

Export Processing Zones Authority Laws, Rules and Regulation

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**Export Processing Zones Authority
Ordinance IV of 1980**

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EXPORT PROCESSING ZONES AUTHORITY
ORDINANCE (IV OF 1980)

THE GAZETTE OF PAKISTAN

EXTRAORDINARY
PUBLISHED BY AUTHORITY

ISLAMABAD, WEDNESDAY, FEBRUARY 6, 1980

PART - I

Acts, Ordinances, President's Orders and Regulations including Martial Law Orders and Regulations.

GOVERNMENT OF PAKISTAN MINISTRY OF LAW AND
PARLIAMENTARY AFFAIRS
(Law Division) (Islamabad, the 6th
February, 1980)

No.F.17(1)/80.Pub.- The following Ordinance made by the President is hereby published for general information

ORDINANCE NO. IV of 1980 AN ORDINANCE to
establish an Export Processing Zones Authority

WHEREAS it is expedient to establish on Export Processing Zones Authority for making all arrangements for the planning, development and management of the Zones and to provide for matters connected therewith or ancillary thereto;

AND WHEREAS the President is satisfied that circumstances exist which render it necessary to take immediate action;

Now, THEREFORE, in pursuance of the Proclamation of the fifth day of July 1977, read with the laws (Continuance in Force) order, 1977 (C.M.L.A.Order No. 1 of 1977), and in exercise of all powers enabling him in that behalf, the President is pleased to make and promulgate the following Ordinance :

CHAPTER I-PRELIMINARY

1. Short title, application and commencement.- (1) This Ordinance may be

called the Export Processing Zones Authority Ordinance,

1980.

Definitions.- In this Ordinance, unless there is anything repugnant in the subject or context:-(a) "Authority" means the Export Processing Zones Authority established under section 4;

(b) "Board" means the Board constituted under section 5;

(c) "Bonded area" means an area declared as a public warehouse under section 12 of the Customs Act, 1969 (IV of 1969);

(d) "Chairman" means the Chairman of the Authority;

(e) "Industrial undertaking" means an industry, undertaking or establishment engaged in the production, distribution or processing of such goods or the providing of such services as may be specified in this behalf by the Federal Government;

(f) "Investor" means a person or company investing in an industrial undertaking located in a Zone;

"Manufacture" with its grammatical variations and cognate expressions, means the process of converting materials into a new product or article, whether or not by power operated machinery, whereby a change in tariff classification has been effected; (h) "Prescribed" means prescribed by rules;

(i) "Rules" means rules made under this Ordinance;

(i) "Tariff area" means any area in Pakistan outside the limits of a Zone;

Zone to be bonded area.- Every Zone shall be

1((3) Specified by S.R.O.208(1)/80, dated 02-02-1980 for the following;

in exercise of the power conferred by sub-section(3) of section-1 of the Export Processing Zones Authority Ordinance, 1980 (IV of 1980), the Federal Government is pleased to specify the 20th day of February 1980, to be the date on which the said Ordinance shall come into force.

CHAPTER II-CONSTITUTION OF THE AUTHORITY

- d Establishment of the Authority.- (1) There shall be established on Authority to be known as the Export Processing Zones Authority for carrying out the purposes of this Ordinance.
- (2) The Authority shall be a body corporate, having perpetual succession and a common seal, with power, subject to the provisions of this Ordinance, to acquire and hold property, both moveable and immovable, and shall by the said name sue and be sued.
5. Management.- The general direction and administration of the Authority and its affairs shall vest in a Board.
6. Constitution of the Board .- (1) The Board shall consist of not more than nine members, including the Chairman to be appointed by the Federal Government.
- (2) The Chairman and other members of the Board shall hold office during the pleasure of the Federal Government and unless sooner removed shall hold office for a period of three years.
- No act or proceeding of the Board shall be invalid merely on the ground of the existence of any vacancy in, or defect in the constitution of, the Board.
- (4) The Chairman and each member of the Board shall receive such salaries and allowances or such fee as may be determined by the Federal Government in each case.
7. Duties and functions of Chairman and members.- (1) The Chairman and members shall discharge such duties and perform such functions as are assigned to them under this Ordinance or by the Federal Government.
- (2) Until the Board is duly constituted, the Chairman shall, subject to such directions as the Federal Government may, from time to time, give, exercise the powers, discharge the duties and perform the functions of the Board.
8. Headquarters of the Authority.- The headquarters of the Authority shall be situated at Karachi.

CHAPTER III-POWERS AND DUTIES OF THE AUTHORITY

9. Master plan and master programme.- The Authority shall prepare a master plan and a phased master programme for the development of the Zones.
10. Preparation of scheme for infrastructure.- The Authority may, pursuant to the master plan, prepare schemes in respect of:
 - (a) land use, zoning and land reservation;
 - (b) public buildings;
 - (c) industrial warehousing and buildings;
 - (d) transportation and communications; roads, streets, railways, jettys, walls, workshops, sheds, godowns, navigation channels; (e) telecommunications, including wireless, telex and telephones;
11. Sanctioning of industries, etc.- (1)The Authority may, with the approval of the Federal Government, frame schemes and lay down procedure in respect of sanctioning the establishment and operation of industries in the Zones.
 - (2) Any industry sanctioned under sub-section(1) shall operate subject to such terms and conditions as may be enunciated in the letter of sanction issued by the Authority.
 - (3) The materials and manufactured goods shall not be exported from the Zones into the tariff area except to the extent and in the manner to be specified by the Authority in each case with the prior approval of the Federal Government.
12. Powers of the Authority.- (1) Subject to the other provisions of this Ordinance and the rules, the Authority may take such measures and exercise such powers as may be necessary for carrying out the purposes of this Ordinance.
 - (2) In particular, and without prejudice to the generality of the powers conferred by sub-section(1), the Authority may:
 - (i) incur any expenditure;
 - (ii) undertake any work in the Zones in pursuance of any scheme;
 - (iii) procure plants, machinery, instruments and material required for its use;

- (iv) enter into and perform all such contracts as it may consider necessary;
- (v) cause studies, surveys, experiments and technical research to be made or contribute towards the cost of any such studies, surveys, experiments or technical research;
- (vi) restrict or prohibit by general or special order any change in the use of land and alteration in buildings and installations; and
- (vii) cause removal of any work obstructing the execution of any of its schemes.

CHAPTER IV-ACQUISITION OF LAND

- 13. Liability to acquisition.- All land within the Zones shall be liable to acquisition at any time in accordance with the provisions of this Chapter.
- 14. Acquisition of Land.-(1) Where any land or interest in any land within any Zone is required by the Authority for any of its purposes, that land or interest shall be acquired under the Land Acquisition Act, 1894 (I of 1894), by the Provincial Government concerned at the request of the Authority.
(2) The acquisition of land or interest therein shall, for the purposes of the Land Acquisition Act. 1894 (I of 1894), be deemed to be required for a public purpose.

CHAPTER V-ESTABLISHMENT

- 15. Establishment.-(1) The Authority may, from time to time, appoint such officers, servants, experts or consultants as it may consider necessary for the performance of its Functions, on such terms and conditions as it may deem fit;
Provided that the Chairman may, in cases of urgency, appoint such officers, servants, experts or consultants and on such terms and conditions as he deems fit, subject to subsequent approval by the Board.
(2) The Authority shall be competent to take disciplinary action against its officers and servants.
- 16. Chairman, members, officers, etc., to be public servants.- The Chairman, members, officers, servants, experts and consultants of the Authority shall, when acting or purporting to act in pursuance of any of the provisions of this Ordinance, be deemed to be public servants within the meaning of section 21 of the Pakistan Penal Code (Act XLV of 1860).

17. Indemnity.- No suit, prosecution or other legal proceeding shall lie against the Authority, the Chairman, any member, officer, servant, expert, or consultant of the Authority in respect of anything done or intended to be done in good faith under this Ordinance.
18. Delegation of powers.- The Authority may, by general or special order, delegate to the Chairman or a member or officer of the Authority any of its powers, duties or functions under this Ordinance, subject to such conditions as it may think fit to impose.

CHAPTER

19. Authority Fund.-(1) There shall be established a fund to be known as the Export Processing Zones Authority Fund which shall vest in the Authority and shall be utilized by the Authority, in accordance with the general or specific directions of the Federal Government to meet charges in connection with its functions under this Ordinance, including the payment of salaries and other remuneration to the Chairman, members, officers, servants, experts and consultants of the Authority.
- (2) The Export Processing Zones Authority Fund shall consist of.
 - (a) grants made by the Federal Government;
 - (b) loans obtained from Government;
 - (c) grants made by the local bodies;
 - (d) sale proceeds of moveable and immovable property and receipts for services rendered;
 - (e) loans obtained by the Authority with the special or general sanction of the Federal Government;
 - (f) foreign aid and loans obtained from any source outside Pakistan with the sanction of, and on such terms as may be approved by, the Federal Government;
 - (g) all rates, taxes, fees, charges levied and fines imposed by the Authority under the regulations made under this Ordinance;
 - (h) all revenues derived by the Authority from any property administered by the Authority; and
 - (i) all other sums receivable by the Authority.

20. Authority to be deemed to be a local Authority.- The Authority shall be deemed to be a local authority within the meaning of the Local Authorities Loans Act. 1914 (IX of 1914), for the purpose of borrowing money in accordance with the said Act and the execution of any scheme under this Ordinance shall be deemed to be a work which such authority is legally authorized to carry out.
21. Borrowing, etc., by the Authority.- The Authority may, with the prior approval in writing of the Federal Government, raise funds for the purpose of its working capital by issuing bonds and debentures carrying interest at such rates as may be approved by the Federal Government.
22. Budget.- In the month of January each year, the Authority shall submit to the Federal Government for approval a statement of the estimated receipts and expenditure in respect of the next financial year in such manner and form as may be prescribed.
23. Audit and accounts.- (1) The Accounts of the Authority shall be audited every year by the Auditor-General of Pakistan in such manner as may be prescribed.
 - (2) Copies of the audit report shall be sent to the Authority and the Authority shall send the report along with its comments to the Federal Government.
 - (3) The audit report shall be available for public inspection.
 - (4) The Federal Government may issue directions to the Authority for the rectification of matters objected to by the Auditor-General and the Authority shall comply with every such direction.

CHAPTER VII-MISCELLANEOUS

24. Disputes to be referred to arbitration.-
 - (1) Any dispute relating to the interpretation of the provisions of any agreement made under any scheme prepared under section 10 between the Authority and an investor or the rights of the parties to such agreement or any rights conferred or any liability imposed by this Ordinance shall be referred for arbitration to an arbitrator appointed by the parties.
 - (2) Any award made upon such reference shall be final and binding on the parties and shall not be subject to any appeal or any other remedy.

3) The provisions of the Arbitration Act, 1940, (X of 1940) shall, so far as they can be made applicable, apply to arbitration under sub-section (1).
25. Power to exempt.- The Federal Government may, by notification in the official Gazette, exempt any Zone from the operation of all or any of the provisions of any law for the time being in force which relates to any matter within the legislative competence of Parliament.

26. Power to make rules.- The Federal Government may, by notification in the official Gazette, make rules for carrying out

27. Power to make regulations.- (1) The Authority may, with the approval of the Federal Government, make regulations, not inconsistent with the provisions of this Ordinance or the rules, for carrying out the purposes of this Ordinance.

(2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for the levy

GENERAL M.
ZIA-UL-HAQ
PRESIDENT

K. M. A. SAMDANI
SECRETARY

GOVERNMENT OF PAKISTAN
MINISTRY OF INDUSTRIES
NOTIFICATION Islamabad, th 23rd September, 1981
EXPORT PROCESSING ZONES AUTHORITY RULES, 1981

EXPORT PROCESSING ZONES AUTHORITY RULES, 1981

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S.R.O. 1058(1)/81.- In exercise of the powers conferred by section 26 of the Export Processing Zones Authority Ordinance, 1980 (IV of 1980), the Federal Government is pleased to make the following rules, namely:

- I. **Short title and commencement.**-(1) These rules may be called the Export Processing Zones Authority Rules, 1981.
(2) They shall come into force at once.
2. **Definitions.**- In these rules, unless there is anything repugnant in the subject or context:
 - (i) "application" means an application to the Authority for setting up industrial undertaking in the Zones in such form as may be specified from time to time by the Authority;
 - 1[(ia) "foreign collaborator" means an investor, whether a foreigner or a non-resident citizen of Pakistan, who makes investment in a Zone in a joint venture with a resident citizen of Pakistan;
 - 2[(ba) "Controller of Insurance" has the same meaning as in the Insurance Act, 1938 (IV of 1938);
 - 3[(ii) "foreign investment" means an investment made by foreigner and/or a non-resident citizen of Pakistan in form of cash, foreign exchange or equipment or in any other form approved by the Authority;
 - 4[(iii) "foreign investor" means an investor who is not a citizen of Pakistan or is non-resident citizen of Pakistan or a company incorporated outside Pakistan by a foreign national and/or non-resident citizen of Pakistan;
 - 5[(iia) "insurer" shall have the same meaning as in the Insurance Act, 1938 (IV of 1938).

110) Added by S.R.O. 580(1)/85, dated 09-06-1985. Added by S. R. O. 857(1)/82, dated 08-09-1982.
?((i
00)
Sub. by S.R.O. 165(KE)/89, dated 30-08-1989 for the following:

"foreign investment" means investment made by a fore'gner in on industrial undertaking in a Zone, in the form of cash, foreign exchange, imported machinery or equipment or in any other form approved by the Authority;

5((iia
,
Subs. by S.R.O. 165(KE)/89, dated 30-08-1989 for the following:

- 6(iv) "Joint Venture" means an industrial enterprise set up with participation between foreign investors or between a foreign investor and a resident citizen of Pakistan or a company incorporated in Pakistan whose share in investment shall not exceed 40% of the total investment;
 - 7[(v) "non -repatriable investment" means an investment in foreign currency which is purchased from the State Bank of Pakistan by a resident citizen of Pakistan or company incorporated in Pakistan on the condition that capital, dividends and profits shall not be repatriated outside Pakistan;
 - (vi) "Ordinance" means the Export Processing Zones Authority Ordinance, 1980 (IV of 1980);
 - (vii) "registration" means registration of an investor with the Authority;
 - (viii) "regulations" means regulations made by the Authority under section 27 of the Ordinance; and
 - (ix) "scheme" means a scheme prepared under section 10 or framed under section 11 of the Ordinance.
3. Eligibility.-The following categories of persons shall be eligible to establish industrial undertaking in a Zone, namely:
- (1) a foreign investor;
 - t3[(2) a foreign investor in collaboration with a resident citizen of Pakistan or a company incorporated in Pakistan;
 - 9[(3) a resident citizen of Pakistan or a company incorporated in Pakistan, being allowed to invest to the extent of one hundred percent out of his or, as the case may be, its own foreign exchange resources without constraining the foreign exchange reserves of Pakistan; or
Atleast sixty percent of the equity in an enterprise set up in a Zone, out of his own foreign exchange resources without constraining the foreign exchange resources of Pakistan and not more than forty percent of the equity through purchase of foreign exchange from the State Bank of Pakistan at the ongoing rate, against surrender of local currency.

Sub. by SRO. 165(KE)189, dated 30-08-1989 for the following:

s[12)

Subs. by SRO. 165(KE)/89, dated 30-08-1989 for the following:

4. Investment to be in foreign currency.- All investments made in a Zone shall be in foreign convertible currency.
5. Type of industries to be set-up etc.-(1) Export oriented industries requiring sophisticated technology, advanced marketing arrangement, using local raw materials and labour shall be preferred.
 - (2) Industries which compete with similar export industries in
 - (3) the tariff area would normally not be allowed to be set up in
 - ¹⁰(4) the Zone.
 - (5)
6. Application for setting up industrial undertaking.-' [(1) Investors desiring to establish an industrial undertaking in a Zone shall submit ¹¹ (.....) their application to the Authority complete in all respect.
 - (2) Each application shall be accompanied by a non-refundable fee specified by the Authority from time to time.
7. Power of the Authority to accept or reject any application.- (1)The Authority may accept or reject any application without assigning any reasons.
 - (2) If the application is accepted, the Authority shall issue a letter of sanction to the investor containing the terms and conditions subject to which the sanctioned industry shall operate.
8. Time for implementation of the sanction.- On receiving the letter of sanction, the applicant shall be required to implement and complete the industry within the period specified in the letter of sanction failing which the sanction shall stand cancelled, provided the Authority may, for

¹⁰114) [Subs. by](#) SRO. 165(KE)/89, dated 30-08-1989 for the following:

9. Registration.- If an industrial undertaking is sanctioned for a Zone, the investor shall register himself or itself with the Authority before commencing work on the project or site by

~~entering into an agreement to work from the zone specified from~~
Provided that the Authority may exempt any investor from one or mor of the general conditions laid down in the agreement.

12[9.A Power of the Authority to cancel sanction.- If in the opinion of the Authority an investor has failed to carry out the purpose for which, or has not fulfilled the conditions of, the sanction accorded to him under sub-section (1) of section 1 1 of the Ordinance, it may, after giving him notice to show cause, cancel, revoke or withdraw the sanction.

10. Issue of licences to banks to open branches, etc.-(1)

Licences for opening of branches in a Zone to banks may be issued by the State Bank of Pakistan hereafter in this rule and rule

11 referred to as the Bank:

Provided that the Bank may, with a view to obtaining statistical data about the operations of the branches, call such periodical returns from such branches from time to time as it may think fit.

11. Dealings in foreign exchange, etc.-(1)The Bank may issue licences to the branches for transacting foreign exchange business in the Zones.

12(9.A Added by SRO. 1287(1)182, dated 26-12-1982

(2) The rules applicable to the import into, and export from, Pakistan of Pakistani currency shall apply to the import into, and export from, the Zones to the tariff area.

(3) Foreign currency notes and other foreign currency

Provided that all such foreign currency notes shall, immediately after entry, be surrendered to an authorised dealer in the tariff area.

(4) All imports into the Zones shall be paid for out of the importers own foreign exchange resources abroad without involving, either directly or indirectly, Pakistan resources.

(5) Imports into the Zones from the tariff area shall be

deemed to be exports from Pakistan and imports into the tariff

area from the Zones shall be deemed to be imports from

abroad and shall be subject to the same conditions and

restrictions as are applicable to similar imports from abroad.

13(1 I.A) *Added by SRO. 857(1)182, dated 08-09-1982.*

14(1 I.8) *Added by SRO. 857(1)18Z dated 08-09-1982.*

- (2) The expatriates employed by the occupant industries shall, in respect of their foreign travel both on private and official account, pay the cost of the ticket in convertible foreign exchange.
13. Maintenance of accounts and credit facilities.- (1) Persons resident of the tariff area shall not be permitted to maintain accounts with the branches of bank in the Zones.
- (2) Foreign exchange funds of the enterprises may be kept with the banks in a Zone in any convertible currency.
- (3) No industrial undertaking in a Zone shall be extended any credit facility out of Pakistan resources including financing by the Industrial Development Bank of Pakistan.
14. Rebate of excise and customs duties for supplies to Zones.- The normal excise and customs duties and other taxes leviable on raw materials, machinery, or goods in the tariff area shall be eligible for rebate under the existing rules when supplied to a Zone.
15. Facilities.- (1) The Authority shall undertake to provide infrastructure facilities such as electricity, water, gas, telephone and telex which are considered necessary for efficient industrial operations in a Zone:
Provided that the cost of providing such facilities shall be borne by industries set up in a Zone.
- (2) The Authority may also provide to investors a list of contractors for providing necessary services such as stevedoring, movement of goods to and from a Zone, factory design and construction for their information and guidance.
- (3) Postal, fire services, first aid station and medical centres shall be provided within a Zone.
- ¹⁵[(4) Supporting enterprises including banking, Insurance and such services as may be specified by the Federal Government from time to time shall also be provided within a Zone.
- 16 Imports and exports.- A development surcharge of 1 % on the F.O.B. value of all goods 16(.....) exported from any Zone shall be payable to the Authority.
17. Entry into and exit from a Zone.- (1) Entry and exit of persons and goods into and from a Zone shall be in accordance with the regulations framed by the Authority.

rs((4) *Added by SRO. 1287(1)/82, dated 26-12-1982.*

16 *Omitted by SRO. 165(KE)/89, dated 30-08-1989, for the following:
in rule 16, the words "imported into or" shall be omitted.*

- (2) Payments for raw materials, machinery or goods and services purchased by a Zone investor from the tax shall be made in convertible foreign currency.
18. Monetary transactions.- All payments to labour, managerial staff and for services and facilities within a Zone shall be made in Pakistani rupees against the surrender of foreign exchange to an authorised bank or banks designated by the Authority.
19. Environmental pollution.- Industries whose operation results in the creation of harmful effluents or environmental pollution shall be required to adopt such measures as are necessary for the proper treatment of pollutants before they are disposed of.
20. Cost of additional services.- The Authority may impose such fees or charges for services which it may not provide from time to time in connection with
- (a) development and maintenance of public utilities and installations;
 - (b) measures for maintenance of environmental, sanitation and public safety; and
 - (c) such other related services which the Authority may deem necessary.
21. Suspension and cessation of operations.-
- (1) If an industrial undertaking in a Zone decides to cease or suspend its registered operations, a written notice thereof shall be sent to the Authority before the decision is implemented.
 - (2) Subject to the provisions of the relevant laws and the rights of mortgage creditors, the cessation of business operations shall have the effect of automatically cancelling the certificate of registration upon which the industrial undertaking shall cease to be entitled to the incentives provided for it.
22. Employment of foreign nationals.- (1) An investor may employ foreign nationals for which an application shall be made in the form prescribed by the Authority.
- (2) A foreign national employed under sub-rule (1) shall be granted an initial term of employment of three years, extendable from year to year.
 - (3) Request for further extension shall be filed with Authority at least thirty days before the expiry date of the authorised stay.
23. Exclusion of items detrimental to public health & safety.- The Authority may at any time, order the exclusion from a Zone of such goods, chemicals, materials, processes or operations which in its judgement are detrimental to the public interest, health or safety.

24. Privilege of the Authority to call for reports.- The Authority may order any industrial undertaking or its supporting enterprise to report on the following particulars, namely:
- (i) monthly report on manufacturing process or assembly of commodities;
 - (ii) monthly report on commodity import and export;
 - (iii) status of arrival of commodities imported into the Zone;
 - (iv) suspension of business operation for over one month;
 - (v) any other information which is considered necessary by the
- 17(24.A Change in incentive package.- Change in the incentive package, under which an investment has been sanctioned in a Zone, shall not be made except where such change is more advantageous to the investor and is also accepted by him.
25. General Provisions. - (1) The Authority may, from time to time issue memoranda and circulars to implement the provisions of these rules, regulations and schemes
- (2) The Authority may, with the approval of the Federal Government set up on Advisory Committee for the Authority which may include representatives of the private sector.

HASINUDDIN AQUIL
Deputy Secretary

A: CUSTOMS EXPORT PROCESSING ZONES RULES, 1981

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1. Exemption from custom duty and sales tax for all goods imported into and exported from the Export Processing Zones. (S.R.O. 881(1)/80, dated 23-8-1980).
2. Repayment of custom-duties and sales tax paid on the raw materials used in the manufacture of goods admitted into the Export Processing Zones from the Tariff Area of Pakistan. (S.R.O. 882 (1)/80, dated 23-8-1980).
3. Procedure for expeditious clearance of the vehicles at the time of importation for use in Export Processing Zones allowed Vide CBR [U.O.No.1980-81-Cus-Ex/5\(17\)](#), dated 11th April, 1982. (Customs General Order No: 1 of 1983 dated 09-01-1983).
4. Exemption from central excise duty on such goods manufactured in the Tariff Area of Pakistan as are imported into an Export Processing Zone for use as raw materials or intermediary goods for further manufacture of goods in the Zone for export. (S.R.O. 1022(1)/92, dated 18-10-1992).
5. Clarification regarding duty free supplies of exciseable goods to the Export Processing Zones. (C.N.16 (28) CEB/84, dated 27-07-1993).

B: ALLIED

NOTIFICATIONS/ORDERS CONTENTS

A: CUSTOMS EXPORT PROCESSING ZONES RULES, 1981.

CENTRAL BOARD OF REVENUE
ISLAMABAD, THE 25TH MARCH, 1981
CUSTOMS

S.R.O.249(1)/81.- In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), the Central Board of Revenue, in order to regulate and control import and export of goods into and from the Export Processing Zones, is pleased to make the following rules, namely:

1. **Short** title, extent and commencement.- (1)These rules may be called the Customs Export Processing Zones Rules, 1981

(2) They shall apply to all Zones.

(3) They shall come into force at once.

2. Definitions.-In these rules, unless there is anything repugnant in the subject or context.

(a) "Act" means the Customs Act, 1969 (IV of 1969);

(b) "Authority" means the Export Processing Zones Authority established under the Ordinance;

(c) "Collector of Customs", in relation to a Zone, means the Collector of Customs in whose jurisdiction such Zone is established;

3. Import of goods into the Zones.-(1) Subject to sub-rules (7) and (8), any goods can be imported into the Zones from abroad or from the Tariff Area.

(2) A separate bill of entry in respect of goods imported for a Zone along with other documents showing details of the goods as required under the Act and the rules made hereunder shall be presented to the customs

(3)
1[(4)

Goods imported into a Zone shall be assessed in accordance with the existing procedure.

The exemption granted under Boards Notification No. S.R.O.881(1)/80, dated 23-08-1980, shall be applicable to machinery, equipment, materials to be used solely within the limits of a Zone and goods imported into the Zone for warehousing purposes.

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4.

Introduction of goods into the Zones from Tariff Area.- (1)
Goods from the Tariff Area required for further processing in a Zone shall be admitted after completion of export formalities which are normally observed for export out of the country.

1[(4) [Subs. by](#) SRO. 142(1)/88, dated 25-02-1988 for the Wowing: -

The exemption granted under the Board's Notification No. S.R.O. 881(1)/80, dated the 23rd August 1980, shall be restricted to machinery, equipment and materials to be used solely within the limits of a Zone.

5. Export of goods from the Zones.-(1) Any goods removed from a Zone for exportation shall be exported under the export procedure as laid down in the Act and the rules made thereunder and documentation shall be completed on the basis of exemption from duties and taxes under the Board's Notification No. S.R.O 881(1)/80, dated the 23rd August, 1980. (2) Goods cleared for export shall be secured and forwarded to the exporting station under Customs supervision, a pass shall be sent with the goods, specifying the name of the importer and the clearing agent, if any, number of vehicle, description and quantity of goods with the marks and numbers and contents thereof and, on receipt of the goods at the exporting station, the officer of customs allowing the export of goods shall retain the pass. (3) All customs formalities regarding removal of goods from the Tariff Area shall be completed at the main Customs Check Post or any place within the Zone approved for this purpose by the Collector of Customs.
6. Removal of goods from the Zones to Tariff Area.- ²[(1) Removal of goods produced by investors in a Zone to Tariff Area for home consumption may be allowed subject to the import restrictions and formalities applicable to imports from abroad, custom-duties and other taxes levied on imports into Tariff Area from the Zone shall be the same as duties and taxes levied on similar imports from abroad. (2) Any goods permitted by the aforesaid authority for entry into the Tariff Area under sub-rule(1) may be taken out of the Zone after fulfilling all the requirements prescribed under the Act and the rules made thereunder for the direct import from abroad into the Tariff Area. The point in time to be taken into consideration for the purpose of determination of value and the rate of duties and other taxes applicable on goods removed for home consumption shall be determined in accordance with the provisions of the Act and the rules made thereunder.

Subs. by SRO. 142(0188, dated 25-02-1988 for the following:

Removal of goods produced by investors in a Zone to Tariff Area for home consumption may be allowed by the Federal Government on project to project basis subject to the import restrictions and formalities applicable to imports from abroad;

Provided that the investors of the Karachi Export Processing Zone who went into production before the 1st October, 1984, may be allowed (from that date) to remove up to twenty percent of their products to Tariff Area for home consumption subject to the aforesaid import restrictions and formalities; and

Sub-rule 611) as above, was substituted by S.R.O. 1096 (1)/84, dated 24-12-1984 for the following:

Removal of goods from a Zone for home consumption may be restricted to only such cases as may be authorized by the authority appointed by the Federal Government for the purpose.

- 3[(4) The goods produced in a Zone and removed to Tariff Area for home consumption shall be chargeable to customs-duties in the state in which they enter the Tariff Area.
7. Destruction.- Any goods admitted to a Zone on having been rendered unfit for consumption may be allowed to be destroyed or rendered commercially value-less by an officer of customs not below the rank of an Assistant Collector of Customs in such manner as may be prescribed by the Collector of Customs.
 8. Unaccounted goods.- If any importer fails to give proper account of the imported goods to the satisfaction of an officer of customs not below the rank of an Assistant Collector of Customs, the importer shall pay on demand an amount equal to the duties and taxes leviable thereon and shall also be liable to pay penalties imposed for such violation under the Act and the rules made thereunder.
 9. Remission of duties.- Subject to the satisfaction of the Collector of Customs, the duties and other taxes, if any, may be remitted in full or in part, as the case may be, in the following cases, namely:
 - (i) when any goods are damaged or destroyed by unavoidable circumstances or causes beyond the control of the importer or the owner;
 - (ii) when the waste or refuse of the goods is destroyed in accordance with rule 8; and
 - (iii) when goods imported are bonafide samples for study, testing or design.
 10. Restriction on removal of goods from the Zones.- No goods shall be taken out from any Zone except as provided in rules 6 and 7, or for transfer to another zone or for sub-contracting in the Tariff Area and subject to the prior permission of the Collector of Customs on such conditions, restrictions and limitations as may be prescribed by him or as otherwise provided in the Act or the rules made hereunder.
 11. Transfer of ownership .- Transfer of ownership of goods admitted to a Zone may be allowed:
Provided that retail sale of such goods shall not be allowed.

Subs. by SRO. 1096(1)1&4, dated 24-12-1984, for the following:

*"The amount of **duties and taxes chargeable on goods taken into home consumption** after processing in a Zone shall be limited to the duties and taxes applicable to the foreign goods utilized in the state in which they were introduced into the Zone, plus, where goods of national origin or goods imported against payment of import duties and taxes were utilized, the amount of any exemption or rebate of duties and other taxes granted at the time the goods were introduced into the Zone."*

12. Security of the Zones.- (1) Each zone shall be delimited and bounded with secured boundary fencing and suitable check posts may be established after approval of the Collector of Customs.
- (2) The construction of the check posts shall be carried out by the Authority in accordance with the lay out plan approved by the Collector of Customs.
- (3) The Collector of Customs may impose restrictions on means of access to a zone and establish the hours of business.
- (4) The Collector of Customs may keep the means of access to a zone under permanent or intermittent supervision, and make spot checks on the goods introduced into the zone to ensure that these are subjected to only authorized operations and to see that no un-authorized goods have been introduced.

(C.No.9(10)-SS(CB)/77.Vol. 11).

NASIR AHMED
Secretary (Customs)

B. ALLIED NOTIFICATIONS/ORDERS

1. Exemption from custom duty and sales tax for all goods imported into and exported from the Export Processing Zones.

MINISTRY OF FINANCE AND ECONOMIC COORDINATION
Islamabad, the 23rd August, 1980 Customs

S.R.O. 881(1)80.- In exercise of the powers conferred by section 19 of the Customs Act, 1969 (IV of 1969), and section 7 of the Sales Tax Act, 1951 (III of 1951), the Federal Government, subject to such conditions, limitations and restrictions as the Central Board of Revenue may impose from time to time, is pleased to exempt from the whole of customs-duties and sales tax leviable on all the goods imported into and exported from the Export Processing Zones established under the Export Processing Zones Authority Ordinance, 1980 (IV of 1980).

(C. No. 9(10)-SS(CB)/771

G. A. JAHANGIR
Joint Secretary

2. Repayment of Custom - duties and sales tax paid on the raw materials used in the manufacture of goods admitted into the Export Processing Zones from the Tariff Area of Pakistan.

Islamabad, the 23rd August, 1980
Customs

S.R.O. 882(1)/80. - In exercise of the powers conferred by clause (c) of section 21 of the Customs Act, 1969 (IV of 1969), and sub-section (2A) of section 27 of the Sales Tax Act, 1951 (III of 1951), the Central Board of Revenue is pleased to authorise the repayment of customs-duties and sales tax paid on the raw materials used in the manufacture of goods admitted into the Export Processing Zones established under the Export Processing Zones Authority Ordinance, 1980 (IV of 1980), at such rates and subject to such conditions as are applicable to the goods exported outside Pakistan.

[C. No. 9(10)-SS(CB)/771

NASIR
AHMED
Secretary

3. Custom General Order No: 1 /83, Dated the 9th January, 1983

Government of Pakistan Central
Board of Revenue

[C.No.1980-81/Cus.Ex./5\(17\)](#) Islamabad, the 9th January, 1983.

Custom General Order No. 1 /83

subject:- Procedure for expeditious clearance of the vehicles at the time

of importation for use in Export Processing Zones allowed Vide
CBR [U.O.No.1980-81-Cus-Ex/5\(17\)](#) dated 11th April 1982.

In pursuance of exemption from the payment of whole of Customs Duty and Sales Tax granted on the goods imported into and exported from the Export Processing Zone under S.R.O. 881(1)/80, dated 23rd August, 1980 and special permission granted to the industrial undertakings established in the Export Processing Zone for duty free import of vehicles for handling and transportation of the goods outside the limits of Export Processing Zone and further the duty free import of a car for office use (not exceeding 1600 C.C. engine capacity) and a vehicle; for transport of labour by each industrial undertaking contained in the CBR [U.O.No.1980-81. Cus.Ex/5\(17\)](#), dated 11th April 1982. The following procedure is prescribed for expeditious clearance of the vehicles at the time of importation.

While filing the B/E for free clearance of vehicles under purview of the above orders the importing industrial undertaking shall produce a certificate from the Export Processing Zone Authority concerned alongwith full particulars of each vehicle to the effect that:

- (1) the vehicle was within the scope of prescribed exemption, and
- (2) the Export Processing Zone Authority concerned undertook to ensure that the vehicle shall be used exclusively for the purpose for which it had been imported and that the same shall not be sold transferred and disposed of without prior permission from the Chief Controller of Imports & Exports and the Central Board of Revenue and on payment of taxes leviable thereon for which the authority concerned was responsible.

On filing of the B/E with the certificate and other related documents, duty free clearance of the vehicle shall be expeditiously allowed after completion of formalities.

2. A copy of the certificate issued by the EPZ authority referred to in para above shall be endorsed to the Secretary (Customs), Central Board of Revenue, Islamabad for information and record.

3. A master register shall be maintained by the group concerned in the Customs House, Karachi to account for the importation and subsequent disposal of such vehicles in the enclosed proforma (Annex); Separate pages will be allotted to individual industrial undertakings who import such vehicles.

4. The EPZ authority concerned shall also maintain a register on the proforma referred to in the above para as a permanent record. All imports of vehicles meant for handling and transportation of the goods as well as the import of car for office use and a vehicle for transport of labour shall be entered in the said ledger, Serial Number of the entry in the register shall be on the triplicate copy of the Bill of Entry and to the vehicle under the serial number EPZ No. This serial number will be displayed on a plate number to be affixed on each such vehicles. This will facilitate the physical check of the vehicles imported by the individual industrial undertakings.

5. Triplicate copy of the Bill of Entry shall be retained by the EPZ authority concerned and shall be maintained as a permanent record alongwith the register prescribed above.

[Annex. to](#) Customs General Order 1 of 1993
Ledger

1	2	3	4	5	6	7
Country whence Firm consigned	Name of the	Rate of Customs duty	Rate of Sales Tax	Other Taxes	Export Shipping Bill No.	Authority for local sole
8	9	10	11	12	13	14
Value Assessed	Amount of Customs	Amount of Soles Tax	Amount of Other Taxes	Cash No.	Remarks	
15	16	17	18	19	20	

MANZOOR AHMED
Second Secretary

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4. Exemption from central excise duty on such goods manufactured in the Tariff Area of Pakistan as are imported into an Export Processing Zone for use as raw materials or intermediary goods for further manufacture of goods in the Zone for export.

CENTRAL BOARD OF REVENUE

Islamabad the 18th October, 1992

Central Excise

S.R.O. 1022(1)/92. - In exercise of the powers conferred by sub-section (1) of section 12A of the Central Excises and Salt Act, **19,44 (I of 1944)**, the Federal Government is pleased to exempt from the whole of central excise duty such locally manufactured goods used as raw materials or intermediary goods by a manufacturer located in an Export Processing Zone for further manufacturing of goods in that Zone for export provided that the provisions of rule 13 of the Central Excise Rules, **1944**, read with Chapter IX thereof, have been observed.

Explanation. - "Export Processing Zone" means such area as is declared by the Federal Government to be a Zone under the Export Processing Zones Authority Ordinance, **1980 (IV of 1980)**.

[C. No. 16 (28)-CEB/84]

MUMTAZ ALI
Additional Secretary

5. Clarification regarding duty free supplies of exciseable goods to the Export Processing Zones

**Government of Pakistan Ministry
of Finance & Economic Affairs
(Revenue Division) Central Board
of Revenue**

C.i.qo. 16(28)-CEB/84

Islamabad the

27th July 1984
From: S. Tanvir

Ahmad Second

To : 1. The Collector

Customs & Central Excise

2. The Collector

Central Excise & Sales

Subject: CLARIFICATION REGARDING EXPORT PROCESSING ZONE

1. A question has arisen as to whether the supplies of excisable goods to the export processing zone be deemed as export entitled to duty free clearance under rule 13 of Central Excise Rules, if the remittance are made in foreign exchange.
2. I am directed to clarify that under rule 14 read with rule 17 of Export Processing Zone Authority Rules, 1981, reproduced below, the supplies made against convertible foreign exchange payment shall be treated as export for the purposes specified in the rules under reference and shall, accordingly be allowed clearances under rule 13 of the Central Excise and Export Processing Zone Authority Rules,
1981 (S. R. O. 1058(1)/81, dated 23rd
14. The normal excise and customs duties and other taxes leviable on raw materials, machinery, or goods in the tariff area shall be eligible for rebate under the existing rules when
- 17.- (2) Payments for raw materials, machinery or goods and services purchased by a Zone investor from the Tariff Area shall be made in convertible foreign currency.

(S. TANVIR AHMAD)
SECOND SECRETARY

Notifications under the Foreign Exchange Act, 1947 (VII of 1947), State Bank of Pakistan Act, 1956 (XXXIII of 1956), the Banking Companies Ordinance 1962 (LVII of 1962), the Insurance Act, 1938 (IV of 1938), the Pakistan Insurance Corporation Act, 1952 (XXXVII of 1952), Import and Export Regulations and exemption from the provisions of various labour laws relating to Export Processing Zones.

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1. NOTIFICATION NO. I(6)-ECS/48, DATED THE 1ST JULY, 1948 (AS AMENDED UPTO 29TH JUNE, 1980)

In exercise of the powers conferred by sub-section (1) of section 12 of the Foreign Exchange Regulation Act, 1947 (VII of 1947), the Central Government is pleased to prohibit the export otherwise than by post of any goods either directly or indirectly to any place outside Pakistan other than any of the countries or territories in the Schedule appended hereto unless a declaration is furnished by the exporter, in a manner prescribed in this behalf by the State Bank of Pakistan, to the Collector of Customs or to such other person as the State Bank of Pakistan may specify, that an amount representing the full export value of the goods has been or will be disposed of in a manner and within a period specified by the State Bank of Pakistan.

Provided that this prohibition shall not apply to the export of:

- Bonafide trade samples;
- Personal effects, whether accompanied or
- Ships stores and transshipment cargo;
 - Goods shipped under the order of the Central Government or of such officers as may be appointed by the Central Government in this behalf or of the Military, Naval or Air Force authorities in Pakistan for Military, Naval, or Air Force requirements;
 - Goods included in Open General Licence No. 7 published with the late Ministry of Commerce and Education (Commerce Division) Notification No. 335/460/42, dated 22nd October, 1952, as modified from time to time, or such other Export Open General Licence as may be in force for the time being, and exported to
 - Gift packets where they are accompanied by a declaration by the sender that the contents of the packet are less than Rs. 500/= in value and that the despatch of the packet does not involve any transaction in foreign exchange; and
 - Goods processed or manufactured or processed and manufactured in and exported from Export Processing Zones established under the Export Processing Zones Authority Ordinance, 1980 (IV of 1980).

In exercise of the powers conferred by sub-section (1) of section 12 of the Foreign Exchange Regulation Act, 1947 (VII of 1947), the Central Government is pleased to prohibit the export by post of any goods either directly or indirectly to any place outside Pakistan other than any of the countries or territories in the Schedule appended hereto unless a declaration in a form prescribed by the State Bank of Pakistan, for the purpose, is furnished by the exporter to the Postal Authorities of the time of despatch that an amount representing the full export value of the goods has been or will be disposed of in a manner and within a period specified by the State Bank of Pakistan

Provided that this prohibition shall not apply:

- Where the postal packet is covered by a certificate issued by the State Bank of Pakistan or by an authorised dealer that the export of
- Where the postal packet is accompanied by a declaration by the sender that the contents of the parcel are less than Rs. 500/= in value and that the despatch of the parcel does not involve any transaction in foreign exchange; and
- Where the parcels are despatched either under the orders of the Central Government or of the Military, Naval or Air Force authorities in Pakistan accompanied by a certificate to the effect that the parcel does not involve any transaction in foreign exchange, signed by a
- Where the postal packet or parcel consists of goods included in Open General Licence No. 7, published with the late Ministry of Commerce and Education (Commerce Division) Notification No. 335/460/42 dated 22nd October, 1952, as modified from time to time, or such other
- Goods processed or manufactured or processed and manufactured in and exported from Export Processing Zones established under the Export Processing Zones Authority Ordinance, 1980 (IV of 1980).

**3. Notification S.R.O. 1332(1)/81, dated 13-12-1981
relating to exemption of the Export Processing Zones
from Foreign Exchange Regulations Act 1947
(VII of 1947).**

MINISTRY OF INDUSTRIES
Islamabad the 13th December, 1981

S.R.O. 1332(1)/81.- In exercise of the powers conferred by section 25 of the Export Processing Zones Authority Ordinance, 1980 (IV of 1980), the Federal Government is pleased to exempt the Export Processing Zones established under the said Ordinance from the provisions of the Foreign Exchange Regulations Act, 1947 (VII of 1947).

HASINUDDIN
Deputy Secretary

4. Notification S.R.O. 1248(1)/48, dated 23-11-1983

relating to exemption of the Export Processing Zones from
State Bank of Pakistan Act, 1956 (XXXIII of 1956) and
Banking Companies Ordinance 1962 (LVII of 1962).

MINISTRY OF INDUSTRIES

Islamabad the 23rd November, 1981

S.R.O. 1248(1)/81.- In exercise of the powers conferred by section 25 of the Export Processing Zones Authority Ordinance, 1980 (IV of 1980), the Federal Government pleased to exempt the Export Processing Zones from all the provisions of the State Bank of Pakistan Act, 1956 (XXXIII of 1956), and the Banking Companies Ordinance 1962 (LVII of 1962).

HASINUDDIN AQUIL
Deputy Secretary

5. Notification S.R.O. 858(1)/82, dated 08-09-1982

relating to exemption of the Export Processing Zones
from the Insurance Act, 1938 (IV of 1938) and Pakistan
Insurance Corporation Act, 1957 (XXXVII of 1952).

Islamabad, Wednesday, September 8,
1982

S.R.O. 858(1)/82.- In exercise of the powers conferred by section 25 of the Export Processing Zones Authority Ordinance, 1980 (IV of 1980), the Federal Government is pleased to exempt the Export Processing Zones from all the provisions of the Insurance Act, 1938 (IV of 1938), and the Pakistan Insurance Corporation Act, 1952 (XXXVII of 1952).

[No. 5(6)/81-PI]

MUHAMMAD HASIN KHAN
Chief Research Officer

**6. Notification S. R. O. 582(1)/80, dated 02-06-1980
relating to exemption of Karachi Export Processing
Zone from Import & Export Regulations.**

Islamabad, the 2nd June, 1980.

S.R.O. 582(1)80.- In exercise of the powers conferred by section 25 of the Export Processing Zones Authority Ordinance, 1980 (IV of 1980), the Federal Government is pleased to exempt Karachi Export Processing Zone from the provisions of the Registration (Imports and Exports) Order, 1952, ¹ [the import Trade Control Order, 1973], the Import Policy Order issued from time to time and Schedules I to IV and VI annexed to the Ministry of Commerce's Notification NO. SRO 685(1)/79, dated the 31st July, 1979, except in so far as they relate to supplies from Karachi Export Processing Zone to the tariff areas of Pakistan.

(No. 5(1)/80-P.1)

HASINUDDIN
AQUIL Deputy

1. Added by S.R.O. 853(1)/81, dated 30-07-1981.