

**GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE
(INLAND REVENUE POLICY WING)**

C. No. 2/10-STB/2020 (Pt-I)/132927-R

Islamabad, the 6th August, 2020

CIRCULAR NO. 01 OF 2020

**SUBJECT: FINANCE ACT, 2020-- EXPLANATION OF IMPORTANT AMENDMENTS
IN SALES TAX ACT, 1990 AND FEDERAL EXCISE ACT. 2005**

A. SALES TAX ACT, 1990

1 CORRECTIVE AND ENFORCEMENT MEASURES IN SALES TAX LAW

Various provisions in the Sales Tax Act, 1990 ("**1990 Act**" *hereafter*) required some corrections for removing drafting errors or for ensuring smooth implementation of law. Needless to highlight that such changes tend to promote certainty and in turn, Ease of Doing Business. Such changes in law are grouped in the following table:-

S.No.	Section	Amendments proposed with Rationale
1.	2(1)-Active Taxpayer	Following two changes have been made in the definition of the expression "Active Taxpayer"; <ul style="list-style-type: none">i. The word "blocked" has been removed because no such concept appears in the law elsewhere. Change has been made for removing confusion.ii. As withholding agents' obligation to file withholding statements in the

		Income Tax Ordinance, 2001 has been changed from monthly to quarterly withholding statements, a corresponding change has also been made in the sales tax law to ensure harmony.
2.	Section 2(20)- output tax	Sales tax on services in the provinces is being separately levied and monitored under provincial sales tax laws, hence, the present expression appearing in clause (c) “Provincial sales tax levied on services rendered or provided by the person;” has become redundant. Since FBR is presently enforcing and monitoring sales tax on services in the Islamabad Capital Territory (ICT) only, clause (c) appearing in section 2(20) has been substituted and the same now reads as under: “Sales tax levied on the services rendered or provided by the person under Islamabad Capital Territory (Tax on Services) Ordinance, 2001;”
3.	Section 2(46)- Value of Supply	The value of supply in the case of Independent Power Producers (IPPs) has been defined as not to include “capacity purchase price.” Initially this concept was embodied in the Special Procedure Rules 2007 and was transposed into the main statute through the Finance Act, 2019, when the expression “WAPDA” was left out

		<p>during this transposition. It needed a change so that the concept of value of supply in case of electricity supply by WAPDA may also be aligned with the same applicable to other players in the sector. Now, value of supply of electricity in case of WAPDA shall not include "Capacity Purchase Price", however, the change being of substantive nature shall be effective from 1-7- 2019.</p>
4.	Section 3(7)- Scope of tax.	<p>Following two changes have been made in subsection (7) of Section 3:</p> <ul style="list-style-type: none"> i) The expression "by the buyers" has been omitted and ii) after the word "persons" the expression "being purchaser of goods or services" has been added". <p>The first change is only clarificatory/ consequential, however, the second change enlarges the scope of sales tax withholding by including purchase of services in the ambit of sales tax withholding regime.</p>
5.	Section 8- Tax credit not allowed.	<p>The word "services" has been added along with goods to enlarge the scope of disallowance of input tax on account of non-mentioning of CNIC of the buyer by the seller on the invoice as required under section 23 of the 1990 Act.</p> <p>Resultantly, input tax claimed against goods as well as services shall be disallowed on <i>pro rata</i> basis if supplies have been made to persons without obtaining their CNIC/ NTN subject to the</p>

		conditions mentioned in the law. The measure is expected to optimally broaden the sales tax base.
6.	Insertion of new section 11C-Power of tax authorities to modify orders	To align the sales tax law with the provisions of the Income Tax Ordinance 2001, a provision parallel to Section 124A of the Income Tax Ordinance 2001 has been added by insertion of Section 11C through the Finance Act, 2020. The newly inserted section provides that where a question of law has been decided by Appellate Tribunal or High Court in favour of a particular registered person, and an appeal against the said order has been filed by the department, pending assessments of such taxpayer may also be finalized in accordance with the decided question of law till such time, such judgment is reversed or modified by subsequent higher court. And if such judgment is reversed or modified, all such earlier assessments shall be modified within one year of receipt of the court decision so as to conform to the pronouncement of the higher court.
7.	Section 26-Return.	The expression " complete " has been inserted in the existing requirement of filing of return for more clarity. Accordingly, changes in the electronic format of the sales tax return are being made so that incomplete returns/ returns missing to fill-in essential fields cannot be electronically filed.
8.	Section 33-(Penalties)-Serial	Following two changes have been made in the sales tax penalties regime by slightly amending

	No. 25 of the table (Penalty for failing to integrate with FBR computerized system)	<p>serial No. 25 (Penalty for failing to integrate with FBR computerized system) of the table given in Section 33:</p> <ul style="list-style-type: none"> i) Time period allowed to a registered person for integrating his business activities with FBR's computerized system, subsequent to imposition of penalty, has been reduced from six to two months, ii) The law provided that both punitive actions of "embargo" and "sealing of premises" could be taken against a defaulting registered person who fails to integrate his business with the Board's computerized system. The word "embargo" has been omitted as a streamlining measure.
9.	Section 33(28)- Penalty for default of Section 56AB	<p>If a person who is required to share information under the newly inserted section 56AB, fails to do so in the manner as required under the law, he shall be liable to pay a penalty of twenty five thousand rupees for first default and fifty thousand rupees for each subsequent default. Section 56AB empowers the Board to have online access to databases of different organizations</p>
10.	Section 45B- Appeals under ST Act 1990 & Section 33 of the FED Act 2005	<p>To align the appeal procedure with the Income Tax Ordinance 2001, a change has been made whereby the Commissioner (Appeals) is prohibited to accept any evidence which was not brought before the assessing officer at the</p>

		time of assessment proceedings. It is an accepted principle of procedural fairness that if someone, without sufficient cause, does not produce any evidence which is in his command and control before a lower adjudication forum, is rendered disentitled to produce the same before higher appellate forum.
11.	Section 45B of Sales Tax Act and Section 33 of the FED Act 2005- Appeal before the Commissioner IR Appeals, fee regarding.	Appeal fee has remained at Rs. 1000 for a long time. The provision has been amended in line with relevant provisions of the Income Tax Ordinance, 2001 to create harmony amongst the statutes.
12.	Section 56 of STA 1990 and Section 47 of the FED Act 2005-service of notices and orders.	An amendment has been made by replacing the words " by the limited companies, both public and private " with the words " registered persons ". The amendment is only clarificatory and aims at facilitating electronic service of notices on all persons.
13.	Section 58A Representative	An explanation has been added to subsection (3) section 58A clarifying that the expression "Non Resident" shall have the same meaning as given in the Income Tax Ordinance 2001. Further, a person shall be treated as representative of the non-resident person for the financial year in which a relevant tax period/ periods fall. The change has replaced the term tax year because tax year is a concept of income tax.

14.	Serial 15A of Table 3 of the Sixth Schedule – LED lights	The existing table has been substituted with that of the table as given in the Customs Act to align both the laws for ease of the taxpayers to avail exemptions in both the statutes. Exemption as already available to the parts of LED lights continues to remain the same.
15.	Serial 103- import and supply of ships	Exemption available to import and supply of ships chartered by a Pakistani entity previously available till the year 2020 has been extended till 2030 on the request of the Ministry of Maritime Affairs. The Marine Policy has been amended and notified accordingly.

2. VALUE OF SUPPLY FOR CAR DEALERS OF USED VEHICLES

A new clause (j) has been inserted in Section 2(46) for providing special definition of the value of supply in case of used vehicle dealers. Value of supply in case of used vehicle dealers shall be taken as the difference between sale and purchase prices of the vehicle if the vehicle being sold by the vehicle dealer has suffered sales tax at import or manufacturing stage. Valuation method of the vehicles shall be prescribed by the Board.

3. FIXATION OF MINIMUM PRODUCTION BY THE BOARD ON THE BASIS OF SINGLE OR MORE INPUTS AND FIXATION OF WASTAGE

A new subsection (5) has been inserted in Section 7 for empowering the Board to give industrial benchmarks for minimum production and wastage of input goods/ raw materials in respect of various sectors. The change has been made for eliminating discretion of the adjudicating officers and for according similar treatment across the board on allowability/disallowability of input tax credit against input goods wasted during normal business processes, to the extent such credit is in excess of the Board-prescribed benchmarks/limits.

4. RESTRICTION OF INPUT TAX CREDIT ON SALE OF LOCALLY MANUFACTURED ELECTRIC VEHICLES

Locally manufactured Electric Vehicles are subject to sales tax at reduced rate of 1% as per newly added serial 70 in Table 1 of the Eighth Schedule to the Act. However, by inserting sub-section (4A) in section 8B, it has been provided that the input tax claimed on such vehicles shall not exceed the output tax payable thereon and the input tax which is not adjustable as a result of this restriction shall neither be carried forward nor refunded.

5. INCREASE IN THE THRESHOLD OF SUPPLIES TO UNREGISTERED PERSONS FOR OBTAINING CNIC

Through the Finance Act 2019, Section 23 was amended by inserting the condition of mentioning of NIC of the unregistered purchaser on the invoice. The measure was introduced to broaden the income as well as sales tax base. However, in case of supplies by a retailer to end consumers, the requirement was applicable if the transaction value exceeded Rs. 50,000. Many representations were received stating that the retailers are facing hardship in obtaining CNIC of the buyers/customers. Hence, amendment in section 23 has been made for enhancing the threshold from Rs.50,000 to Rs 100,000. Now, it would not be compulsory for the retailers to mention NIC of buyer if transaction value does not exceed Rs.100,000 where supply is made to an ordinary consumer.

6. CONCEPT OF CONDUCTING AUDIT PROCEEDINGS THROUGH ELECTRONIC MEANS

A novel and much needed concept of conducting audit hearings/ meetings through video links has been introduced in the statute by making amendment in Section 25 of the Act. It would be more relevant now in the context of Covid-19 or similar situations where face-to-face contact is not possible or is inconvenient. The Board shall prescribe mode and manner of conducting such proceedings. Changes will also result in minimizing interface between taxpayers and tax collectors.

7. REAL TIME ACCESS TO ELECTRONIC RECORD

Section 38 has been amended to empower the field formations to have a real time electronic access to data and records. This has been done to bring more clarity in the provision. In this regard an enabling provision has also been added whereby the Board may make rules relating to electronic real-time access for audit or a survey of persons liable to tax.

8. RESTRUCTURING THE PROVISIONS RELATED TO THE ALTERNATE DISPUTE RESOLUTION (BOTH IN ST ACT 1990 AND FE ACT 2005)

For giving more transparency to the process of appointment of members of ADRC Committee, giving more power & recognition to the decisions of the Committee and making it optional for the taxpayers to withdraw appeal which is pending before any other forum of appeal, the procedure for constitution and working of ADRCs under Section 47A of ST Act 1990 and Section 38 of the FED Act 2005 has been substituted. Salient features of the change are as follows:

- The dispute may relate to:
 - the liability of tax against the aggrieved person,
 - admissibility of refunds,
 - waiver of default surcharge and penalty,
 - any other specific relief required to resolve the dispute, or
 - The Board may appoint a committee comprising —
 - (a) Chief Commissioner Inland Revenue having jurisdiction over the case; and
 - (b) two persons from a panel notified by the Board comprising of chartered accountants, cost and management accountants, advocates, having minimum of ten years' experience in the field of taxation and reputable businessmen.
- The Board shall communicate the order of appointment of committee to the court of law or the appellate authority where the dispute is pending and the Commissioner.

- The Committee so appointed shall examine the issue and may, 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 through consensus, within one hundred and twenty days of its appointment.
- The Committee may stay recovery of tax payable for a period not exceeding one hundred and twenty days in aggregate or till the decision of the Committee or its dissolution, whichever is earlier.
- The decision of the committee shall be binding on the Commissioner when the aggrieved person, being satisfied with the decision, has withdrawn the appeal pending before any appellate authority or the court of law and has communicated the order of withdrawal to the Commissioner:
- If the order of withdrawal is not communicated to the Commissioner within sixty days of the service of decision of the committee upon the aggrieved person, the decision of the committee shall not be binding on the Commissioner.
- If the Committee fails to decide within the period of one hundred and twenty days, 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 where the dispute is pending.
- The Board shall communicate the order of dissolution to the court of law or the Appellate Authority and the Commissioner.
- The aggrieved person, on receipt of the order of dissolution, shall communicate it to the court of law or the appellate authority, where the dispute is pending.
- The aggrieved person may make the payment of sales tax and other taxes as decided by the committee and all decisions and orders shall stand modified to that extent.
- 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).

- The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section:

9. **REAL-TIME ACCESS TO INFORMATION AND DATABASES OF VARIOUS AUTHORITIES**

New sections, 56AB in the STA 1990 and Section 47AB in the FE Act 2005, have been added whereby various authorities/ organizations will be duty-bound to give real time access to the Board for online sharing of data in their respective databases. The purpose of the measure is to enhance FBR's capacity of detecting tax evasions, broadening tax bases, improving compulsory registrations in appropriate cases, encouraging and promoting voluntary compliance by "national concerted efforts". Following authorities have been added in the first place:

- National Database and Registration Authority
- Federal Investigation Agency and the Bureau of Emigration and Overseas Employment
- Islamabad Capital Territory and provincial and local land record & development authorities
- Islamabad Capital Territory and provincial Excise and Taxation Departments
- All electricity and gas supply and distribution companies
- Any other agency, authority, institution or organization notified by the Board.

The Board shall make arrangements for laying the infrastructure for real-time access to information and databases and aligning it with its own database in the manner as may be prescribed. Until real-time access to information and database is made available, such information and data shall be provided periodically in such form and manner as may be prescribed. All information received under the provisions under reference shall be used only for tax purposes and kept confidential. Penalty for default of this provision has also been provided.

10. WIDENING THE SCOPE OF SECTION 73-TRANSACTIONS NOT ADMISSIBLE

Before amendment by Finance Act, 2020, subsection (4) of Section 73 provided that corresponding input tax credit shall not be allowed if a registered person "being a manufacturer or producer" made supplies exceeding Rs.100(M) in a financial year or exceeding Rs.10(M) in a tax period to an unregistered person. The scope of the said subsection has been enlarged by substituting the expression "manufacturer or producer" with the expression "any person". Now this precondition for allowability of input tax shall be applicable to all registered persons irrespective of their status whether manufacturer/ producers or not. Further, the Board has also been empowered to exclude any persons or class of persons from purview of restriction in this sub-section subject to such conditions or restrictions as it may notify.

11. INSERTION OF THE TAX LAWS (AMENDMENT) ORDINANCE 2019 RELATING TO TAX CONCESSIONS AND EXEMPTIONS TO GAWADAR PORT AND GAWADAR FREE ZONE , IN THE FINANCE ACT 2020

The Tax Laws (Amendment) Ordinance, 2019 was promulgated on 6-10-2019. National Assembly further extended it for a period of four months, but it expired on 31-05-2020, as National Assembly was not in session. Therefore, the facilities and exemptions relating to Gwadar Port and Free Zone, as enacted in the aforesaid Ordinance, have been continued with effect from 1st June, 2020, by incorporating the relevant amendments in the Finance Act, 2020. In this regard Sr. Nos. 13 and 14 have been added to the Fifth Schedule and Sr. No. 100D has been inserted in the Sixth Schedule to the 1990 Act.

12. EXEMPTION ON IMPORT OF DIETETIC FOODS INTENDED FOR SPECIAL MEDICAL PURPOSES

On the request of the Ministry of National Health Services, exemption has been granted to the import of Food for Special Medical Purpose (FSMP) for the children suffering from Inherit Metabolic Syndrome. For this purpose, a new serial 154 has

been added to the Table 1 of the Sixth Schedule to the 1990 Act, with the condition that such exemption is available on import and subsequent supply only.

13. EXEMPTION TO OIL CAKE AND OTHER SOLID RESIDUES.

Exemption from sales tax has been made available to the oil cake and other solid residues, both at import and local supply stage. Resultantly, a new Sr. No. 155 has been added to the Table 1 of the Sixth Schedule and at the same time Sr. No. 2 relating to this item has been omitted from the Eighth Schedule, Table 1.

14. TAX RELIEF TO THE MANUFACTURING AND SUPPLY OF ELECTRIC VEHICLES

In compliance to the Electric Vehicle (EV) Policy approved by the Federal Government, following relief has been provided to the sector to promote the Electric Vehicle manufacturing and their use in the country.

- Through addition of new Sr. No. 156 in the Table 1 of the Sixth Schedule to the 1990 Act, exemption has been provided on the import of CKD kits by local manufacturers of following Electric Vehicles:
 - Road Tractors for semi-trailers (Electric Prime Movers)
 - Electric Buses
 - Three Wheeler Electric Rickshaws
 - Three Wheeler Electric Loaders
 - Electric Trucks
 - Electric Motorcycles
- Through addition of Sr. No. 20 in the Table 3 of the Sixth Schedule exemption on import of plant and machinery to assemble or manufacture the aforesaid EVs has been provided. The exemption shall be admissible on one time basis for setting up a new assembly and/or manufacturing facility of the vehicles and expansion in the existing units to the extent of electric vehicles specific plant and machinery, duly approved/ certified and determined by the Engineering Development Board (EDB)

- Through the addition of Sr. No. 70 in the Table 1 of the Eighth Schedule the rate of tax on supply of locally manufactured EVs has been reduced to 1% only. However, a parallel provision has been added in newly inserted sub-section (4A) in Section 8B to allow input tax adjustment to the extent of output tax paid on the local supply as per Sr. No. 70 of the Eighth Schedule and no refund and carry forward of excess input tax shall be allowable.

15. ENHANCEMENT OF RATE OF TAX ON POTASSIUM CHLORATE

Prior to change, sales tax @ Rs.70 per kg was charged in addition to the sales tax @ 17% on import and supply value of potassium chlorate. The fixed component of levy has now been enhanced from Rs.70 to Rs.80 per kg. This change of tax rate, however, shall not be applicable to imports made by and supplies made to the organizations under the control of Ministry of Defense Production.

16. REDUCTION IN THE RATE OF TAX ON CERTAIN TIER-1 RETAILERS OF TEXTILE AND LEATHER PRODUCTS

Rate of tax on supplies made from retail outlets integrated with Board's computerized system for real-time reporting of sales, has been further reduced from 14% to 12%, if supplied goods are finished fabric, & locally manufactured finished articles of textile and textile made-ups, and leather & artificial leather subject to the condition that they have maintained 4% value addition during the last six months. This is to encourage integration and registration of the retailers with Board's computerized system for real time reporting/ monitoring.

17. CHANGES IN SALES TAX RATES ON MOBILE PHONES

The Ninth Schedule governs the sales tax payment on import and local supply of both feature and smart mobile phones. Through Finance Act, 2020, the Ninth Schedule has been restructured with amendments in tax rates as well as in various conditions applicable. Further, some redundant provisions of Ninth Schedule have also been omitted. Important changes are as under:

- Separate rates of tax have been introduced on import of mobiles in CKD/ CBU condition and various rates have been provided for different sets depending upon on their values
- No input tax adjustment shall be available in respect of tax payable under Ninth Schedule at any stage of supply chain of mobile phones.

18. TAX TREATMENT OF CEMENT OR CONCRETE BLOCKS

Tenth Schedule provides for a levy, payment and collection of sales tax on bricks manufacturers/ brick kiln operators on fixed basis. Another paragraph (2) has now been added to the Tenth Schedule, with a Table therein providing fixed rates on supply of concrete or cement blocks also. The purpose is to bring similar/ nearly similar types of business activity under similar sales tax regime.

19. STREAMLINING ELEVENTH SCHEDULE TO THE SALES TAX ACT 1990

Eleventh Schedule provides for withholding agents to deduct tax at the time of purchase from both registered and unregistered persons. The categories of withholding agents include Federal and Provincial Government departments, companies, public sector organizations and autonomous bodies. However, it has been noticed that most of the registered suppliers whose tax has been withheld do not usually file their sales tax returns and resultantly, fail to pay their remaining amount of 4/5th tax in case 1/5th of the tax involved is withheld by the purchaser as aforementioned. To enforce returns by the such suppliers and payment of remaining tax involved, the whole concept of withholding has now been linked to the supplier (withholdee) being on the ATL list of the FBR or otherwise. The persons other than Active Taxpayers shall be given the same treatment as was previously accorded to unregistered persons i.e. government and public sector enterprises shall deduct whole of the tax involved in case of supplies made by persons other than those on ATL and the companies shall deduct 5% of gross value of supplies on supplies by such persons. This aims at promoting return filing and documentation culture in the country.

20. **AMENDMENT IN THE TWELFTH SCHEDULE TO STA 1990- EXCLUSION OF MANUFACTURERS**

The Twelfth schedule provides for the collection of Value added Tax @ 3% at the time of import in addition to the normal tax rate applicable to the imports. Previously, in the case of raw materials and intermediary goods exclusion from the purview of the VAT was only available where the Customs duty involved was less than 16%. This provision had created hardship for some manufacturers. Hence, raw materials and intermediary goods have now been generally excluded from the purview of 3% VAT if imported by the manufacturers for their in-house consumption, irrespective of customs duty structure applicable to such imports.

B FEDERAL EXCISE ACT 2005 ("2005 Act" hereafter)

1. **ENLARGING THE SCOPE OF SEIZURE AND CONFISCATION OF THE NON-DUTY PAID ITEMS SUBJECT TO FED**

In view of increasing trend of non-duty paid products and illicit manufacturing of excisable items and products, all products subject to Federal Excise Duty have now been made liable to seizure in case FED is not paid. Previously, the scope of such seizure was limited to cigarette and beverages sectors only. Now, if any product which is subject to FED is seized on account of non-duty payment, that will also be subject to confiscation. Necessary amendments in sections 26 and 27 of 2005 Act have been made accordingly.

2. **BOARD TO KEEP THE PARAMETERS OF AUDIT SELECTION CONFIDENTIAL**

The provisions relating to confidentiality of parameters of audit selection were inserted in the income tax and sales tax statutes in earlier Finance Acts, but the same were missing in the 2005 Act. As a part of the Board's drive for harmonization of various tax statutes, section 42B has been inserted in the 2005 Act.

3. OMISSION OF THE CONDITION OF AUDIT TO BE CONDUCTED ONCE IN THREE YEARS

The provisions relating to condition that audit cannot be conducted more than once in three years were omitted in other statutes, hence for the purpose of harmonization the same has also been omitted from the 2005 Act.

4. INCREASE IN THE RATE OF FED ON IMPORTED CIGARETTES AND OTHER SIMILAR PRODUCTS AND ELECTRONIC CIGARETTES

- (i) FED on imported cigarettes, cheroots, cigarillos, cigars of tobacco and tobacco substitutes were fixed at 65% of the retail price. However, there was no clear distinction between the locally produced cigarettes and the imported ones. To resolve the matter Sr. No. 8 has been substituted and imported cigarettes have been separated from the rest of the categories like Cigars, cheroots, Cigarillos of tobacco or tobacco substitutes. The duty on imported cigarettes has been substituted as 65% of the retail price or the rate of duty as prescribed at Sr. No. 9, of the First Schedule, whichever is higher.
- (ii) At the same time, a separate Sr. No. 8b has been inserted for the rest of the categories like Cigars, cheroots, cigarillos and cigarettes, of tobacco and tobacco substitutes with duty defined as 65% of the retail price or ten thousand rupees per kg whichever is higher.
- (iii) However, there was no duty prescribed for the E-liquids for which the rate has now been notified at Rs.10 per ml. A new Sr. No. 8a has been inserted for this purpose. Thus by charging FED on these liquids, the e-cigarettes or machines have been subjected to FED.

5. REDUCTION IN THE RATE OF DUTY ON CEMENT

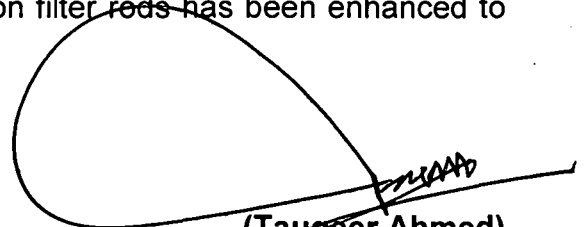
The rate of FED on Cement has been reduced from Rs. 2 per kg to Rs 1.50 per kg. It is applicable on both import and local supply.

6. LEVY OF FED IN THE CASE OF 4x4 DOUBLE CABIN PICK UP

FED structure is already in place for both local and imported motor cars and SUVs excluding auto rickshaw falling under the PCT heading 87.03 i.e primarily passenger transport. However, double cabin pick up vehicles were still outside the ambit of FED despite being primarily used as passenger transport in the country. Keeping in view its usage as a passenger transport vehicle in Pakistan, it has now been brought in the ambit of FED @ 7.5% ad valorem in case of locally manufactured vehicles and @25% in the case of imported ones. However, the locally manufactured vehicles which have been booked on or before the 30th June 2020 will not be subject to FED, subject to the conditions as specified by the Board separately.

7. INCREASE IN THE RATE OF FED ON FILTER RODS

Filter rod is basic input material for cigarette manufacturing. Previously, rate of FED on filter rods was Rs 0.75 per filter rod. To enhance the effect of monitoring and discourage tobacco consumption, duty on filter rods has been enhanced to Re. 1 per filter rod.



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