³ Expression for full stop at end substituted through Finance Act, 2016.

⁴ Inserted vide Finance Act, 2007.

⁵ Inserted vide Finance Act, 2008.

association of persons and an individual;

- (11) “factory” means any premises, including the precincts thereof, wherein or in any part of which goods are manufactured, or wherein or in any part of which any manufacturing process connected with the production of the goods is being carried on or is ordinarily carried on;

¹[²/(12)] “Officer of Inland Revenue” means any person appointed by the Board as officer of Inland Revenue under section 29 or any person (including an officer of the Provincial Government) entrusted by the Board with any of the powers of an officer of Inland Revenue under this Act or rules made there under;]

³(12a) “franchise” means an authority given by a franchiser under which the franchisee is contractually or otherwise granted any right to produce, manufacture, sell or trade in or do any other business activity in respect of goods or to provide service or to undertake any process identified with franchiser against a fee or consideration including royalty or technical fee, whether or not a trade mark, service mark, trade name, logo, brand name or any such representation or symbol, as the case may be, is involved;”

(13) “goods” means goods leviable to excise duty under this Act or as specified in the First Schedule and includes goods manufactured or produced in non-tariff area and brought for use or consumption to tariff area;

(14) “goods insurance” includes fire, marine, theft, accident and other such miscellaneous insurance;

(15) “import” and “export” mean respectively bringing into, and taking out of Pakistan by sea, land or air and shall be deemed to have always been so defined;

⁴(15a) “KIBOR” means Karachi Inter Bank Offered Rate

¹ Clause (12) Substituted by Finance Act, 2010 w.e.f. June 5, 2010. The Finance Ordinance states clause 12 to be substituted by “(12A)”, however (12a) is already present in the Finance Ordinance. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

² Clause (12A) re-numbered as (12) by Finance Act, 2012.

³ Clause (12a) inserted by Finance Act, 2008.

⁴ Inserted vide Finance Act, 2009.

prevalent on first day of each quarter of the financial year;”

(16) “manufacture” includes,—

(a) any process incidental or ancillary to the completion of a manufactured product;

(b) any process of re-manufacture, remaking, reconditioning or repair and the processes of packing or repacking such product, and, in relation to tobacco, includes the preparation of cigarettes, cigars, cheroots, biris, cigarette and pipe or hookah tobacco, chewing tobacco or ¹[snuff, or preparation of unmanufactured tobacco by drying, cutting and thrashing of raw tobacco,] and the word "manufacturer" shall be construed accordingly and shall include,—

(i) any person who employs hired labour in the production or manufacture of goods; or

(ii) any person who engages in the production or manufacture of goods on his own account if such goods are intended for sale; and

(iii) any person who engages in the production or manufacture of goods on his own account if such goods are intended for sale; and

(c) any person who, whether or not he carries out any process of manufacture himself or through his employees or any other person, gets any process of manufacture carried out on his behalf by any person who is not in his employment:

Provided that any person so dealing in goods shall be deemed to have manufactured for all purposes of this Act, such goods in which he deals in any capacity whatever;

[(16a) “non-fund banking services” includes all non-interest based services provided or rendered by the banking companies or non-banking financial institutions against a consideration in the form of a fee or commission or charges;”];

(17) “non-tariff area” means Azad Jammu and Kashmir, Northern Areas and such other territories or areas to which this Act does not apply;

(18) “person” includes a company, an association, a body of individuals, whether incorporated or not, a

¹ Substituted for “snuff,” by Finance Act, 2011.

public or local authority, a Provincial Government or the Federal Government;

(19) “prescribed” means prescribed under this Act or by rules made there under;

¹(19a) “franchise” means an authority given by a franchiser under which the franchisee is contractually or otherwise granted any right to produce, manufacture, sell or trade in or do any other business activity in respect of goods or to provide service or to undertake any process identified with franchiser against a fee or consideration including royalty or technical fee, whether or not a trade mark, service mark, trade name, logo, brand name or any such representation or symbol, as the case may be, is involved;”

(20) “registered person” means a person who is registered or is required to be registered under this Act provided that a person who is not registered but is required to be registered shall not be entitled to any benefit or privilege under this Act or rules made there under, unless he is registered and such benefit and privilege, unless allowed by Board, shall be confined to period of registration;

(21) “sale” and “purchase” with their grammatical variations and cognate expressions, mean any transfer of the possession of goods or rendering and providing of services by one person to another in the ordinary course of trade or business for cash or deferred payment or other consideration;

²[(21a) “sales tax mode” means the manner of collection and payment under the Sales Tax Act, 1990, and rules made there under, of the duties of excise chargeable under this Act specified to be collected and paid as if such duties were tax chargeable under section 3 of the said Act and all the provisions of that Act and rules, notifications, orders and instructions made or issued there under shall, *mutatis mutandis*, apply to the excise duty so chargeable;]

(22) “Schedule” means the schedule appended to this Act;

(23) “services” means services, facilities and utilities leviable to excise duty under this Act or as specified in the First Schedule read with Chapter

¹ Inserted vide Finance Act, 2008.

² Inserted vide Finance Act, 2007.

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98 of the Pakistan Customs Tariff, including the services, facilities and utilities originating from Pakistan or its tariff area or terminating in Pakistan or its tariff area;

¹[(23a) “supply” includes sale, lease or other disposition of goods and shall include such transaction as the Federal Government may notify in the official Gazette from time to time;]

(24) “tariff area” means area other than the non-tariff area;

²[(24A) “**un-manufactured tobacco**” means tobacco useable for manufacture of cigarettes as manufactured by Green Leaf Threshing Units after processing and conversion of tobacco green leaf;]

³[(24B) “**whistleblower**” means whistleblower as defined in section 42D of the Federal Excise Act, 1990;]

(25) “wholesale dealer” means a person who buys or sells goods wholesale for the purpose of trade or manufacture, and includes a broker or commission agent who, in addition to making contracts for the sale or purchase of goods for others, stocks such goods belonging to others as an agent for the purpose of sale; and

(26) “zero-rated” means duty of Federal excise levied and charged at the rate of zero per cent under section 5 of this act.

¹ Inserted vide Finance Act, 2007.

² New clause 24A inserted by by Finance Supplementary (Amendment) Act, 2018

³ Earlier clause 24A re-numbered as clause 24B by Finance Supplementary (Amendment) Act, 2018

CHAPTER II
LEVY, COLLECTION AND PAYMENT OF DUTY

3. Duties specified in the First Schedule to be levied.— (1) Subject to the provisions of this Act and rules made there under, there shall be levied and collected in such manner as may be prescribed duties of excise on,—

- (a) goods produced or manufactured in Pakistan;
- (b) goods imported into Pakistan ¹[, irrespective of their final destination in territories of Pakistan];
- (c) such goods as the ²[Federal Government] may, by notification in the official Gazette, specify, as are produced or manufactured in the non-tariff areas and are brought to the tariff areas for sale or consumption therein; and
- ³[(d) services provided in Pakistan including the services originated outside but rendered in Pakistan;

at the rate of ⁴[fifteen] per cent *ad valorem* except the goods and services specified in the First Schedule, which shall be charged to Federal excise duty as, and at the rates, set-forth therein.

(2) Duty in respect of goods imported into Pakistan shall be levied and collected in the same manner and at the same time as if it were a duty of customs payable under the Customs Act, 1969 (IV of 1969), and the provisions of the said Act including section 31A thereof shall apply.

(3) The Board may, by notification in the official Gazette, in lieu of levying and collecting under sub-section (1) duties of excise on goods and services, as the case may be, levy and collect duties,—

- (a) on the production capacity of plants, machinery, undertakings, establishments or installations producing or manufacturing such goods; or
- (b) on fixed basis, as it may deem fit, on any goods or class of goods or on any services or class of services, payable by any establishment or undertaking producing or manufacturing such goods or providing or rendering such services.

⁵[(3A) Subject to the provision of sub-section (3) of section 6 or any notification issued there under, where excisable goods and services are

¹ The expression inserted by Finance Act, 2017.

² Words “Federal Government” substituted by Finance Act, 2018.

³ Inserted vide Finance Act, 2008.

⁴ Substituted “fifty” vide Finance Act, 2006

⁵ Sub-section (3A) inserted by Finance Act, 2013.

supplied to a person who has not obtained registration number, the Federal Government may, by notification in the official Gazette, charge, levy and collect, on the excisable goods and services specified in that notification, a further duty at the rate of two percent of the value in addition to the rate specified in sub-sections (1), (3), (4) and (5) of this section.]

(4) Without prejudice to other provisions of this Act, the ¹[Federal Government] may levy and collect duty on any class or classes of goods or services by notification in the official Gazette at such higher or lower rate or rates as may be specified in such notification.

²[(5) The liability to pay duty shall be—

(a) in case of goods produced or manufactured in Pakistan, of the person manufacturing or producing such goods;

(b) in case of goods imported into Pakistan, of the person importing such goods;

(c) in case of services provided or rendered in Pakistan, of the person providing or rendering such service ³[, provided where services are rendered by the person out of Pakistan, the recipient of such service in Pakistan shall be liable to pay duty]; and

(d) in case of goods produced or manufactured in non-tariff areas and brought to tariff areas for sale or consumption therein, of the person bringing or causing to bring such goods to tariff areas.]

Explanation.— Subject to sub-section (1), for the purpose of this section, “goods” means the goods specified in CHAPTERS 1 TO 97 and “services” means the services specified in CHAPTER 98 of the First Schedule to the Customs Act, 1969 (IV of 1969).

⁴[]

4. Filing of return and payment of duty etc.— ⁵[(1) ⁶/For every month, a registered person/ shall furnish not later than the due date a true and correct return in such manner and form as may be prescribed by the Board by notification in the official Gazette.]

⁷[(2) Duty due for the dutiable supplies made or services rendered during a month shall be deposited by the registered person in the designated branch of the bank ⁸[by the date as prescribed in this respect]:

Provided that the Board may, by notification in the official Gazette,

¹ Words “Federal Government” substituted by Finance Act, 2018.

² Sub-section (5) inserted by Finance Act, 2013.

³ Words etc. inserted by Finance Act, 2008.

⁴ Section 3A omitted by Finance Act, 2011 providing that in case of imports, this shall be deemed to have been made on June 20, 2011. Earlier it was inserted by Finance Act, 2007.

⁵ Sub section (1) substituted by Finance Act, 2006.

⁶ Substituted vide Finance Act, 2007.

⁷ Substituted vide Finance Act, 2007.

⁸ Expression substituted through Finance Act, 2016.

prescribe any other manner of depositing the duty.]

¹[...omitted].

²(4) A registered person may, subject to approval of the ³[Commissioner Inland Revenue] of Federal Excise having jurisdiction, file a revised return within ⁴[one hundred and twenty] days of the filing of return under sub-section (1), to correct any omission or wrong declaration made therein.]

(5) The Board may, by notification in the official Gazette, require any person or class of persons for any goods or class of goods to furnish such summary or details of particulars pertaining to imports, purchases, utilization, consumption, production, sales or disposal of such goods during any month or months in such format and manner as may be specified and provisions of this subsection may be invoked *mutatis mutandis* in respect of services.

(6) The Board may by an order, specify the manner and procedure for filing of return for the purpose of this Act or rules made there under and for payment of duty by electronic means. The Board may specify the manner and procedure for the submission, receipt and transmission of any information for the purpose of this Act or rules made there under by electronic means.

(7) Every amount of duty due from any person on any other account shall also be deposited on the prescribed ⁵[return] in the bank branch designated and in the same manner as aforesaid.

⁶(8) The Board may, by rules made under this Act, prescribe a composite return.]

5. Zero rate of duty and drawback of duty etc.— (1) Notwithstanding the provisions of section 3, the goods exported out of Pakistan or such goods as may be, by a notification in the official Gazette, specified by the Federal Government shall be charged to duty at the rate of zero per cent and adjustment of duty in terms of section 6 shall be admissible on such goods.

(2) The Board may, by notification in the official Gazette, grant drawback of duty paid on any goods used in the manufacture of any goods manufactured in and exported out of Pakistan, or shipped as provisions or stores for consumption on board a ship or aircraft proceeding to a destination outside Pakistan, at such rate or rates and subject to such conditions and limitations as may be specified in the notification.

¹ Sub-section (3) omitted through Finance Act, 2016.

² Substituted vide Finance Act, 2006.

³ Substituted for "Collector of Federal Excise" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

⁴ Amended vide Finance Act, 2008.

⁵ Substituted for "challan" by Finance Act, 2007.

⁶ Added vide Finance Act, 2008.

¹[(3) Notwithstanding anything in sub-sections (1) and (2), the Board may, by notification in the official Gazette, prohibit the payment of drawback, refund or adjustment of duty upon the exportation of goods or any specified goods or class of goods to any specified foreign port or territory.]

6. Adjustment of duties of excise.— (1) For the purpose of determining net liability of duty in respect of any goods, the duty already paid on goods specified in the First Schedule and used directly as input goods for the manufacture or production of such goods shall be deducted from the amount of duty calculated on such goods.

(2) Adjustment of duty of excise under sub-section (1) shall be admissible only if a person registered under this Act holds a valid proof to the effect that he has paid the price of goods purchased by him including the amount of duty and received the price of goods sold by him including the amount of duty through banking channels including online payment whether through credit card or otherwise.

²[(2A) From the date to be notified by the Board, adjustment of duty of excise under sub-section (1) shall be admissible only if the supplier of input goods and services has declared such supply in his return and he has paid amount of tax due as indicated in his return].

(3) Notwithstanding the provisions of sub-section (1), the Board may, by a notification in the official Gazette, disallow or restrict whole or part of the amount of or otherwise regulate the adjustment of duty in respect of any goods or class of goods.

7. Application of the provisions of the Sales Tax Act, 1990.—

³[(1)] In case of goods specified in the Second Schedule or such services as may be specified by the Board through a notification in the official Gazette ⁴[the duty shall be payable in sales tax mode, whereby],—

- (a) a registered person manufacturing or producing such goods or providing or rendering such services shall be entitled to deduct input tax paid during the tax period from the amount of duty of excise due from him on such goods or services in respect of that tax period;
- (b) a registered person shall be entitled to deduct the amount of duty of excise paid or payable by him on such goods or services as are acquired by him during a tax period from the output tax due from him in respect of that tax period;
- (c) a registered person supplying such goods or

¹ Added vide Finance Act, 2007.

² New sub-section added through Finance Act, 2016.

³ Section 7 renumbered as sub-section (1) by Finance Act, 2008.

⁴ Words and commas inserted by Finance Act, 2007.

providing or rendering such services shall be entitled to deduct duty of excise paid or payable on such goods or services as are acquired by him during the tax period from the amount of duty of excise due from him on such goods manufactured or produced or services as are provided or rendered by him during that period; and

- (d) a person shall be entitled to deduct duty of excise paid or payable, on such goods or services as are acquired by him during a month, from the amount of duty of excise due from him on such goods manufactured or produced or services as are provided or rendered by him, during that month. Such services as are provided or rendered by him, during that month.

¹[(2) The Federal Government may, by notification in the official Gazette, declare that any of the provisions of the Sales Tax Act, 1990, relating to the levy of and exemption from sales tax, registration, book keeping and invoicing requirements, returns, offences and penalties, appeals and recovery of arrears shall, with such modifications and alterations as it may consider necessary or desirable to adapt them to the circumstances, be applicable in regard to like matters in respect of the duty leviable under this Act.]

Explanation.— For the purposes of this section, the expressions “input tax”, “output tax” and “tax period” shall have the same meanings as are assigned to them in the Sales Tax Act, 1990 ²[].

³**8. Default surcharge.**—If a person does not pay the duty due or any part thereof within the prescribed time or receives a refund of duty or drawback or makes an adjustment which is not admissible to him, he shall, in addition to the duty due, pay default surcharge at the rate of ⁴[twelve] per cent” ⁵[per annum/] of the duty due, refund of duty or drawback.

Explanation.—For the purpose of this section,—

(a) the period of default shall be reckoned from the date following the due date on which the duty was payable to the preceding day on which the duty is actually paid; and (b) in case of inadmissible adjustment or refund of duty or drawback, the period of default shall be reckoned from the date of such adjustment or as the case may be, refund of duty or drawback is received.]

9. Liability for payment of duty in the case of private companies or business enterprises or in case of sale of business ownership.— (1) Notwithstanding anything contained in any other law for the time being

¹ Inserted vide Finance Act, 2008.

² Omitted vide Finance Act, 2007.

³ Inserted vide Finance Act, 2008.

⁴ Words “twelve” substituted by Finance Act, 2018.

⁵ Words inserted by Finance Act, 2011.

in force, where any private company or business enterprise is closed or discontinued or otherwise ceases to exist and any amount of duty chargeable on the company or business enterprise, whether before, or in the course of, or after its liquidation cannot be recovered from the company or business enterprise, every person who was a owner of, or partner in, or director of, the company or business enterprise shall, jointly and severally with such persons, be liable for the payment of such duty.

(2) In the case of sale or transfer of ownership of a business or part thereof involving any charge of duty to another person as an ongoing concern, the chargeable duty shall be paid by the person to whom such sale is made or ownership is transferred provided that if any amount of duty payable by such person remains unpaid, such unpaid amount of duty shall be the first charge on the assets of the business and shall be payable by the transferee of business:

Provided that no business enterprise or a part thereof shall be sold or transferred unless the outstanding duty is paid and a no objection certificate in this behalf from the ¹[Commissioner] concerned is obtained.

(3) In case of termination of a business or part thereof involving any outstanding charge of duty, a person terminating such business or part thereof shall be required to account for and pay the outstanding charge of duty as if no such termination has taken place.

10. Applicable value and rate of duty.— The value and the rate of duty applicable to any goods or services shall be the value, retail price, tariff value and the rate of duty in force,—

- (a) in the case of goods, on the date on which the goods are ²[supplies] for export or for home consumption;
- (b) in the case of services, on the date on which the services are provided or rendered; and
- (c) in the case of goods produced or manufactured outside the areas to which this Act has been applied and brought to such areas for sale or consumption therein, the date on which the goods are brought to those areas

11. Collection of excess duty etc.— Every person who for any reason whatever has collected or collects any duty, which is not payable as duty or which is in excess of the duty actually payable and the incidence of which has been passed on to the consumer, shall pay the amount so collected to the Federal Government and all the provisions of this Act or rules made there under shall apply for the recovery of such amount and claim for refund of any such amount paid or recovered shall not be admissible on any ground whatever.

12. Determination of value for the purposes of duty.— ³[(1) Where

¹ Substituted for "Collector" by Finance Act, 2010 w.e.f. June 5, 2010.

² Substituted for "cleared" by Finance Act, 2007.

³ Substituted vide Finance Act, 2008

any goods are liable to duty under this Act at a rate dependent on their value, duty shall be assessed and paid on the basis of value as determined in accordance with sub-section (46) of section 2 of the Sales Tax Act, 1990, excluding the amount of duty payable thereon.]

(2) Where any services are liable to duty under this Act at a rate dependent on the charges therefore, the duty shall be paid on total amount of charges for the services including the ancillary facilities or utilities, if any, irrespective whether such services have been rendered or provided on payment of charge or free of charge or on any concessional basis.

(3) Where any goods are chargeable to duty at the import stage, duty will be assessed and paid on the value determined in accordance with section 25 of the Customs Act, 1969 (IV of 1969), including customs duties payable thereon.

(4) Where any good is chargeable to a duty on the basis of retail price, duty thereon shall be paid on the retail price fixed by the manufacturer, inclusive of all ¹[duties,] charges and taxes, other than sales tax levied and collected under section 3 of the Sales Tax Act, 1990, at which any particular brand or variety of such goods should be sold to the general body of consumers or, if more than one such price is so fixed for the same brand or variety, the highest of such price and such retail price shall, unless otherwise directed by the Board, be legibly, prominently and indelibly indicated on each good, packet, container, package, cover or label of such goods:

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 ²[:]

³[Provided further that the Board may through a general order specify zones or areas only for the purpose of determination of highest retail price for any brand or variety of goods.]

(5) The Board may fix the minimum price of any goods or class of goods, for the purpose of levying and collecting of duty and duty on such goods shall be paid accordingly.

⁴ [Provided that, where the price at which the goods or class of goods are sold, is higher than the price fixed by the Board, the duty shall, unless otherwise directed by the Board, be levied and collected at such higher price.]

13. Registration.— (1) Any person engaged in the production or manufacture of goods or providing or rendering services liable to duty of excise under this Act shall, unless otherwise specified, be required to obtain registration in the prescribed manner regardless of his annual

¹ Words and comma inserted by Finance Act, 2007.

² Colon substituted vide Finance Act, 2014.

³ Proviso inserted vide Finance Act, 2014.

⁴ Added vide Finance Act, 2006.

turnover or volume of sales of such goods or services.

(2) Where a person who is already registered under the Sales Tax Act, 1990, shall not be required to take separate registration for excise purpose and his sales tax registration shall be deemed to be a registration for the purpose of this Act:

Provided that provisions of the Sales Tax Act, 1990, including those relating to exemption threshold shall not apply where a person obtains or is liable to obtain registration for the purposes of this Act but does not have or is not liable to registration under the Sales Tax Act, 1990.

14. Recovery of unpaid duty or of erroneously refunded duty or arrears of duty, etc.—(1) Where any person has not levied or paid any duty or has short levied or short paid such duty or where any amount of duty has been refunded erroneously, such person shall be serviced with notice requiring him to show cause for payment of such duty provided that such notice shall be issued within ¹[five] years from the relevant date.

(2) The ²[officer of Inland Revenue], empowered in this behalf, shall after considering the objections of the person served with a notice to show cause under sub-section (1), determine the amount of duty payable by him and such person shall pay the amount so determined along with default surcharge and penalty as specified by such officer under the provisions of this Act ³[:]

⁴[Provided that an order under this section shall be made within one hundred and twenty days of issuance of show cause notice or within such extended period as the Commissioner may, for reasons to be recorded in writing, fix, provided that such extended period shall in no case exceed sixty days :

Provided further that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the petitioner not exceeding thirty days shall be excluded from the computation of the periods specified in the first proviso.]

(3) Where any amount of duty levied and penalty imposed or any other amount payable under this Act is due from any person, such amount or sum shall be recovered in such manner as is prescribed under this Act or rules made there under.

(4) Notwithstanding anything contained under any other law for the time being in force, where any business or activity involving liability to charge, levy and pay duty under this Act is sold, discontinued or liquidated, the amount of unpaid or recoverable duty shall be the first charge on the

¹ Substituted for three by Finance Act, 2011.

² Substituted for "Federal Excise Officer" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

³ Substituted for full stop by Finance Act, 2011.

⁴ Proviso inserted by Finance Act, 2011.

assets of the business.

Explanation.— For the purpose of this section, ¹[refund includes drawback of duty and] the expression “relevant date” means the date on which the payment of duty was due under sub-section (3) and in case where any amount of duty has been erroneously refunded, the date of its refund.

²**[14A. Short paid amounts recoverable.**—Notwithstanding the provisions of this Act or the rules made there under, here a registered person pays the amount of duty less than the duty due as indicated in his return, the short paid amount of duty along with default surcharge shall be recovered from such person by stopping removal of any goods from his business premises and through attachment of his business bank accounts without prejudice to any other action under this Act or the rules made there under:

Provided that no penalty under this Act or rules made there under shall be imposed unless a show cause notice is given to such person.]

³**[14B. Assessment giving effect to an order.**— (1) Except where sub-section (2) applies, where, in consequence of, or to give effect to, any finding or direction in any order made under Chapter-V by the Commissioner (Appeals), Appellate Tribunal, High Court, or Supreme Court, the Commissioner or an officer of Inland Revenue empowered in this behalf, shall issue the order within one year from the end of the financial year in which the order of the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, as the case may be, was served on the Commissioner or Officer of Inland Revenue.

(2) Where, by an order made under Chapter V by the Appellate Tribunal, High Court, or Supreme Court, an order of assessment is remanded wholly or partly, and the Commissioner or Commissioner (Appeals) or the Officer of Inland Revenue, as the case may be, is directed to pass a new order of assessment, the Commissioner or Commissioner (Appeals) or Officer of Inland Revenue, as the case may be, shall pass the new order within one year from the end of the financial year in which the Commissioner or Commissioner (Appeals) or Officer of Inland Revenue, as the case may be, is served with the order:

Provided that limitation under this sub-section shall not apply if an appeal or reference has been preferred against the order passed by Appellate Tribunal or a High Court.]

15. Application of the Customs Act, 1969 (IV of 1969) to Federal excise duties.—The Federal Government may, by notification in the official Gazette, declare that any or all of the provisions of the Customs Act, 1969 (IV of 1969), shall, with such modifications and alterations it may specify, consider necessary or desirable to adapt them to the

¹ Added vide Finance Act, 2008.

² Inserted by Finance Act, 2007.

³ New section 14B inserted by Finance Act, 2018.

circumstances, be applicable in regard to like matters in respect of the duties levied by sections 3 and 8.

16. Exemptions.— (1) All goods imported, produced or manufactured in Pakistan and services provided or rendered except such goods and services as are specified in the First Schedule shall be exempt from whole of excise duties ¹[levied under section 3]:

Provided that goods and services specified in the Third Schedule shall be exempt from duty subject to such conditions and restrictions, if any, specified therein and no adjustment in terms of section 6 shall be admissible in respect of goods exempt from duty of excise whether conditionally or otherwise.

(2) The ²[Federal Government may], whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in duties, development of backward areas³[,] implementation of bilateral and multilateral agreements ⁴[and matters relating to international financial institutions or foreign government-owned financial institutions],] by notification in the official Gazette, exempt subject to such conditions as may be specified therein, any goods or class of goods or any services or class of services from the whole or any part of the duty leviable under this Act.

⁵[(3) * * *]

(4) Notwithstanding the provisions of ⁶[sub-section (2)], the Federal Government or the Board may, by a notification in the official Gazette, for reasons to be recorded, exempt any person or class of persons from payment of the whole or part of the default surcharge imposed under section 8 ⁷[and penalties] subject to the such conditions or limitations as may be specified in such notification.

⁸[(5) The ⁹[Board] shall place before the National Assembly all notifications issued under this section in a financial year.

(6) Any notification issued under sub-section (2) after 1st July, 2015, shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued ¹⁰[:

Provided that all such notifications, except those earlier rescinded, shall be deemed to have been in force with effect from

¹ Added vide Finance Act, 2007.

² Words “Federal Government may” substituted by Finance Act, 2018.

³ Comma inserted through Finance Act, 2016.

⁴ Expression inserted through Finance Act, 2016.

⁵ Sub-section (3) omitted by Finance Act, 2015

⁶ Substituted for the words, figures and brackets “sub-sections (2) and (3)” by Finance Act, 2015

⁷ Inserted vide Finance Act, 2007.

⁸ Sub-sections (5) and (6) inserted by Finance Act, 2015

⁹ Substituted for the words “Federal Government” by Finance Act, 2017

¹⁰ Provisos added by Finance Act, 2017

the 1st July, 2016 and shall continue to be in force till the 30th June, 2018, if not earlier rescinded:

Provided further that all notifications issued on or after the first day of July, 2016 and placed before the National Assembly as required under sub-section (5) shall continue to be in force till thirtieth day of June, 2018, if not earlier rescinded by the Federal Government or the National Assembly.]

17. Records.—(1) Every person registered for the purposes of this Act shall maintain and keep for a period of ¹[six] years ²[or till such further period the final decision in any proceedings including proceedings for assessment, appeal, revision, reference, petition and any, proceedings before an Alternative Dispute Resolution Committee is finalized] at his business premises or registered office in English or Urdu language the following records of excisable goods purchased, manufactured and cleared (including those cleared without payment of excise duty) by him or by his agent acting on his behalf in such form and manner as would permit ready ascertainment of his liability of duty, namely:—

- (a) records of clearances and sales made indicating the description, quantity and value of goods, name and address of the person to whom sales were made and the amount of the duty charged;
 - (b) records of goods purchased showing the description, quantity and value of goods, name, address and registration number of the supplier and the amount of the duty, if any, on purchases;
 - (c) records of goods cleared and sold without payment of duty;
 - (d) records of invoices, bills, accounts, agreements, contracts, orders and other allied business matters;
 - ³[(da) record relating to gate passes, inward or outward, and transport receipts;]
 - (e) records of production, stocks and inventory;
 - (f) records of imports and exports; and
 - (g) such other records as may be specified by the Board.
- (2) For any person or class of persons registered under this Act, or for

¹ Substituted for "Five" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259.

² Words and commas inserted by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

³ Clause (da) inserted by Finance Act, 2013.

any goods or class of goods the Board may specify or prescribe,—

- (a) to keep any other records for the purposes of this Act;
- (b) to use such electronic fiscal cash registers as may be approved by the Board; and
- (c) the procedure or software for electronic maintenance of records and filing of statements, documents or information by any person or class of persons.

(3) Provisions of sub-sections (1) and (2) shall apply *mutatis mutandis* on services provided or rendered by a person registered under this Act.

18. Invoices.—(1) A person registered under this Act shall issue for each transaction a serially numbered invoice at the time of clearance or sale of goods, including goods chargeable to duty at the rate of zero per cent, or providing or rendering services containing the following particulars, namely:—

- I. name, address and registration number of the seller;
- II. name, address and registration number of the buyer;
- III. date of issue of the invoice;
- IV. description and quantity of goods or as the case may be, description of services;
- V. value exclusive of excise duty;
- VI. amount of excise duty; and
- VII. value inclusive of excise duty.

(2) Notwithstanding sub-section (1), where a registered person is also engaged in making supplies taxable under the Sales Tax Act, 1990, such person shall not be required to issue a separate invoice for excise purposes and the amount of excise duty and other related information may in such cases be mentioned on the invoice issued for sales tax purposes.

(3) The Board may, by notification in the official Gazette, specify such modified invoices for different persons or classes of persons as it may deem necessary.

(4) The Board may, by notification in the official Gazette, specify goods in respect of which a copy of the invoice shall be carried or accompanied with the conveyance during their transportation or movement in such manner and subject to such conditions as may be specified in this behalf either in such notification or otherwise.

¹[(5) The Board may, by notification in the official Gazette, specify the goods or services in respect of which sales invoice shall be issued electronically and prescribe the manner and procedure therein.]

¹ Added vide Finance Act, 2006

CHAPTER III

OFFENCES AND PENALTIES

19. Offences, penalties, fines and allied matters.—(1) Any person who fails to file or files an incorrect return within the period specified in sub-section (1) of section 4 or fails to make payment or makes short payment of duty on any account, shall pay a penalty of ¹[five thousand rupees in case of non-filing of return and ten thousand rupees or five per cent of the duty involved whichever is higher in case of short payment of duty due] in addition to the amount due from him and without prejudice to other liabilities which may be determined against him or action which may be taken against him under this Act and rules made there under ;

²[Provided that where a person files the return within fifteen days after the due date he shall pay a penalty of one hundred rupees for each day of default”; and]

- (2) Any person who,—
- (a) makes, orally or in writing, or signs any declaration, certificate or other document required by this Act or rules made there under or by any Federal Excise officer to do so, which is untrue or incorrect in any particular or which is incomplete by omitting any material particular there from;
 - (b) counterfeits or falsifies, or uses, when counterfeited or falsified, any document which is or may be required under this Act or rules made there under or any document used in the transaction of any business or matter relevant to this Act or rules made there under; and
 - (c) fails or refuses to give or produce to the ³[officer of Inland Revenue] any information or document required to be given or produced under this Act or rules made there under;

shall be guilty of an offence and for every such offence shall be liable to fine which may extend to twenty thousand rupees and in case of offence under clause (b), the fine may extend to one hundred thousand rupees and he shall be punishable with imprisonment for a term which may extend to five years or with both.

¹Substituted vide Finance Act, 2008.

² Added vide Finance Act, 2008.

³ Substituted for “Federal Excise Officer” by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259.

- (3) Any person who,—
- (a) illegally removes, stores, keeps, or withdraws or in any way assists or is concerned in the illegal removal or withdrawal of any goods in the manner other than the manner prescribed under this Act or rules made there under;
 - (b) is in any way concerned in conveying, removing, depositing or dealing with any goods with intent to defraud the Government of any duty of excise due thereon, or to violate any of the provisions of this Act or rules made there under;
 - (c) is in any way concerned in any fraudulent evasion or attempt at fraudulent evasion of any duty of excise;
 - (d) claims, takes or avails adjustment of duty not admissible under this Act or the rules made there under; and
 - (e) is in any way concerned in the manufacture of any dutiable goods in contravention of the provisions of this Act or rules made there under;

shall be guilty of an offence and for each such offence, shall be liable to fine which may extend to fifty thousand rupees or five times of the duty involved, whichever is higher and to punishment with imprisonment which may extend to five years or both.

(4) Any person who, without the approval of the ¹[Commissioner], directly or otherwise destroys, damages, erases or otherwise manipulates data stored in or used in connection with a computer or otherwise uses a computer, the purpose or effect of which is to reduce, avoid or evade any liability to duty of excise which would otherwise have been imposed by this Act, or to defeat any provisions of this Act or rules made there under shall be guilty of an offence and shall be liable to fine which may extend to seventy five thousand rupees or ten times of the duty involved, whichever is higher and to punishment with imprisonment which may extend to five years or both.

(5) If any person obtains, attempts to obtain or abets in obtaining, or does anything whereby there might be obtained by another person, any amount by way of refund or drawback of any duty in respect of any goods ²[or services] not lawfully payable or allowable in respect thereof or which is greater than the amount so payable or allowable, he shall be guilty of an offence and shall be liable to fine which may extend to one hundred thousand rupees or five times of duty involved, whichever is

¹ Substituted for "Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

² Words inserted by Finance Act, 2008.

higher and to punishment with imprisonment which may extend to five years or both.

(6) Any person who obstructs any ¹[officer of Inland Revenue] or other public servant or any person acting in his aid or assistance, or duly employed for the prevention of offences under this Act or rules made there under in the execution of his duty or in the due seizing of any goods liable to seizure under this Act or rules made there under, shall be guilty of an offence and for each such offence, shall be liable to fine which may extend to fifty thousand rupees or five times of duty involved, whichever is higher and to punishment which may extend to three years or both.

(7) Where an offence under this Act or rules made there under has been committed by a company, firm, or other body of persons, any person who at the time of the commission of the offence was a director, manager, or other similar officer or a partner of the company, firm, or other body of persons or was purporting to act in that capacity shall be deemed to be guilty of that offence unless he proves that the offence was committed without his consent or connivance and that he exercised all such diligence to prevent the commission of the offence as he ought to have exercised, having regard to the nature of his functions in that capacity and to all the circumstances.

(8) Unless otherwise legally proved, where any person is liable under this Act to any penalty or punishment for any act, omission, neglect or default, he shall be liable to the same punishment, penalty or forfeiture for every such act, omission, neglect or default of any agent or employee.

(9) Where any goods are chargeable to duty on the basis of retail price under this Act and the retail price is not indicated on the goods ²[and in case of cigarettes, retail price, health warning and name of the manufacturer is not mentioned] in the manner specified therein or in the rules made there under, the duty shall be charged at the rate of 500 per cent *ad valorem* in case of cigarettes, and 40 per cent *ad valorem* in case of goods other than cigarettes:

Provided that in cases where a registered person does not intend to print retail price for any genuine reasons, he may voluntarily pay duty on the said higher rates as applicable to him and declare his duty payments in the return accordingly and other provisions of this section shall not apply in such cases.

(10) ³[Where any person is engaged in the manufacture or production of cigarettes ⁴[or un-manufactured tobacco] in the manner contrary to this Act or the rules made thereunder or otherwise evades duty of excise on

¹Substituted for "Federal Excise Officer" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

² Added vide Finance Act, 2009.

³ Sub-section (10) substituted by Finance Act, 2017

⁴ Words inserted by Finance Supplementary (Amendment) Act, 2018

cigarettes ¹[or un-manufactured tobacco] or is engaged in the manufacture or production of counterfeited cigarettes or tax stamps, banderoles, stickers, labels or barcodes, or is engaged in the manufacturing or production of cigarettes packs without affixing, or affixing counterfeited, tax stamps, banderoles, stickers, labels or barcodes, the machinery, equipments, instruments or devices used in such manufacture or production shall, after outright confiscation, be destroyed in such manner as may be approved by the Commissioner and such person shall not be entitled to any claim on any ground whatsoever, or be otherwise not entitled to any compensation in respect of such machinery or equipments, instruments or devices and such confiscation or destruction shall be without prejudice to any other penal action which may be taken under the law against the person or in respect of the cigarettes ¹[or un-manufactured tobacco], tax stamps, stickers, labels, barcodes or vehicles involved in or otherwise linked or connected with the case.]

(11) Any goods in respect of which any of the provisions of this Act or rules made or notifications issued there under has been contravened shall be liable to confiscation along with the conveyance, if any, in which such goods are laden or have been or being carried and all confiscations in this regard shall vest with the Federal Government.

(12) Any person who attempts to commit any offence punishable under this Act, or abets the commission of the offence, shall be liable to the punishment provided for the offence.

(13) ²[Any person who contravenes any provision of this Act or rules made thereunder for which no penalty has specifically been provided in this section shall be liable to pay a penalty of five thousand rupees or three percent of the amount of duty involved, whichever is higher].

20. Appointment of Special Judges for trial of offences.— (1) The Federal Government may, by notification in the official Gazette, appoint as many Special Judges as it may consider necessary, and, where it appoints more than one Special Judge, shall specify in the notification the territorial limits within which each one of them shall exercise jurisdiction.

(2) A Special Judge shall be a person who is or has been or is qualified to be a Sessions Judge.

21. Trial of offences by Special Judge. — (1) On the appointment of a Special Judge for any area, an offence punishable under this Act shall be tried exclusively by the Special Judge and all cases pending in any other court in such area immediately before such appointment shall stand transferred to such Special Judge.

(2) The provisions of the Code of Criminal Procedure, 1898 (Act V of 1898), except those of Chapter XXXVIII of that Code, shall apply to the proceedings of the court of a Special Judge and, for the purposes of the said provisions, the court of a Special Judge shall be deemed to be a Court of Session trying cases, and a person conducting

¹ Words inserted by Finance Supplementary (Amendment) Act, 2018

² New sub-section (13) inserted through Finance Act, 2016.

prosecution before the court of a Special Judge shall be deemed to be a Public Prosecutor.

(3) For the purposes of sub-section (2), the Code of Criminal Procedure, 1898 (Act V of 1898), shall have effect as if an offence punishable under this Act were one of the offences referred to in sub-section (1) of section 337 of the Code.

(4) A Special Judge shall take cognizance of, and have jurisdiction to try an offence tribal under sub-section (1) only upon a complaint in writing made by such ¹[officer of Inland Revenue] as may be authorized by the Board in this behalf, by a general or special order in writing.

(5) The provisions of Chapter XX of the Code of Criminal Procedure, 1898 (Act V of 1898), shall apply to trial of cases under this Act in so far as they are not inconsistent with the provisions of this Act.

(6) The Federal Government may, by order in writing, direct the transfer, at any stage of the trial, of any case from the court of one Special Judge to the court of another Special Judge for disposal, whenever it appears to the Federal Government that such transfer will promote the ends of justice or tend to the general convenience of parties or witnesses.

(7) In respect of a case transferred to a Special Judge by virtue of sub-section (1) or under sub-section (6), such Judge shall not, by reason of the said transfer, be bound to recall and rehear any witness who has given evidence in the case before the transfer and may act on the evidence already recorded by or produced before the court which tried the case before the transfer.

²[21A. Appeal against the order of Special Judge.— An appeal against the order of a special Judge in respect of the trial of offence shall lie to the respective High Court of the Province within thirty days of the passing of the order and it shall be heard as an appeal under the Code of Criminal Procedure 1898 (Act V of 1898) by a single judge of High Court.]

22. Power to arrest and prosecute.— (1) Any ³[officer of Inland Revenue] authorized by the Board in this behalf who has reason to believe that any person has committed an offence under this Act may arrest such person after obtaining permission in writing from the ⁴[Commissioner]

¹Substituted for "Federal Excise Officer" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

² Section 21A inserted by Finance Act, 2010 w.e.f. June 5, 2010.

³ Substituted for "Federal Excise Officer" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

⁴ Substituted for "Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not

concerned:

Provided that the ¹[officer of Inland Revenue] shall immediately intimate the fact of the arrest of a person to the Special Judge who may direct such Officer to produce that person at such time and place and on such date as the Special Judge considers expedient and such Officer shall act accordingly.

(2) Notwithstanding anything contained in proviso to sub-section (1), any person arrested under this Act shall be produced before the Special Judge or, if there is no Special Judge within a reasonable distance, to the nearest Judicial Magistrate, within twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest to the Court of the Special Judge or, as the case may be, of such Magistrate.

(3) When any person is produced under sub-section (2) before the Special Judge, he may, on the request of such person, after perusing the record, if any, and after giving the prosecution an opportunity of being heard, admit him to bail on his executing a bond, with or without sureties, or refuse to admit him to bail and direct his detention at such place as he deems fit:

Provided that nothing herein contained shall preclude the Special Judge from canceling the bail of any such person at a subsequent stage if, for any reason, he considers such cancellation necessary, but before passing such order he shall afford such person an opportunity of being heard, unless for reasons to be recorded he considers that the affording of such opportunity shall defeat the purposes of this Act.

(4) When such person is produced under sub-section (2) before a Judicial Magistrate, such Magistrate may, after authorizing his detention in such custody, at such place and for such period as he considers necessary or proper for facilitating his earliest production before the Special Judge, direct his production before the Special Judge on a date and time to be fixed by him or direct such person to be forthwith taken to, and produced before, the Special Judge and he shall be so taken.

(5) Nothing in sub-section (3) or sub-section (4) shall preclude the Special Judge or the Magistrate from remanding any such person to the custody of the Federal Excise Officer holding inquiry against that person if such Officer makes a request in writing, to that effect and the Special Judge or the Judicial Magistrate, after perusing the record, if any, and hearing such person, is of the opinion that for the completion of inquiry or investigation it is necessary to make such an order, provided that in no case the period of such custody shall exceed fourteen days.

(6) When any person is arrested under this Act, the Federal Excise Officer shall record the fact of arrest and other relevant particulars in the register mentioned in sub-section (10) and shall immediately proceed to inquire into the charge against such person and if he completes the inquiry within twenty-four hours of his arrest, excluding the time

approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

necessary for journey as aforesaid, he may, after producing such person before the Special Judge or the nearest Judicial Magistrate make a request for his further detention in his custody.

(7) While holding an inquiry under sub-section (6), the Federal Excise Officer shall exercise the same powers as are exercisable by an officer in charge of a police-station under the Code of Criminal Procedure, 1898 (Act V of 1898), but such Officer shall exercise such powers subject to the foregoing provisions of this section while holding an inquiry under this Act.

(8) If a ¹[officer of Inland Revenue], after holding an inquiry, is of the opinion that there is no sufficient evidence or reasonable grounds to proceed against a person he shall make a report to this effect to the ²[Commissioner] and with his approval may release him on his executing a bond with or without sureties and shall direct such person to appear, as and when required, before the Special Judge and may make a report to the Special Judge for the discharge of such person and shall make a full report of the case of his immediate superior.

(9) The Special Judge to whom a report has been made under subsection (8) may, after the perusal of record of the inquiry and hearing the prosecution, agree with such report and discharge the accused or, if he is of the opinion that there is sufficient ground for proceeding against such person, proceed with his trial and direct the prosecution to produce evidence.

(10) The ³[officer of Inland Revenue] empowered to hold inquiry under this section shall maintain a register to be called "Register of Arrests and Detention" in the prescribed form in which he shall enter the name and other particulars of every person arrested under this Act, together with the time and date of arrest, the details of the information received, the details of things, goods or documents, recovered from his custody, the name of the witnesses and the explanation, if any, given by him and the manner in which the inquiry has been conducted from day to day, and such register or authenticated copies of its aforesaid entries shall be produced before the Special Judge whenever such Officer is so directed by him.

¹Substituted for "Federal Excise Officer" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

² Substituted for "Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

³ Substituted for "Federal Excise Officer" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

(11) After completing the inquiry, the ¹[officer of Inland Revenue] shall, as early as possible, submit to the Special Judge a complaint in the same form and manner, in which the officer in charge of a police-station submits a report before a court.

(12) Any Magistrate of the first class may record any statement or confession during inquiry under this Act, in accordance with the provisions of section 164 of the Code of Criminal Procedure, 1898 (Act V of 1898).

(13) Without prejudice to the foregoing provisions of this section, the Federal Government may, by notification in the official Gazette, authorize any other officer working under the Board to exercise the powers and perform the functions of a ¹[officer of Inland Revenue] under this section, subject to such conditions, if any, that it may deem fit to impose.

(14) Notwithstanding any provision of this Act, where any person has committed an offence liable to penalty or punishment under this Act, the ¹[Commissioner] may, either before or after the initiation of any proceedings for the recovery of duty or prosecution of such person, compound the offence if he pays the amount of duty along with such default surcharge and penalty as is determined under the provisions of this Act.

23. Power to summon persons to give evidence and produce documents in inquiries.— (1) Any ²[officer of Inland Revenue] duly empowered by the Board in this behalf shall have power to summon any person whose attendance he considers necessary either to give evidence or to produce a document or any other thing or information in any inquiry which such officer is making for any of the purposes of this Act.

(2) All persons so summoned shall be bound to attend, either in person or by an authorized agent, as such Officer may direct, and all persons so summoned shall be bound to state the truth upon any subject respecting which they are examined or make statements and to produce such documents and other things as may be required:

Provided that the exemptions under sections 132 and 133 of the Code of Civil Procedure (V of 1908) shall be applicable to requisitions for attendance under this section.

(3) Every such inquiry as aforesaid shall be deemed to be a

¹ Substituted for "Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

² Substituted for "Federal Excise Officer" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

"judicial proceeding" within the meaning of section 193 and section 228 of the Pakistan Penal Code (XLV of 1860).

24. Officers required to assist ¹[officer of Inland Revenue].— All officers of Police and Customs, sales tax, the civil armed forces and all officers of Government engaged in the collection of land-revenue, and all village officers shall assist the ¹[officer of Inland Revenue] in the execution of this Act as and when required by such Officers.

CHAPTER IV

SEARCHES, ARRESTS AND SEIZURES

25. Searches and arrests how to be made.— All searches or arrests made under this Act or any rules made there under and all arrests made under this Act shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (V of 1898).

26. Power to seize.— (1) The counterfeited cigarettes ¹[or beverages] or cigarettes ²[, un-manufactured tobacco] ¹[or beverages] which have been manufactured unlawfully or on which duty has not been paid as required under this Act and rules made there under, shall be liable to seizure besides the conveyance which has been used for the movement, carriage or transportation of such cigarettes ³[, un-manufactured tobacco] ¹[or beverages].

(2) For the purpose of this section, 'conveyance' shall include all of its fixtures, fittings and accessories etc.

27. Confiscation of cigarettes ¹[, un-manufactured tobacco] ⁴[or beverages].— (1) The cigarettes ¹[or beverages] seized for the reasons of counterfeiting shall be liable to outright confiscation and shall be destroyed in the manner prescribed in sub-section (10) of section 19.

(2) In case of cigarettes ¹[, un-manufactured tobacco] ²[or beverages] seized on account of evasion of duty, the owner shall be given an option to pay penalties and fines as provided under section 19 and meet other obligations as provided under other relevant provisions of the Act and rules made there under, for release of such cigarettes ¹[, un-manufactured tobacco] ²[or beverages] in lieu of confiscation provided that if such release is not claimed or availed, no reduction or abatement in respect of amounts of duty, penalties and fine shall be admissible in case such cigarettes ¹[, un-manufactured tobacco] ²[or beverages] are auctioned.

(3) In case confiscated cigarettes ¹[, un-manufactured tobacco] are rendered unfit for human consumption or become otherwise unfit for sale, the ⁵[Commissioner] may allow destruction of such cigarettes ¹[, un-

¹ Words inserted by Finance Act, 2011.

² Words inserted by Finance Supplementary (Amendment) Act, 2018

³ Words inserted by Finance Supplementary (Amendment) Act, 2018

⁴ Words inserted by Finance Act, 2011

⁵Substituted for "Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This

manufactured tobacco] in such manner as he may deem appropriate.

28. Power to release seized conveyance.— (1) Where any conveyance is seized which is liable to confiscation, the adjudicating authority may, subject to such conditions as may be prescribed, order its release pending adjudication of the case and on furnishing a guarantee by the owner of the seized conveyance, from a scheduled bank valid for at least one year equal to the value of such conveyance.

(2) In respect of cases pending before the Special Judge, release of conveyance under sub-section (1) shall not be allowed without prior permission of the Special Judge.

Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

CHAPTER V

POWERS, ADJUDICATION AND APPEALS

29. Appointment of Federal excise officers and delegation of powers.—¹[(1) For the purposes of this Act and rules made there under, the Board may, by notification in the official Gazette, appoint, in relation to any area or jurisdiction specified in the notification, any person to be –

- (a) Chief Commissioner Inland Revenue;
- (b) Commissioner Inland Revenue;
- (c) Commissioner Inland Revenue (Appeals);
- (d) Additional Commissioner Inland Revenue;
- (e) Deputy Commissioner Inland Revenue;
- ²[(ea) District Taxation Officer Inland Revenue];
- (f) Assistant Commissioner Inland Revenue;
- ²[(fa) Assistant Director Audit Inland Revenue];
- (g) Inland Revenue Officer;
- (h) Superintendent Inland Revenue;
- (i) Inspector Inland Revenue;
- (j) Inland revenue Audit Officer; and
- (k) Officer of Inland Revenue with any other designation.]

³[(1A) The Chief Commissioner Inland Revenue and Commissioner Inland Revenue (Appeals) shall be subordinate to the Board and Commissioner Inland Revenue shall be subordinate to the Chief Commissioner Inland Revenue.

⁴[(1AA) The Chief Commissioners Inland Revenue shall perform their functions in respect of such persons or classes of persons or such areas as the Board may direct.

⁴(1AB) The Commissioners Inland Revenue shall perform their functions in respect of such persons or classes of persons or such areas as the Chief Commissioner, to whom they are sub-ordinate, may direct.]

(1B) Additional Commissioner Inland Revenue, Deputy Commissioner Inland Revenue ⁵[, District Taxation Officer Inland

¹Sub-section (1) substituted by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

² Clauses (ea) & (fa) added by Finance Act, 2017

³Section (1A), (1B) and (1C) inserted by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

⁴ Sub-sections (1AA) & (1AB) added by Finance Act, 2017

⁵ The expression inserted by Finance Act, 2017

Revenue], Assistant Commissioners Inland Revenue Officers ¹[, Assistant Director Audit Inland Revenue], Inspector Inland Revenue and Officers of Inland Revenue with any other designation shall be subordinate to the Commissioner Inland Revenue and shall perform their functions in respect of such persons or classes of persons or such areas as the Commissioners, to whom they are subordinate, may direct.

(1C) Deputy Commissioners Inland Revenue ¹[, District Taxation Officer Inland Revenue], Assistant Commissioners Inland Revenue ¹[, Assistant Director Audit Inland Revenue], Inland Revenue Officers, Superintendents Inland Revenue, Inland Revenue Audit Officers, Inspectors Inland Revenue, and Officers of Inland Revenue with any other designation shall be subordinate to the Additional Commissioner Inland Revenue.]

(2) Notwithstanding the other designations of the officers of Federal Excise used in this Act or the rules made there under:

(a) the Directorate General (Intelligence & Investigation) ²[Inland Revenue] shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and other officers with any other designation as the Board may appoint by notification in the official Gazette;

- ³[(aa) The Board may, by notification in the official Gazette,—
- (i) specify the functions and jurisdiction of the Directorate General and its officers; and
 - (ii) confer the powers of authorities specified in section 30 upon the Directorate General and its officers];

(b) the Directorate General ⁴[] Internal Audit shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and other officers with any other designation as the Board may appoint by notification in the official Gazette; and

(c) the Directorate General of Training & Research shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and other officers with any other designation as the Board may appoint by notification in the official Gazette.

(3) The Board may, by notification in the official Gazette and subject to such limitations or conditions as may be specified therein, empower by name or designation,—

(a) any ⁵[Additional Commissioner Inland Revenue] or

¹ The expressions inserted by Finance Act, 2017

² Substituted vide Finance Act, 2007.

³ New clause "aa" added by Finance Act, 2018.

⁴ Omitted vide Finance Act, 2007.

⁵ Substituted for "Additional Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in

¹[Deputy Commissioner Inland Revenue] to exercise any of the powers of a ²[Commissioner Inland Revenue];

- (b) any ⁴[Deputy Commissioner Inland Revenue] or ³[Assistant Commissioner Inland Revenue] to exercise any of the powers of an ⁴[Additional Commissioner Inland Revenue];
- (c) any ⁵[Assistant Commissioner Inland Revenue] to exercise any of the powers of a ⁶[Deputy Commissioner Inland Revenue]; and
- (d) any other ⁷[officer of Inland Revenue] to exercise any of the powers of a ⁸[Commissioner Inland Revenue], ¹[Additional Commissioner Inland Revenue], ³[Deputy Commissioner Inland Revenue] or ²[Assistant Commissioner

the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

¹ Substituted for "Deputy Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

² Substituted for "Collector of Federal Excise" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

³ Substituted for "Assistant Collector of Federal Excise" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

⁴ Substituted for "Additional Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

⁵ Substituted for "Assistant Collector of Federal Excise" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

⁶ Substituted for "Deputy Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

⁷ Substituted for "Officer of Inland Revenue" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

⁸ Substituted for "Collector of Federal Excise" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

Inland Revenue];

under this Act and the rules made there under.

¹[4 ***]

(5) The officer to whom any powers of any senior officer are delegated under this section shall not further delegate such powers.

30. Use of powers of subordinate officer.— (1) An officer appointed under this Act shall exercise such powers and discharge such duties as are conferred or imposed on him under this Act and he shall also be competent to exercise all powers and discharge all duties or functions conferred or imposed upon any officer subordinate to him.

(2) Notwithstanding anything contained in this Act or the rules made there under, the Board may, by general or special order, impose such limitations or conditions on the exercise of such powers and discharge of such duties by any ²[officer of Inland Revenue] as it deems fit.

³[31***]

32. Option to pay fine in lieu of confiscation of conveyance.— Wherever confiscation is adjudged under this Act or the rules made there under, the officer adjudging it may give the owner of the conveyance an option to pay in lieu of confiscation such fine as the officer thinks fit.

33. Appeals to ⁴[Commissioner] (Appeals).— ⁵[(1)] Any person other than Federal Excise officer aggrieved by any decision or order passed under this Act or the rules made there under by a ¹[officer of Inland Revenue up to the rank of ⁶[Additional Commissioner Inland Revenue], other than a

¹ Sub-section (4) omitted by Finance Act, 2010 w.e.f. June 5, 2010.

² Substituted for "Federal Excise Officer" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

³ Section (31) omitted by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

⁴ Substituted for "Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

⁵ Numbered vide Finance Act, 2006.

⁶ Substituted for "Additional Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as

decision or order or notice given or action taken for recovery of the arrears of duty under this Act or rules made there under may within thirty days of receipt of such decision or order prefer appeal there from to the ³[Commissioner] (Appeals).

¹[(1A) where in a particular case, the Commissioner (Appeals) is of the opinion that the recovery of tax levied under this Act, shall cause undue hardship to the taxpayer, he, after affording opportunity of being heard to the Commissioner or officer of Inland Revenue against whose order appeal has been made, may stay the recovery of such tax for a period not exceeding thirty days in aggregate.]

²[(2) The ³[Commissioner] (Appeals) may, after giving both parties to the appeal an opportunity of being heard, pass such order as he thinks fit, confirming, varying, altering, setting aside or annulling the decision or order appealed against ⁴[:]

⁵[Provided that such order shall be passed not later than [one hundred and twenty] days from the date of filing of appeal or within such extended period, not exceeding ⁶[sixty] days, as the ²[Commissioner] (Appeals) may, for reasons to be recorded in writing, extend.]

⁷[Provided further that any period during which the proceeding are adjourned on account of stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the petitioner not exceeding thirty days shall be excluded for the computation of these period.]

(3) In deciding an appeal, the ²[Commissioner] (Appeals) may make such further inquiry as may be necessary provided that he shall not remand the case for *de novo* consideration.]

34. Appeals to the Appellate Tribunal ⁸[].— (1) Any person or ⁹[officer of Inland Revenue] aggrieved by any of the following orders may within sixty days of the receipt of such orders file appeal to the Appellate Tribunal against such orders,—

Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

¹ Sub section (1A) inserted vide Finance Act, 2013.

² Added vide Finance Act, 2006.

³ Substituted for "Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

⁴ Full stop substituted vide Finance Act, 2007.

⁵ Inserted vide Finance Act, 2007.

⁶ Substituted vide Finance Act, 2009.

⁷ Added vide Finance Act, 2009.

⁸ Words "and Reference to High Court" omitted by Finance Act, 2011.

⁹ Substituted for "Federal Excise Officer" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

- (a) an order passed by the ²[Commissioner] (Appeals); and
- (b) an order passed by the Board or the Commissioner Inland Revenue under section 35:

Provided that the Appellate Tribunal shall decide the appeal filed under this sub-section within six months of its filing of appeal.

¹[2***]

²[34A. Reference to High Court.– (1) Within ninety days of the communication of the order of the Appellate Tribunal under sub-section (2A) of section 34, the aggrieved person or the Commissioner may preference application, in the prescribed form along with a statement of the case, to the High Court, stating any question of law arising out of such order.

(2) The statement to the High Court referred to in sub-section (1), shall set out the facts, the determination of the Appellate Tribunal and the question of law which arises out of its order.

(3) Where, on an application made under sub-section (1), the High Court is satisfied that a question of law arises out of the order referred to in sub-section (1), it may proceed to hear the case.

(4) A reference to the High Court under this section shall be heard by a Bench of not less than two judges of the High Court and, in respect of the reference, the provisions of section 98 of the Code of Civil Procedure, 1908 (Act V of 1908), shall apply.

(5) The High Court upon hearing a reference under this section shall decide the question of law raised by the reference and pass judgment thereon specifying the grounds on which such judgment is based and the Tribunal's order shall stand modified accordingly. The Court shall send a copy of the Judgment under the seal of the Court to the Appellate Tribunal.

(6) Notwithstanding that a reference has been made to the High Court, the tax shall be payable in accordance with the order of the Appellate Tribunal.

(7) Where recovery of tax has been stayed by the High Court by an order, such order shall cease to have effect on the expiration of a period of six month following the day on which it was made unless the appeal is decided or such order is withdrawn by the High Court earlier.

(8) Section 5 of the Limitation Act, 1908 (IX of 1908), shall apply to an application made to the High Court under sub-section (1).

(9) An application under sub-section (1) by a person other than the Commissioner shall be accompanied by a fee of one hundred rupees.]

¹ Sub-section (2) omitted by Finance Act, 2010.

² Section 34A inserted by Finance Act, 2010.

35. Powers of Board or ¹[Commissioner] to pass certain orders.–

(1) The Board or the ²[Commissioner] within his jurisdiction, may *suo moto* ²[, or otherwise] call for and examine the records of any proceedings under this Act for the purpose of satisfying itself or, as the case may be, himself as to the legality or propriety of any decision or order passed by a subordinate officer and may pass such order as it or he may think fit.

(2) No order confiscating goods of greater value or enhancing any fine, or imposing or enhancing any penalty, or requiring payment of any duty not levied or short-levied shall be passed under sub-section (1) unless the person affected thereby has been given an opportunity of showing cause against it and of being heard in person or through a counsel or other person duly authorized by him.

(3) No record of any proceedings relating to any decision or order passed by any ³[officer of Inland Revenue] shall be called for or examined under subsection (1) after the expiry of two years from the date of such decision or order.

⁴[*Explanation.*– For the purpose of sections 35, 45 and 46 and for removal of doubt, it is declared that the powers of the Board, Commissioner or officer of Inland Revenue under these sections are independent of the powers of the Board under section 42B and nothing contained in section 42B restrict the powers of the Board, Commissioner or officer of Inland Revenue under these sections or to conduct audit under these sections.]

36. Power to rectify mistakes in orders.– The Federal Government, the Board or any ⁵[officer of Inland Revenue] may rectify any mistake which is apparent from the record in any order passed by it or him under any of the provisions of this Act or the rules made there under, on its or his own motion or on an application made by a person affected by the order within three years of the passing of such order provided that no such rectification which has the effect of enhancing any penalty or fine or requiring the payment of a greater amount of duty shall be made unless the person affected by the proposed rectification has been given an opportunity of being heard.

¹ Substituted for "Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

² Comma and words inserted by Finance Act, 2015.

³ Substituted for "Federal Excise Officer" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

⁴ Explanation inserted by Finance Act, 2013. It aims at nullifying judgments of higher courts, see under section 42B.

⁵ Substituted for "Federal Excise Officer" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

37. Deposit, pending appeal, of duty demanded or penalty levied.—

(1) Where in any appeal, the decision or order appealed against relates to any duty demanded or penalty imposed under this Act, the person desirous of appealing against such decision or order shall, pending the appeal, deposit the duty demanded or the penalty imposed provided that the Appellate Tribunal or ¹[Commissioner] (Appeals) may in any particular case dispense with such deposit subject to such conditions as it may deem fit to impose so as to safeguard the interest of revenue.

(2) The order for such dispensation under sub-section (1) shall cease to have effect on the expiration of a period of six months following the date on which order for dispensation was passed or until the order of dispensation is withdrawn earlier or the case is finally decided earlier by the Appellate Tribunal or ¹[Commissioner] (Appeals).

(3) Notwithstanding sub-sections (1) and (2), the Appellate Tribunal or ¹[Commissioner] (Appeals) may direct that, pending decision on the appeal, the duty demanded or penalty imposed, alongwith the default surcharge payable under this Act, be paid by the appellant in suitable installments spread over a period not exceeding six months from the date of such direction:

Provided that where a person has, at the time of filing appeal, deposited fifteen *per cent* of the liability covered under the decision or order appealed against, he shall not be required to separately seek stay against recovery and stay in such a case shall commence from the date of payment of such fifteen per cent amount and shall remain valid till the expiry of a period of six months or till the decision of the appeal, whichever is earlier unless the case is decided in his favour and the amount so paid is claimed to have become due for refund ²]:

Provided further that the Commissioner Inland Revenue or any officer of Inland Revenue subordinate to him shall not issue notice under this section or recovery rules made under the Federal Excise Rules, 2005 for recovery of any tax due from a taxpayer if the said taxpayer has filed an appeal under section 33 in respect of the order under which the tax sought to be recovered has become payable and the appeal has not been decided by the Commissioner (Appeals), subject to the condition that ³[ten] per cent of the said amount of tax due has been paid by the taxpayer.]

⁴[38- Alternative dispute resolution.— (1) Notwithstanding any other provision of this Act, or the rules made thereunder, an aggrieved person in connection with any dispute pertaining to—

¹ Substituted for "Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

² Colon & new proviso added by Finance Act, 2017

³ Words "ten" substituted by Finance Act, 2018.

⁴ Section 38 substituted by Finance Act, 2018.

- (a) the liability of duty against the aggrieved person, or admissibility of refunds, as the case may be;
- (b) the extent of waiver of default surcharge and penalty; or
- (c) any other specific relief required to resolve the dispute,

may apply to the Board for the appointment of a Committee for the resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any Court of Law or an Appellate Authority, except where criminal proceedings have been initiated or where interpretation of question of law is involved having effect on other cases.

(2) The Board may, after examination of the application of an aggrieved person, appoint a Committee, within sixty days of receipt of such application in the Board, comprising,—

- (i) an officer of Inland Revenue not below the rank of a Commissioner;
- (ii) a person to be nominated by the taxpayer from a panel notified by the Board comprising,—
 - (a) senior chartered accountants and senior advocates having experience in the field of taxation; and
 - (b) reputable businessmen as nominated by Chambers of Commerce and Industry:

Provided that the taxpayer shall not nominate a Chartered Accountant or an advocate if the said Chartered Accountant or the advocate is or has been an auditor or an authorized representative of the taxpayer; and

- (iii) a retired Judge not below the rank of District and Sessions Judge, to be nominated through consensus by the members appointed under clauses (i) and (ii).

(3) The aggrieved person, or the Commissioner, or both, as the case may be, shall withdraw the appeal pending before any Court of Law or an Appellate Authority, after constitution of the Committee by the Board under sub-section (2).

(4) The Committee shall not commence the proceedings under sub-section (5) unless the order of withdrawal by the Court of Law or an Appellate Authority is communicated to the Board:

Provided that if the order of withdrawal is not communicated within seventy five days of the appointment of the Committee, the said Committee shall be dissolved and provisions of this section shall not apply.

(5) The Committee appointed under sub-section (2) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to

conduct an audit and shall decide the dispute by majority, within one hundred and twenty days of its appointment:

Provided that in computing the aforesaid period of one hundred and twenty days, the period, if any, for communicating the order of withdrawal under sub-section (4) shall be excluded.

(6) The recovery of duty payable by a taxpayer in connection with any dispute for which a Committee has been appointed under sub-section (2) shall be deemed to have been stayed on withdrawal of appeal upto the date of decision by the Committee.

(7) The decision of the committee under sub-section (5) shall be binding on the Commissioner and the aggrieved person.

(8) If the Committee fails to decide within the period of one hundred and twenty days under sub-section (5), the Board shall dissolve the Committee by an order in writing and the matter shall be decided by the Court of Law or the Appellate Authority which issued the order of withdrawal under sub-section (4) and the appeal shall be treated to be pending before such a Court of Law or the Appellate Authority as if the appeal had never been withdrawn.

(9) The Board shall communicate the order of dissolution to the Court of Law or the Appellate Authority and the Commissioner.

(10) The aggrieved person, on receipt of the order of dissolution, shall communicate it to the Court of Law or the Appellate Authority which shall decide the appeal within six months of the communication of said order.

(11) The aggrieved person may make the payment of federal excise duty and other taxes as decided by the Committee under sub-section (5) and all decisions, orders and judgments made or passed shall stand modified to that extent.

(12) The Board may prescribe the amount to be paid as remuneration for the services of the members of the Committee, other than the member appointed under clause (i) of sub-section (2).

(13) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section;]

39. Exclusion of time taken for copy.— In computing the period of limitation specified for an appeal or application under this Chapter, the day on which the order complained was served, and if the party preferring the appeal or making the application was not furnished with a copy of the order when the notice of the order was served upon him, the time requisite for obtaining a copy of such order shall be excluded.

**CHAPTER VI
SUPPLEMENTAL PROVISIONS**

40. Power of Board to make rules.— (1) The Board may make rules to carry into effect the purposes of any or all the provisions of this Act including charging fee for processing of returns, claims and other documents and for preparation of copies thereof.

(2) In making rules under this section, the Board may provide that any person committing a breach of any rule shall, without prejudice to any other action that may be taken against him under this Act, be liable to such penalty as may be prescribed under the rules and that any article in respect of which any such breach is committed shall be confiscated or destroyed.

(3) The Board may, in respect of cigarettes, make rules or issue instructions for the purpose of affixing duty stamps and banderoles and any instructions issued in this behalf shall have the force of rules issued under this Act.

41. Bar of suit and limitation of suit and other legal proceedings.— (1) No suit shall be brought in any civil court to set aside or modify any order passed, or any assessment, levy or collection of any duty, under this Act.

(2) No suit prosecution or other legal proceeding shall lie against the Federal Government or against any officer of the Government in respect of any order passed in good faith or any act in good faith done or ordered to be done under this Act.

(3) Notwithstanding anything in any other law for the time being in force, no investigation or inquiry shall be undertaken or initiated by any governmental agency against any officer or official for anything done in his official capacity under this Act, rules, instructions or direction made or issued there under without the prior approval of the Board.

42. Observance of Board's orders, directions and instructions.— All officers and persons employed in the execution of this Act and the rules made there under shall observe and follow the orders, directions and instructions of the Board provided that no such order, direction or instruction shall be given by the Board so as to interfere with the discretion of an officer in deciding the issues or matters brought before him for adjudication under this Act or rules made there under.

¹[42A. Reference to authorities.— Any reference to Collector, Additional Collector, Deputy Collector, Assistant Collector, Superintendent and an officer of federal excise, wherever occurring, in this Act and the rules Notifications, clarifications, general orders or

¹Section 42A and 42B inserted by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

orders made or issued there under, shall be construed as reference to Commissioner Inland Revenue, Additional Commissioner Inland Revenue, Deputy Commissioner Inland Revenue, Assistant Commissioner Inland Revenue, Superintendent Inland Revenue and an officer of inland Revenue, respectively.

42B. Selection for audit by the Board.— (1) The Board may select persons or classes of persons for audit of records and documents through computer ballot which may be random or parametric as the Board may deem fit.

(2) Audit of such persons selected under sub-section (1) shall be conducted as per procedure given in section 46 and all the provisions of Act shall apply accordingly.

(3) For the removal of doubt, it is hereby declared that Board shall be deemed always to have had, the power to select any persons or classes of persons for audit.]

¹**42C. Reward to Inland Revenue officers and officials.**— (1) In cases involving concealment or evasion of excise duty and other taxes, cash reward shall be sanctioned to the officers and officials of Inland Revenue for their meritorious conduct in such cases and to the informer providing credible information leading to such detection, as may be prescribed by the Board, only after realization of part or whole of the taxes involved in such cases.

(1) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and specify the apportionment of reward sanctioned under this section for individual performance or to collective welfare of the officers and officials of Inland Revenue.]

²**42D. Reward to whistleblowers.**—(1) The Board may sanction reward to whistleblowers in cases of concealment or evasion of duty, corruption or misconduct providing credible information leading to such detection of evasion of duty.

(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and also specify the apportionment of reward sanctioned under this section for whistleblowers.

(3) The claim for reward by the whistleblower shall be rejected, if-

- (a) the information provided is of no value;
- (b) the Board already had the information;
- (c) the information was available in public records; or
- (d) no collection of duty is made from the information provided from which the Board can pay the reward.

¹ Section 42C inserted by Finance Act, 2013.

² Section 42D added by Finance Act, 2015

(4) For the purpose of this section, “whistleblower” means a person who reports concealment or evasion of duty leading to detection or collection of duty, corruption or misconduct, to the competent authority having power to take action against the person or a federal excise authority committing fraud, corruption, misconduct, or involved in concealment or evasion of duty.]

43. Removal of difficulties and condonation of time limit etc.— (1) If any difficulty or situation arises in giving effect to or applying the provisions of this Act or the rules made or notifications issued there under, the Board may, through a general order or otherwise, issue instructions or directions for such actions to be taken by an officer of ¹[Federal Excise] or any other person as it considers necessary or expedient for the purpose of removing the difficulty or tackling such situation and every such officer or person shall be bound to comply with such instructions or directions in such manner as may be specified therein.

(2) Where any time or period has been specified under any of the provisions of this Act or rules made there under within which any application is to be made or any act or thing is to be done, the Board may, in any case or class of cases, permit such application to be made or such act or thing to be done within such time or period as it may consider appropriate provided that the Board may subject to such limitations or conditions as may be specified therein, empower any ²[Commissioner] or other ³[officer of Inland Revenue] to exercise the powers under this subsection in any case or class of cases.

⁴[Explanation.— For the purpose of this section, the expression “any act or thing is to be done” includes any act or thing to be done by the registered person or by the authorities specified in section 29 of this Act.]

⁵[**43A. Issuance of duplicate of ⁶[Federal Excise] documents.—** An

¹ Words “Inland Revenue” substituted for Federal Excise by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

² Substituted for “Collector” by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

³ Substituted for “Federal Excise Officer” by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

⁴ Explanation inserted by Finance Act, 2011.

⁵ Inserted vide Finance Act, 2008.

⁶ The “Inland Revenue” were substituted for “Federal Excise by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

officer of federal excise not below the rank of Assistant Collector may, on payment of one hundred rupees, issue an attested duplicate of any ⁵[federal excise] document as is available with the department or has been filed under this Act or rules made there under to a relevant registered person applying for the same.]

44. Refund of duty.—(1) No refund of any amount of duty accrued for any reason under this Act or rules made there under shall be allowed unless claimed within one year of its accrual.

(2) In a case where a registered person did not avail adjustment of duty admissible at the relevant time, the ¹[Commissioner] may allow such person to avail the adjustment at any subsequent time provided that claim for such adjustment is made within a period of one year from the date on which it was admissible.

(3) In a case where claim for refund or adjustment has accrued in consequence of any decision or judgment of any Federal Excise Officer, the Tribunal or Court, the period of one year, for the purpose of this section, shall be computed from the date of such decision or judgment.

²[**44A. Delayed refund.**— Where a refund due under section 44 is not made within the time specified in this behalf, there shall be paid to the claimant, in addition the amount of refund due to him, a further sum equal to KIBOR per annum of the amount of refund due, from the date following the expiry of the time specified as aforesaid, to the day preceding the day of payment of refund:

Provided that where there is a reason to believe that a person has claimed the refund which is not admissible to him, he shall not be entitled to additional amount unless the investigation of his claim is completed.]

45. Access to records and posting of excise staff, etc.— (1) A person who is required to maintain any record or documents under this Act or any other law shall, as and when required by the ³[officer of Inland Revenue] produce record or documents which are in his possession or control or in the possession or control of his agent and where such record or documents have been kept on electronic data, he shall allow access to such officer to have access and use of any machine on which such data is kept and shall facilitate such officer to retrieve whole or part of such data in such manner and to such extent as may be required by him.

¹ Substituted for "Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

² Inserted vide Finance Act, 2009.

³ Substituted for "Federal Excise Officer" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

(2) Subject to such conditions and restrictions, as deemed fit to specify, the Board ¹[omitted] may, post ³[officer of Inland Revenue] to the premises of registered person or class of such persons to monitor production, removal or sale of goods and the stock position or the maintenance of records ²[.]

²[omitted]

³[(3) The Board may, by notification in the official Gazette, for the purpose to monitor production or manufacture of any goods, specify the manner and procedure for appointment and posting of technical staff and installation, operation, maintenance of close circuit T.V system anywhere in the factory premises.]

⁴[45A. Monitoring or tracking by electronic or other means.— (1) Subject to such conditions, restriction and procedures as it may deem fit to impose or specify, the Board may, by notification ion the official Gazette, specify any registered person or class of registered persons or any goods or class of goods in respect of which monitoring or tracking of production, sales, clearance, stocks or any other related activity may be implemented through electronic or other means as may be prescribed.

(2) From such date, as may be prescribed by the Board, no excisable goods shall be removed or sold by the manufacturer or any other person without affixing tax stamp, banderole, stickers, labels, ⁵[barcodes,] etc. in any such form, style and manner as may be prescribed by the Board in this behalf.]

⁶[(3) Such tax stamps, banderoles, stickers, labels, barcodes *etc.*, shall be acquired by the registered person referred to in sub-section (2) from a licensee appointed by the Board for the purpose, against price approved by the Board, which shall include the cost of equipment installed by such licensee in the premises of the said registered person.]

46. ⁷[*] Audit.—** (1) The ⁸[officer of Inland Revenue] authorized by the Board ⁹[or Chief Commissioner] by designation may, once in a year, after giving advance notice in writing, conduct audit of the records and documents of any person registered under this Act.

(2) In case the ¹⁰[Commissioner] has information or sufficient

¹ Words "or Chief Commissioner" omitted by Finance Act, 2018.

² Full stop inserted and proviso omitted by Finance Act, 2018.

³ Inserted vide Finance Act, 2008.

⁴ Section 45A inserted by Finance Act, 2013.

⁵ Word and comma inserted by Finance Act, 2015.

⁶ Sub-section (3) added by Finance Act, 2015.

⁷ Word "Departmental" omitted by Finance Act, 2015.

⁸ Substituted for "Federal Excise Officer" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

⁹ Words inserted by Finance Act, 2013.

¹⁰ Substituted for "Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated

evidence showing that such registered person is involved in fraud or evasion of duty, he may authorize a Federal Excise Officer, not below the rank of ¹[Assistant Commissioner], to conduct audit at any time in a year.

²[(2A) After completion of the audit under this section or any other provision of law, the officer of Inland Revenue may, after obtaining the registered person's explanation on all the issues raised in the audit shall pass an order under section 14, imposing the amount of duty as per law, charging default surcharge, imposing penalty and recovery of any amount erroneously refunded.]

(3) Notwithstanding the penalties prescribed in section 19, if a registered person wishes to deposit the amount of duty not paid, short paid or the amount of duty evaded along with default surcharge voluntarily, whenever it comes to his notice, before commencement of audit, no penalty shall be recovered from him:

Provided that if a registered person wishes to deposit the amount of duty not paid, short paid or amount of duty evaded along with default surcharge during or after the audit but before the ³[determination of liability under sub-section (2A)] conclusion of original adjudication proceedings, he may deposit such amount along with twenty five percent of the amount of penalty prescribed under this Act or the rules made there under and in such case, further proceedings in the case shall abate.

⁴[(4) The Board may appoint as many special audit panels as may be necessary, comprising two or more members from the following

—

- (a) an officer or officers of Inland Revenue;
- (b) a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961);
- (c) a firm of Cost and Management Accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966); or
- (d) any other person as directed by the Board, to conduct audit of a registered person or persons, including audit of refund claims and forensic audit and the scope of such audit shall be determined by

February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

¹ Substituted for "Assistant Collector of Federal Excise" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

² Sub-section (2A) inserted by Finance Act, 2010.

³ Substituted for "conclusion of original adjudication proceedings" by Finance Act, 2010 w.e.f. June 5, 2010

⁴ Substituted for sub-section (4) by Finance Act, 2015

the Board or the Commissioner Inland Revenue on a case-to-case basis. In addition, the Board may, where it considers appropriate, also get such audit conducted jointly with similar audits being conducted by provincial administrations of sales tax on services.]

¹[(5) Each special audit panel shall be headed by a chairman who shall be an officer of Inland Revenue;

(6) If any one member of the special audit panel, other than the chairman, is absent from conducting an audit, the proceedings of the audit may continue and the audit conducted by the special audit panel shall not be invalid or be called in question merely on the ground of such absence.

(7) The Board may prescribe rules in respect of constitution, procedure and working of special audit panel.

(8) Every member of the special audit panel shall have the powers of officers of Inland Revenue under sections 23 and 45 and sub-sections (1) to (3) of section 46.]

²[9] The audit of the registered person shall generally be a composite audit covering all duties and taxes to which his business or activity is liable under the laws administered by the Board.

³[(10) The audit of a registered person under this section shall be conducted only once in every three years.]

⁴[47. Service of notices and other documents.— (1) Subject to this Act, any notice, order or requisition required to be served on a resident individual other than in a representative capacity for the purposes of this Act shall be treated as properly served on the individual if—

- (a) Personally served on the individual or, in the case of an individual under a legal disability or a non-resident individual, the representative as defined in section 172 of the Income Tax Ordinance, 2001 (XLIX of 2001) of the individual;
- (b) Sent by registered post or courier service to the place specified in clause (b) of sub-section (2) or to the individual's usual or last known address in Pakistan; or
- (c) Served on the individual in the manner prescribed for service of a summons under the Code of Civil

¹ Sub-sections (5), (6), (7) and (8) inserted by Finance Act, 2015.

² Sub-section (5) re-numbered as sub-section (9) by Finance Act, 2015.

³ New sub-section (10) added by Finance Act, 2018.

⁴ Section 47 substituted by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

Procedure, 1908 (Act V of 1908)]; or

¹(d) Sent electronically through email or to the e-folder maintained for the purpose of e-filing of sales tax-cum-Federal excise returns by the limited companies, both public and private.]

(2) Subject to this Act, any notice, order or requisition required to be served on any person (other than a resident individual to whom subsection (1) applies) for the purposes of this Act, shall be treated as properly served on the person if—

(a) Personally served on the representative of the person;

(b) sent by registered post or courier service to the person's registered office or address for service of notices under this Act, in Pakistan, or where the person does not have such office or address, the notice is sent by registered post to any office or place of business of the [person in Pakistan; or

(c) Served on the person in the manner prescribed for service of a summons under the Code of Civil Procedure, 1908 (V of 1908) ²]; or

(d) sent electronically through email or to the e-folder maintained for the purpose of e-filing of sales tax-cum-Federal excise returns by the limited companies, both public and private.]

(3) Where an association of persons is dissolved, any notice, order or requisition required to be served under this Act, on the association may be served on any person who was the principal officer or a member of the association immediately before such dissolution.

(4) Where, business stands discontinued, any notice, order or requisition required to be served under this Act, on the person discontinuing the business may be served on the person personally or any individual who was the person's representative at the time of discontinuance,

(5) The validity of any service of a notice under this Act, shall not be called into question after the notice has been complied with in any manner.]

³[**47A. Agreements for the exchange of information.**— (1) The Federal Government may enter into bilateral or multilateral agreements with provincial governments or with governments of foreign countries for the exchange of information, including electronic exchange of information, with respect to excise duty imposed under this Act or any other law of Pakistan, or under the corresponding laws of that country and may, by notification in the official Gazette, make such provisions as may be

¹ The word "or" and clause (d) added by Finance Act, 2017

² The word "or" and clause (d) added by Finance Act, 2017

³ Sections 47A and 47B added by Finance Act, 2015

necessary for implementing such agreements.

(2) The provisions of section 107 of the Income Tax Ordinance, 2001 (XLIX of 2001) shall, *mutatis mutandis*, apply to this section.

¹[47B. Disclosure of information by a public servant.— (1) Any information acquired under any provision of this Act shall be confidential and no public servant shall disclose any such information, except as provided under section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001).

(2) Notwithstanding anything contained in sub-section (1) and the Freedom of Information Ordinance, 2002 (XCVI of 2002), any information received or supplied in pursuance of bilateral or multilateral agreements with government of foreign countries for exchange of information under section 47A shall be confidential].

²[47C. Validation.— ³[(1)] All notifications and orders issued and notified in exercise of the powers conferred upon the Federal Government, before the commencement of Finance Act, 2017 shall be deemed to have been validly issued and notified in exercise of those powers.]

³[(2) Notwithstanding any omission, irregularity or deficiency in the establishment of or conferment of powers and functions on the Directorate General (Intelligence and Investigation), Inland Revenue and authorities specified in clause (a) of sub-section (2) of section 29 of this Act, all orders passed, notices issued and actions taken in exercise or purported exercise of the powers and functions of the Officers of Inland Revenue under this Act by the Director General (Intelligence and Investigation), Inland Revenue or the authorities specified in clause (a) of sub-section (2) of section 29 of this Act shall be treated to have been validly passed, issued and taken under this Act.]

48. Repeal.—(1) Subject to the provisions of sub-section (2), the Central Excises Act, 1944 (I of 1944) shall stand repealed with effect from the date notified under sub-section (3) of section 1.

(2) Unless otherwise directed by the Federal Government, in case of area where the repealed Act was extended through an order by a Governor of the Province or otherwise through an order by any other authority, the application of the repealed Act shall continue to be in force till this Act is made applicable in that area.

¹ Section 47B substituted through Finance Act, 2016.

² New section 47C inserted through by Finance Act, 2017.

³ Section 47C re-numbered and new sub-section (2) added by Finance Act, 2018.

The Federal Excise Act, 2005

FIRST SCHEDULE

[See Section 3]

TABLE 1
(EXCISABLE GOODS)

S.No.	Description of Goods	Heading/ sub-heading Number	Rate of Duty
Col.(1)	Col.(2)	Col.(3)	Col.(4)
1	Edible oils excluding deoxidized soybean	15.07, 15.08, 15.09, 15.10, 15.11, 15.12, 15.13, 15.14, 15.15, 15.16 1517, and 15.18,	¹ [Sixteen] percent <u>ad val.</u>
2	Vegetable ghee and cooking oil	Respective heading	¹ [Sixteen] per cent <u>ad val.</u>
3	Concentrates for aerated beverages in all forms including syrup form	2106.9010	Fifty per cent <u>ad val.</u>
4	Aerated waters	2201.1020	² [Eleven] and half per cent of retail price
5	Aerated waters, containing added sugar or other sweetening matter or flavored	2202.1010	² [Eleven]and half per cent of retail price
6	Aerated waters if manufactured wholly from juices or pulp of ³ [] vegetables, food grains or fruits and which do not contain any other ingredient, indigenous or imported, other than sugar, coloring materials, preservatives or additives in quantities prescribed under the West Pakistan Pure Food Rules, 1965.	Respective headings	² [Eleven] and half per cent of retail price
7	Un-manufactured tobacco	24.01	⁴ [Three hundred] rupee per kilogram
8	Cigars, cheroots, cigarillos and cigarettes, of tobacco substitutes.	24.02	Sixty ⁵ [Five] per cent of retail price
S.No.	Description of Goods	Heading/sub- heading Number	Rate of Duty
Col.(1)	Col.(2)	Col.(3)	Col.(4)

¹ Substituted Finance Act, 2008.

² Word "eleven" substituted for the word "ten" through Finance Act, 2016.

³ Word omitted by Finance Act, 2008.

⁴ Words substituted by Finance Supplementary (Amendment) Act, 2018.

⁵ Substituted by Finance Act, 2010.

The Federal Excise Act, 2005

¹ [9.	Locally produced cigarettes if their on-pack printed retail price exceeds four thousand five hundred rupees per thousand cigarettes.	24.02	Rupees ² [four thousand five hundred] per thousand cigarettes
10.	Locally produced cigarettes if their on-pack printed retail price exceeds two thousand nine hundred and twenty-five rupees per thousand cigarettes but does not exceed four thousand five hundred rupees per thousand cigarettes.	24.02	Rupees ² [one thousand eight hundred and forty] per thousand cigarettes
10a.	Locally produced cigarettes if their on-pack printed retail price does not exceed two thousand nine hundred and twenty-five rupees per thousand cigarettes.	24.02	Rupees ² [one thousand two hundred and fifty] per thousand cigarettes]
³ [11**]			.
12	Cigarettes manufactured by a manufacturer who remains engaged on and after the 10th June, 1994, either directly or through any other arrangement, if the manufacture of any brand of cigarette in non-tariff areas	24.02	Sixty ⁴ [five] percent of retail price.
13	Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers	25.23	⁵ [one Rupee and ⁶ [fifty] paisa per kilogram]
⁷ []			
⁸ []			
⁹ []			

¹ Serial numbers 9, 10 & 10a and entries relating thereto substituted for serial numbers 9a, 9b, 10a, 10b by Finance Act, 2018

² Words substituted by Finance Supplementary (Amendment) Act, 2018.

³ Serial No. 11 omitted by Finance Act, 2013.

⁴ Substituted for "four" by Finance Act, 2010.

⁵ Substituted for the words "one rupee per kilogram" by Finance Act, 2017

⁶ Words "fifty" substituted by Finance Act, 2018.

⁷ Serial no. 14, 15 & 16 omitted by Finance Act, 2007.

⁸ Serial no. 17 and 18 omitted by Finance Act, 2011.

⁹ Serial no. 19 & 20 Omitted vide Finance Act, 2007.

The Federal Excise Act, 2005

S.No.	Description of Goods	Heading/sub-heading Number	Rate of Duty
Col.(1)	Col.(2)	Col.(3)	Col.(4)
¹ []			
² []			
³ []			
31	Liquefied Natural Gas	2711.1100	Seventeen rupees and eighteen paise per hundred cubic meters.
32	Liquefied propone	2711.1200	Seventeen rupees and eighteen paise per hundred cubic meters.
33	Liquefied butanes	2711.1300	Seventeen rupees and eighteen paise per hundred cubic meters.
34	Liquefied ethylene, propylene, butylenes and butadiene	2711.1400	Seventeen rupees and eighteen paise per hundred cubic meters.
35	Other Liquefied petroleum Gases and gaseous hydrocarbons	2711.1900	Seventeen rupees and eighteen paise per hundred cubic meters.
36	Natural Gas in gaseous state	2711.2100	⁴ [ten rupees] per Million British Thermal Unit (MMBTu)
37	Other petroleum Gases in gaseous state	2711.2900	⁴ [ten rupees] per Million British Thermal Unit (MMBTu)
⁵ []			

¹Sr. No. 21 omitted by Finance Act, 2011.

² Sr. Nos. 22 to 25 omitted by Finance Act, 2012.

³ Sr. Nos. 26 to 30 omitted by Finance Act, 2011. Sr. No. 27 omitted by Finance Act, 2012.

⁴ Substituted vide Finance Act, 2010.

⁵ Omitted vide Finance Act, 2007.

The Federal Excise Act, 2005

S.No.	Description of Goods	Heading/sub-heading Number	Rate of Duty
Col.(1)	Col.(2)	Col.(3)	Col.(4)
¹ []			
41	Flavors and concentrates for use in aerated beverages	3302.1010	Fifty per cent ad valorem.
² []			
³ []			
⁴ [(53).]			
⁵ [54	Oilseeds	Respective headings	Forty Paisa per kg
55	⁷ [Imported Motor] cars, SUVs and other motor vehicles of cylinder capacity of 1800cc or above, principally designed for the transport of persons (other than those headings 87.02), including station wagons and racing cars of cylinder capacity of 1800cc or above	87.03	⁸ [Twenty] percent ad. val]
⁶ [56	Filter rod for cigarettes	5502.0090	Rupee 0.75 per filter rod]

Interpretation.— (1) Unless the intent appears otherwise, for the purpose of levy of duty of excise, the description of goods shall prevail upon the tariff classification. However in order for interpretation of description of any goods or verification of any characteristics of any product, the reliance shall be made on the relevant version of the Explanatory Notes to the Harmonized Commodity Description and Coding System.

¹ Sr. Nos. 39 to 40 omitted by Finance Act, 2011.

² Sr. Nos. 42 to 45 omitted by Finance Act, 2012.

³ Sr. Nos. 46 47, 48 and 49 omitted by Finance Act, 2011

⁴ Sr.No. 53 omitted through Finance Act, 2016

⁵ Sr. Nos. 54 and 55 inserted vide Finance Act, 2013.

⁶ Serial number 56 and entries relating thereto in column (2), (3) and (4) added by Finance Act, 2015.

⁸ Words substituted by Finance Supplementary (Amendment) Act, 2018.

(2) The rate of duty mentioned in column (4) of the above table shall also apply on the goods mentioned in column (2) thereof, if imported, or brought from non-tariff to tariff areas in case of notified goods.

¹[**Restriction-1– Reduction.**– For the purpose of levy, collection and payment of duty at the rates specified in column (4) against serial number 9, no cigarette manufacturer shall reduce retail price from the level adopted on the day of the announcement of the latest budget].

(2) **Variants at different price points.**– No manufacturer or importer of cigarette can introduce or sell a new cigarette brand variant at the same existing brand family at a price lower than the lowest actual price of the existing variant of the same brand family. For the purposes of this restriction, current minimum price variant of existing brand means the lowest price of a brand variant on the day of announcement of Budget ²[of the current Financial year].

¹(3) **Restriction-3 – Minimum price.** – No brand shall be priced and sold at a retail price (excluding sales tax) lower than forty-five percent of the retail price under column (2) against serial number 9 of Table-I of the First Schedule to this Act.]

¹ Restriction-1 & Restriction-3 substituted by Finance Act, 2017

² Words substituted by Finance Act, 2014.

TABLE II
(EXCISABLE SERVICES)

S.No.	Description of Goods	Heading/sub-heading Number	Rate of Duty
Col.(1)	Col.(2)	Col.(3)	Col.(4)
1	Advertisement on closed circuit T.V.	9802.3000	Sixteen per cent of the charges.
2	Advertisements on cable T.V. network.	9802.5000	Sixteen per cent of the charges.
2a	¹ [Advertisements in news papers and periodicals (excluding and Classified advertisements) of hoarding boards, poles Signs and sign boards.	9802.4000 and 9802.9000	Sixteen per cent of the charges.]
3	² [Facilities for travel	98.03	
	(a) Services provided or rendered in respect of travel by air of passengers within the territorial jurisdiction of Pakistan	9803.1000	
	³ [(i) Long routes		⁶ [Two thousand rupees]
	(ii) Short routes		One thousand two hundred and fifty rupees
	⁴ [(iii) * * *]		
	<u>Explanation:</u> For the purpose of this entry, "Long routes" means journeys exceeding 500 kilometers, short routes means the remaining journeys, other than socio-economic route ⁵ [as defined in S. No. 9 of Table II of the Third Schedule]. Routes exempt from duty as on 1 st July, 2014 shall, however, remain exempt.		

¹Inserted vide Finance Act, 2009.

² Inserted by Finance Act, 2014.

³ Inserted by Finance Act, 2014

⁴ Sub-clause (iii) and entry relating thereto in column (4) omitted by Finance Act, 2015

⁵ Substituted for the expression " , and "socio-economic routes" means journeys along the Baluchistan coastal belt" by Finance Act, 2015

⁶ Words "two thousand rupees" substituted by Finance Act, 2018.

	¹ [(b) Services provided or rendered in respect of travel by air of passengers embarking on international journey from Pakistan,—]		
	² [(1) Economy and economy plus		Five thousand rupees
	(ii) Club, business and first class		Ten thousand rupees]
4	Inland carriage of goods by air	9805.1000	³ [Sixteen] per cent of the charges.

¹ Inserted vide Finance Act, 2008.

² Inserted vide Finance Act, 2014.

The Federal Excise Act, 2005

S.No.	Description of Goods	Heading/sub-heading Number	Rate of Duty
Col.(1)	Col.(2)	Col.(3)	Col.(4)
5	Shipping agents	9804.1000	(i) Two hundred rupees per house-bill of lading issued in case of Non-Vessel Operating Common Carriers (NVOCC), International Freight ii) ¹ [sixteen] per cent of the charges in case of other categories of shipping agents.
² [6	Telecommunication services ³ [, excluding such services in the area of a Province where such Province has imposed Provincial sales tax and has started collecting the same through its own Board or Authority, as the case may be.]	98.12 (All sub headings)	⁴ [⁵ [seventeen] per cent of charges
⁶ [7***]			
⁷ 8	Services provided or rendered by banking companies, insurance companies, cooperative financing societies, modarabas , musharikas, leasing companies, foreign exchange dealers, non-banking financial institutions, Assets Management Companies and other persons dealing in any such services.	98.13	Sixteen percent of the charges.]

¹Substituted vide Finance Act, 2008.

² Serial no. 6 substituted by Finance Act, 2008.

³ Comma and words added by Finance Act, 2014.

⁴ Amended vide Finance Act, 2009.

⁵ Inserted by Finance Act, 2014.

⁶ Serial No. 7 and entries relating thereto omitted by Finance Act, 2013

⁷ Serial no. 8 substituted by Finance Act, 2013

The Federal Excise Act, 2005

S.No.	Description of Goods	Heading/sub-heading Number	Rate of Duty
Col.(1) ² [9 & 10***]	Col.(2)	Col.(3)	Col.(4)
³ [11]	Franchise services	9812.9410	⁴ [Ten] per cent of the charges.]
⁵ [12**]			
⁶ [13]	Services provided of rendered by stock brokers	9819.1000	Sixteen percent of the charges.]
⁷ [14]	Services provided or rendered by port and terminal operators in relation to imports excluding stevedoring services.	9819.9090	Sixteen percent of the charges.]
⁸ [15]	Chartered flights	98.03	Sixteen percent of the charges]

¹[Note.— The duty on the services as specified against serial numbers 1, 2, 2A, 5, 8, 11 and 13 shall not be levied on services provided in a Province where the provincial sales tax has been levied thereon].

¹ Note inserted through Finance Act, 2016

² Serial Nos. 9 & 10 Omitted vide Finance Act, 2007

³ Serial no. 11 inserted by Finance Act, 2006.

⁴ Substituted vide Finance Act, 2008.

⁵ Serial No. 12 omitted by Finance Act, 2011

⁶ Inserted vide Finance Act, 2009.

⁷ Inserted vide Finance Act, 2009.

⁸ Serial no. 15 inserted by Finance Act, 2014

SECOND SCHEDULE

(Goods on which duty is collectible under sales tax mode with entitlement for adjustment with sales tax and vice versa)
[See section 7]

S.No.	Description of Goods	Heading/ sub-heading Number
1	2	3
(1)	Edible oil excluding epoxidized soyabean oil falling under heading 15.18	15.07, 15.08, 15.09, 15.10, 15.11, 15.12, 15.13, 15.14 15.15, 15.16, 15.17 & 15.18
(2)	Vegetable ghee and cooking oil	Respective headings

¹[(3)***]

¹ Serial number 3 omitted through Finance Act, 2016

THIRD SCHEDULE
(Conditional exemptions) [See
Sub-section (1) of section 16]

TABLE-I
(Goods)

S.No.	Description of Goods	Heading/ sub-heading Number
(1)	Crude vegetable oil, if obtained from the locally grown sees excluding cooking oil, without having undergone any process other than the process of washing.	5.07, 15.08, 15.09, 15.10, 15.11, 15.12, 15.13, 15.14 15.15, 15.16, 15.17 & 15.18
¹ [2 ***]		
(3)	Un-manufactured tobacco or tobacco refuses if used for the purposes other than the manufacturer of cigarettes, smoking mixtures for pipes and cigarettes and cigars and cheroots.	24.01
² [3A ** 3B**]		
(4)	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes,- (i) If supplied to Pakistan Navy for consumption by its personnel on board its vessels. (ii) If made by hand in tapered shape of biris without the use of any manual or power-operated machine in any process of their manufacture. (iii) If supplied for consumption by the President of Pakistan, the President of Azad Jammu & Kashmir and the Governors of the Provinces, members of their families and guests provided that the cigarettes are manufactured and supplied on the specific written orders of the competent official authority and the cigarettes and their packets are special-crested for the respective privileged House.	24.02

¹Omitted vide Finance Act, 2007.

² Omitted vide Finance Act, 2008.

The Federal Excise Act, 2005

S.No.	Description of Goods	Heading/ sub-heading Number
	(iv) If supplied against payment in foreign exchange, to M/s Duty Free Shops Ltd for sale in its Duty Free Shops and on board international flight by the Pakistan International Airlines subject to the same conditions and procedures as are applicable for the purposes of exemption of customs duty.	
¹ [5 *]		
6	Motor spirit,—	2710.1110
	(i) If supplied to Pakistan Navy for consumption in its vessels	
	(ii) If supplied for consumption by the International Bank for Reconstruction and Development in its official cars	
² [7** 8**]		
9	Sludge and sediment recovered from storage tanks of the incoming vessels or ships meant for breaking	2710.9900
10	Natural gas if produced and used in the same field for drilling, production, pressure maintenance or in any other joint operations including flaring in the same field.	2711.2100
Explanation.- For the purpose of this entry, "Joint Operations" means all marine and land activities, including gas exploration, prospection, development and production activities conducted by Working Interest Owners under a petroleum concession agreement with the Government.		
11	Carbon black oil (carbon black feed stock) if imported by ³ [a duly registered manufacturer of carbon black].	2707.9910 2713.9010

¹ Omitted vide Finance Act, 2013.

² Omitted vide Finance Act, 2013

³ Substituted for "National Petrocarbon (Pvt.) Limited, Pipri, Karachi as raw material for the manufacture of the carbon black" by Finance Act, 2008.

S.No.	Description of Goods	Heading/sub-heading Number
12	<p data-bbox="419 392 507 418">Goods,-</p> <p data-bbox="427 450 1106 779">(i) If donated to the President's Funds for Afghan Refugees, Assistance to Palestine and Famine Relief for Africa, provided that before making such donation the manufacturer or importer shall inform in writing to the Collector of Federal Excise or as the case may be, Collector of Customs about quantity, value and the duty involved on such goods and shall in case of imports, fulfill the conditions and comply with the procedures specified for the purposes of exemption from customs duty.</p> <p data-bbox="453 813 1106 943">(ii) If purchased by the Cabinet Division, Government of Pakistan, for donation to a foreign country in the event of natural disasters as certified by the Emergency Relief Cell of that Division.</p> <p data-bbox="453 981 1106 1144">(iii) If supplied against international tender issued by UNICEF, UNDP, WHO, WFP, UNHCR, International Red Cross or any other relief agency, for Afghan Refugees subject to the conditions given below, namely,-</p> <p data-bbox="453 1182 1106 1346">(a) payment for the supply shall be received in foreign currency, which shall be surrendered to the State Bank of Pakistan and the supplier shall receive payment in Pak rupees as per State Bank procedure and foreign exchange regulations;</p> <p data-bbox="453 1379 1106 1608">(b) the goods shall be duly received by the organization which signed the contract, and a certificate to this effect shall be issued by the organization which shall be duly attested by the Chief Commissioner/Commissioner of Afghan Refugees and will be submitted by the manufacturer to the ¹[Commissioner] of Federal excise; and</p> <p data-bbox="453 1641 1106 1702">(c) the registered person shall retain the relevant documents and certificates in record.</p> <p data-bbox="453 1736 1106 1859">(iv) If supplied as ship stores to ships and aircrafts leaving for abroad subject to the satisfaction of the Collector of Customs in terms of section 24 of the Customs Act, 1969.</p>	Respective headings

¹Substituted for "Collector" by Finance Act, 2010 w.e.f. June 5, 2010. The same amendment was made by Finance (Amendment) Ordinance, 2010, promulgated as Ordinance No. III of 2010, dated February 6, 2010, published in the Gazette of Pakistan Extraordinary Part I at pages 23 to 53. This Ordinance was presented in the Parliament but lapsed on 5 June 2010 as Parliament did not approve it. Originally this amendment was made through Finance (Amendment) Ordinance, 2009, promulgated as Ordinance No. XXII of 2009, dated October 28, 2009, published in the Gazette of Pakistan Extraordinary Part I at pages 229 to 259

The Federal Excise Act, 2005

S.No.	Description of Goods	Heading/sub-Heading Number
13	Goods imported or supplied under grants-in-aid for which a specific consent has been obtained from the ¹ [Board].	Respective Heading
14	Goods if imported as bonafide baggage	Respective Heading
15	Goods if imported by Duty Free Shops as baggage free of custom duty, regulatory duty and sales tax under the baggage rules made under the Customs Act, 1969 (IV of 1969).	Respective Heading
16	Any goods ² [excluding un-manufactured tobacco,] which are manufactured produced in-house by a registered person and used for the manufacture and production of goods on which duty of excise is paid by such person. ² [omitted]	Respective Headings.
³ 17	Goods for further manufacture Respective of goods in the Export Processing Zones	Respective Headings.
⁴ [18...]		

¹ Substituted vide Finance Act, 2007.

² Expression inserted and Explanation omitted by Finance Supplementary (Amendment) Act, 2018.

³ Inserted vide Finance Act, 2008.

⁴ Serial number 18 omitted through Finance Act, 2016

- ¹[19] Materials and equipment ²[(plant, machinery, equipment, appliances and accessories)] for construction and operation of ³[Gwadar] Port and development of Free Zone for ³[Gwadar] Port as imported by or supplied to China Overseas Ports Holding Company Limited (COPHCL) and its operating companies namely (i) China Overseas Ports Holding Company Pakistan (Private) Limited, (ii) Gwadar International Terminals Limited, (iii) Gwadar Marine Services Limited and (iv) Gwadar Free Zone Company Limited, their contractors and sub-contractors; and Ship Bunker Oils bought and sold to the ships calling on/visiting ³[Gwadar] Port, having Concession Agreement with the Gwadar Port Authority, for a period of forty years, subject to the conditions and procedure as specified under S. No. 100A of Table-1 of Sixth Schedule to the Sales Tax Act, 1990. Respective Headings
- ¹[20] Supplies made by the businesses to be established in the Gwadar Free Zone for a period of twenty-three years within the Gwadar Free Zone, subject to the condition that the sales and supplies outside the Gwadar Free Zone and into the territory of Pakistan shall be subjected to Federal Excise Duty. Respective Headings”; and
- ⁴[21] Vehicles imported by China Overseas Ports Holding Company Limited (COPHCL) and its operating companies, namely:– Respective Headings]
- (a) China Overseas Ports Holding Company Pakistan (Private) Limited;
 - (b) Gwadar International Terminal Limited;
 - (c) Gwadar Marine Services Limited; and
 - (d) Gwadar Free Zone Company Limited;
- for a period of twenty-three years for construction, development and operations of Gwadar Port and Free Zone Area subject to limitations, conditions prescribed under PCT heading 9917 (3).
- ⁵[22] **Equipment imported by M/s China Railway Corporation to be furnished and installed in Lahore Orange Line Metro Train Project subject to the following conditions:**
- (a) that the equipment imported under this serial number shall only be used in the aforesaid Project;
 - (b) that the importer shall furnish an indemnity bond, in the prescribed manner and format as set out in Annex-A to this serial number, at the time of import to the extent of

¹ New s.No(s) 19 & 20 added through Finance Act, 2016

² The expression inserted by Finance Act, 2017

³ The word “Gwadar” substituted for the word “Gawadar” by Finance Act, 2017

⁴ New serial number 21 added by Finance Act, 2017

⁵ **New serial number 22 added by Finance Act, 2018.**

federal excise duty exempted under this serial number on consignment to consignment basis;

(c) that the Punjab Mass Transit Authority, established under the Punjab Mass Transit Authority Act, 2015 (ACT XXXIII of 2015), hereinafter referred as the Regulatory Authority, shall certify in the prescribed manner and format as set out in Annex-B to this serial number that the imported equipment is *bona fide* requirement of the Project under the Contract No. PMA-CR-NORINCO-OL, dated 20.04.2015, hereafter referred as the contract, signed between the Regulatory Authority and CR-NORINCO;

(d) in the event a dispute arises whether any item is entitled to exemption under this serial number, the item shall be immediately released by the Customs Department against a corporate guarantee, valid for a period of six months, submitted by the importer. A certificate from the Regulatory Authority duly verified by the Transport and Communication Section of the Ministry of Planning, Development and Reform, that the item is covered under this serial number shall be given due consideration by the Customs Department towards finally resolving the dispute;

(e) for the clearance of imported equipment through Pakistan Customs Computerized System the authorized officer of the Regulatory Authority shall furnish all relevant information, as set out in Annex-B to this serial number, online against a specific user ID and password obtained under section 155D of the Customs Act, 1969 (IV of 1969). In Collectorates or Customs stations where the Pakistan Customs Computerized System is not operational, the Director Reforms and Automation or any other person authorized by the Collector in this behalf shall enter the requisite information in the Pakistan Customs Computerized System on daily basis, whereas entry of the data obtained from the customs stations which have not yet been computerized shall be made on weekly basis;

(f) that the equipment, imported under this serial number, shall not be re-exported, sold or otherwise disposed of without prior approval of the Federal Board of Revenue (FBR). In case goods are sold or otherwise disposed of with prior approval of FBR the same shall be subject to payment of federal

excise duty as may be prescribed by the FBR;
(g) in case the equipment, imported under this serial number, is sold or otherwise disposed of without prior approval of the FBR in terms of condition (f), the same shall be subject to payment of statutory rates of federal excise duty as were applicable at the time of import;

(h) notwithstanding the condition (f) and (g), equipment imported under this serial number may be surrendered at any time to the Collector of Customs having jurisdiction, without payment of any federal excise duty, for further disposal as may be prescribed by the FBR;

(i) the indemnity bond submitted in terms of condition (b) above shall stand discharged on submission of a certificate from the Regulatory Authority to the effect that the equipment has been installed or consumed in the said Project. In case the equipment is not consumed or installed in the project the indemnity bond shall be discharged on fulfillment of conditions stipulated at (f) or (g) or (h), as the case may be; and

(j) that violation of any of the above conditions shall render the goods liable to payment of statutory rate of federal excise duty leviable on the date of clearance of goods in addition to any other penal action under relevant provisions of the law.

Explanation. For the purpose of this provisions, “equipment” shall mean machinery, apparatus, materials and all things to be provided under the contract for incorporation in the works relating to Lahore Orange Line Metro Train Project.

¹[23

Imported construction materials and goods imported by M/s China State Construction Engineering Corporation Limited (M/s CSCECL), whether or not locally manufactured, for construction of Karachi-Peshawar Motorway (Sukkur-Multan Section) subject to fulfilment of same conditions, limitations and restrictions as are specified under S. No. 145 of Table-1 of Sixth Schedule to the Sales Tax Act, 1990, provided that total incidence of exemptions of all duties and taxes in respect of construction materials and goods imported for the project shall not exceed ten thousand eight hundred ninety-

Respective headings

¹ New serial number 23 added by Finance Act, 2018.

eight million rupees including the benefit of exemption from duties and taxes availed before 30th June, 2018 under the provisions of Sales Tax Act, 1990, the Customs Act, 1969, The Federal Excise Act 2005 and the Income Tax Ordinance, 2001 and the notifications issued thereunder.

¹[Annex-A

[See condition (b)]

INDEMNITY BOND

(On appropriately stamp non-judicial paper attested by a Government servant in BPS 17 or above, an Oath Commissioner, a Notary Public or an officer of a Scheduled Bank)

THIS DEED OF INDEMNITY is made on the _____ date of _____ BETWEEN Messrs _____ having registered office at _____ (hereinafter called "the importers" which means and includes their successors, administrators, executors and assignees) of the one part, and the President of the Islamic Republic of Pakistan through the Collector of Customs _____ (hereinafter called the "Collector of Customs"), of the other part.

WHEREAS the Federal Government, by its decision contained in serial number 22 of this table and subject to the conditions thereof, has been pleased to direct that such equipment shall be exempt from the whole of federal excise duty leviable thereon, in accordance with the said serial number 22, if imported for Lahore Orange Line Metro Train Project.

AND WHEREAS M/S. _____, the importers have imported the equipment mentioned in the said serial number for the above mentioned project in accordance with the conditions given in the said serial number 22;

NOW, THEREFORE, in consideration of the release of the equipment without recovery of leviable federal excise duty, the importers bind themselves to pay on demand to the Government of Pakistan the sum of Rs. _____ being the federal excise duty and charges leviable on the equipment, if the importers fail to fulfill the condition (f) or (g) or (h) of the said serial number 22, as the case may be.

The importers further agree and bind themselves that the amount covered by this Indemnity Bond shall be recovered as arrears of federal excise duty under section 202 of the Customs Act, 1969. This Bond shall stand revoked automatically when the Collector of Customs is satisfied that the importers have fulfilled all the conditions of the said serial number 22.

Signed by importers on this _____ day of _____ 201_.

Managing Director or person next in hierarchy duly authorized by MD

(Name and permanent address)

Collector of Customs

(On behalf of President)

Witness (1) _____
(signature, name, designation and full address)

Witness (2) _____
(signature, name, designation and full address)

¹[Annex-B

[See conditions (c) and (e)]

NTN or FTN of Importer	Approval No.
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¹ Annex "A" & "B" added by Finance Act, 2018.

Details of equipment (to be filled by the authorized officer of the Regulatory Authority) to be imported				
Description and specifications.	Quantity/UOM	L/C No. or bank contract No. and B/L.	IGM No. Date & Index No.	Remarks, if any.
(1)	(2)	(3)	(4)	(5)

CERTIFICATE BY THE AUTHORIZED OFFICER OF REGULATORY AUTHORITY: It is hereby certified that the description, quantity and other details mentioned above are true and correct. Goods imported are in commensuration with the project requirements and are *bona fide* requirement of the Project under the Contract. It is further certified that the above items shall not be used for any other purpose except for the Project.

Signature: _____

Name and Designation: _____

Official Stamp: _____

Date: _____

TABLE-II

S. No.	Description of Services	Heading/ sub-heading Number
Col.(1)	Col.(2)	Col.(3)
1	Advertisements financed out of funds provided under grants-in- aid agreements.	Respective heading
¹ [2	Telecommunication services: (i) Internet services whether dialup or broadband including email services, Data Communication Network services (DCNS) and Value added data services. (ii) Such charges payable on the international leased lines or bandwidth services used by— (a) software exporting firms registered with the Pakistan Software Exporting Board; and (b) data and internet service providers licensed by the Pakistan Telecommunication Authority	Respective sub-heading of Heading 98.02

¹Substituted vide Finance Act, 2006.

(iii) Such amounts received by the Long Distance International license holders including Pakistan Telecommunication Company Limited on International incoming calls under agreements with the foreign telecommunication companies.

3	Marine insurance for export.	9813.1000
¹ [4	Life insurance	9813.1500
5	Health insurance	9813.1600
6	Crop insurance	9813.1600]
² [7	Live stock insurance	9813.1600]

¹ Added vide Finance Act, 2008.

² Inserted vide Finance Act, 2012.