

**Government of Pakistan
Revenue Division
Federal Board of Revenue
Inland Revenue**

C.No.7(1)TIPU/IR/2020

Islamabad, March 26, 2021

Circular No. 05 of 2021 – Operations
(Sales Tax/Federal Excise)

Subject: Procedure for Issuance of Consumption Certificate for Import of Industrial Inputs by FATA/PATA-Domiciled Industries

In order to earnestly implement and enforce the tax-related incentives and benefits extended by the Parliament to residents of FATA/PATA, Circular No. 9 of 2021 dated March 1, 2021, has been issued. The Circular takes account of safe arrival of industrial inputs imported by FATA/PATA domiciled industries from the port to the intended manufacturing sites. Section 13(1) read with Serial No. 151 of Table I of Sixth Schedule to the Sales Tax Act, 1990, exempts import of “industrial inputs” to FATA/PATA-located industries “on presentation of a post-dated cheque for the amount of sales tax payable under..., and the same shall be returned to the importer after presentation of a consumption...certificate...in respect of goods imported as issued by the Commissioner Inland Revenue having jurisdiction.” This particular benefit is subject to a further condition that if the goods produced from the exempted raw materials are “transferred or supplied outside the tribal areas, the tax exempted shall be paid at the applicable rate.”

2. This makes CONSUMPTION CERTIFICATE issued by Commissioner Inland Revenue (CIR) the centerpiece of the tax-exempt cycle of importation of industrial inputs, production of finished goods by FATA/PATA-domiciled industries and their ultimate consumption within the FATA/PATA regions. It is therefore that a standardized procedure for the issuance of Consumption Certificate is being rolled out so as to ensure fair operationalization of the exemptions enshrined in the law.

3. A FATA/PATA-based manufacturer/Registered Person (RP), who is also an “**active taxpayer**” in terms of section 2(1) of the Sales Tax Act, 1990 (hereinafter “the STA, 1990”), and intending to import raw materials for consumption at his own manufacturing site would make a written application to the CIR concerned providing therein: -

- (i) Production capacity of the manufacturing unit, and if the same has increased over time, the month from which the enhanced production capacity was installed along with particulars of the additional manufacturing capacity;
- (ii) Month-wise quantity of (a) raw material imported, and (b) purchased locally since July, 2020 (or 1st month of the tax year);
- (iii) Quantity of stock available from earlier imports;
- (iv) Month-wise details of Gas and Electricity consumed since July, 2020 (or 1st month of the tax year);
- (v) Month-wise particulars of goods produced;
- (vi) Month-wise details of post-dated cheques (PDCs) deposited with Customs authorities, if any;
- (vii) List of buyers of the goods produced;
- (viii) Bank statement for the relevant periods;
- (ix) Electricity & Gas bills for the relevant period; &
- (x) Month-wise proof of Federal Excise paid – **only** in case of goods covered under the Federal Excise Act, 2005.

3. The CIR would ensure that particulars supplied by the RP are verified before the issuance of Consumption Certificate. In case any data are not verified, the RP would be given an opportunity to complete the application, provide the required information, and make up the deficiency. The Consumption Certificate issued will be directly mailed to the Collector Customs concerned with a copy thereof being duly marked to Member (IR Operations) and Member (Customs Operations), and under no circumstances will be handed over to the taxpayer. If the CIR decides to reject the application for a Consumption Certificate, the previous PDCs deposited would be encashed.

Romana
26.3.2021

Romana Alam
Second Secretary (TIPU)

Distribution: -

- (i) SA to Chairman, FBR
- (ii) SA to Member (IR Operations)
- (iii) SA to Member (Customs Operations)
- (iv) Chief Commissioners IR LTOs, MTO, CTOs, & RTOs
- (v) Chief Collectors Customs
- (vi) President, Pakistan Tax Bar Association