

PART III: SPECIFIC ANNEX B
Introduction to Specific Annex B

Specific Annex B is divided into three chapters. The first chapter covers the clearance of goods for home use and contains 1 standard and 1 recommended practice. The second chapter covers re-importation in the same state and contains 13 standards and 2 recommended practices. The third chapter covers relief from import duties and taxes and contains 4 standards and 3 recommended practices. Pakistan has acceded to the first chapter but has not yet acceded to the second or third chapter of Annex B.

It should be noted, as pointed out in the Executive Summary of this report, that Article 2 of the RKC provides that a Contracting Party “undertakes...to conform, in accordance with the provisions of this Convention, to the Standards, Transitional Standards and Recommended Practices in the Annexes to this Convention.” Therefore, when a Contracting Party has acceded to a Specific Annex or a chapter of a Specific Annex, it is obligated to implement both the standards and recommended practices contained therein, with the exception of recommended practices for which it has lodged a reservation. Pakistan has not lodged a reservation for any of the recommended practices in the first chapter; therefore it is currently bound to implement all standards and recommended practices contained in chapter 1.

Table 7 summarizes the subject matter and number of standards and recommended practices covered by each chapter of Specific Annex B.

Ch. No.	Subject	Standards	Recommended Practices	Total
1	Clearance for home use	1	1	2
2	Re-importation in the same state	13	2	15
3	Relief from import duties and taxes	4	3	7
Total		18	6	24

And Table 8 summarizes the overall results of the compliance assessments for each chapter of Annex B, using the scoring system described in Table 1, which may be found in the Executive Summary.

Ch. No.	Category	Compliant	Substantially Compliant	Partially Compliant	Marginally Compliant	Non-Compliant	NA	Total
1	Standards						1	1
	Recommended Practices					1		1
2	Standards	6		3		3	1	13
	Recommended Practices					2		2
3	Standard	3					1	4
	Recommended Practice	1	2					3
Total		10	2	3		6	3	24

As indicated by Table 8, the gap analysis has determined that Pakistan’s customs regime appears to be in full compliance with approximately 48% of the standards and recommended practices of Annex B (without taking into account the three standards for which a compliance rating is not applicable). With respect to a standard or recommended practice that has been identified as presenting

compliance issues, recommendations are made in the individual assessment for that standard with respect to measures that may be taken to bring the customs regime into compliance. Many of the recommendations relate to suggested changes in national legislation; and others relate to suggested modifications to customs practice. If any aspect of the customs regime is modified, some type of training will need to be provided to the concerned customs personnel.

Chapter 1: Clearance for Home Use

Definitions:

Two defined terms are provided at the beginning of Chapter 1 of Specific Annex B, and are to be used to properly understand the meaning of the standards and recommended practices contained in that chapter. As explained in the general discussion of the use of definitions, which is provided in the analysis of Chapter 2 of the General Annex, there is no explicit requirement in the RKC requiring a Contracting Party to adopt into its national legislation the terms and assigned meanings specified in the RKC. However, we note that in some cases it may be difficult for Pakistan to comply with its obligations under the RKC if certain of the customs-specific terms defined in the RKC are not used in Pakistan's customs legislation, or - if such a term is used - it is assigned a meaning that differs materially from that specified in the RKC, which reflects the generally accepted meaning of the term in international practice.

With regard to many of the other terms defined in the RKC that are not customs-specific (or are unique to the RKC, such as the phrase "*clearance for Home Use*" discussed immediately below) the question is not whether Pakistan's customs legislation uses the same terminology. The question is whether - when reviewing compliance with a specific standard that uses a term defined by the RKC - Pakistan's customs legislation and practice, as a matter of substance, complies with the requirements of such standard, regardless of whether Pakistan's customs legislation and practice uses the same terminology.

The two defined terms and associated meanings provided in Chapter 1 of Specific Annex B (and our notes with respect to each) are:

- "clearance for home use" means the Customs procedure which provides that imported goods enter into free circulation in the Customs territory upon the payment of any import duties and taxes chargeable and the accomplishment of all the necessary Customs formalities;

Note: Neither the Customs Act nor the Customs Rules use the term "clearance for home use". However, Section 79 of the Customs Act provides for that the owner is to make entry of imported goods for *home consumption* by filing a declaration. And Section 83 is titled "Clearance for home consumption"; that section provides that an appropriate officer may order the clearance of goods that have been "*entered for home consumption*" if the duties and other charges have been paid and he is satisfied that the goods are not in breach of any restrictions.

Neither "clearance" nor "home consumption" are defined in the Customs Act; however, "*clearance for home consumption*" as used in the Customs Act, and as interpreted in practice, has the same meaning as the term "clearance for home use" as defined in Chapter 1 of Annex A.

- "goods in free circulation" means goods which may be disposed of without Customs restriction.

Note: Neither the Customs Act nor the Customs Rules made use the term "goods in free circulation". However, the Customs Act uses the term "*cleared for home consumption*" in numerous sections (e.g., Sections 30A, 68(1), 82) with the same meaning.

1. Standard	Clearance for home use shall be governed by the provisions of this Chapter and, insofar as applicable, by the provisions of the General Annex.
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Overall Assessment: Not Applicable

Relevant Law:

- [None]

Discussion:

Standard 1 does not establish a requirement that a national customs regime must comply with. It only provides that clearance for home use is to be governed by Chapter 1 of Annex B and the applicable provisions of the General Annex.

Conclusion: Any compliance issues with respect to Standard 1 will be identified below in the individual compliance assessments for the standards and recommended practices of Chapter 1.

Recommendations: Recommendations are also provided in the context of the individual assessments for Chapter 1 whenever compliance with Standard 1 is implicated.

2. Recommended Practice	National legislation should provide that goods may be declared in an alternative manner to the standard Goods declaration on the condition that it provides the necessary particulars relating to the goods to be cleared for home use.
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Overall Assessment: Non-Compliant.

Relevant Law:

- The Customs Act; Sections 79 and 104
- The Customs Rules

Discussion:

Law: The Customs Act and the Customs Rule do not authorize importers to use an alternative method to clear goods for home use rather than by filing a Goods Declaration. Other countries provide alternative methods of clearing goods ranging from a simplified declaration form to removing imported goods with a low risk of circumvention to approved premises and the periodic payment of duties and taxes. These methods include the following:

- Filing a simplified version of the current GD, e.g. the EU and Canada provide simplified admission documents; or
- Filing the Bill of Lading and information including the Pakistan Customs Tariff heading, applicable rate of duties and taxes and amount of such duties and taxes; or
- Filing pro-forma invoice with full description of goods.

Practice: Only the current declaration form is used to clear goods for entry into Pakistan.

Resource Persons:

- Mr. Irfan Javaid, Additional Collector of Customs, MCC (PaCCS), Karachi.
- Mr. Faiz Ali, Deputy Collector of Customs (Air Freight Unit-AFU), MCC, Islamabad.
- Mr. Nasir Chandna, Customs House Agent, Karachi.

Conclusion: The law and practice are not in compliance with the recommended practice.

Recommendations: The National Transport and Trade Facilitation Committee reviews alternative simplified methods for goods clearance. The committee should review criteria for risk profiling of goods and importers and selectivity of importers to qualify for alternate methods. Proposed methods can be piloted with voluntary importers meeting selectivity criteria. Implementation of the above recommendations will require amendments to Section 79 of the Act and detailed rules.

Chapter 2: Re-importation in the same state

Definitions:

Five defined terms are provided at the beginning of Chapter 2 of Specific Annex B, and are to be used to properly understand the meaning of the standards and recommended practices contained in that chapter. As explained in the introduction to Chapter 1 and in the general discussion of the use of definitions, which is provided in the analysis of Chapter 2 of the General Annex, there is no explicit requirement in the RKC requiring a Contracting Party to adopt into its national legislation the terms and assigned meanings specified in the RKC. However, as already noted, in some cases it may be difficult for Pakistan to comply with its obligations under the RKC if certain of the customs-specific terms defined in the RKC are not used in Pakistan's customs legislation, or - if such a term is used - it is assigned a meaning that differs materially from that specified in the RKC, which reflects the generally accepted meaning of the term in international practice.

The five defined terms and associated meanings provided in Chapter 2 of Specific Annex B (and our notes with respect to each) are:

- "clearance for home use" means the Customs procedure which provides that imported goods enter into free circulation in the Customs territory upon the payment of any import duties and taxes chargeable and the accomplishment of all the necessary Customs formalities;

Note: This term and its associated definition are identical to that provided in Chapter 1. Therefore, see the note for this defined term under the definitions section of Chapter 1 above.

- "compensating products" means the products resulting from the manufacturing, processing or repair of the goods for which the use of the inward processing procedure is authorized;

Note: Neither the Customs Act nor the Customs Rules use this term. In the interest of harmonizing Customs law with the RKC, FBR/Customs may decide to incorporate this definition in the Customs Act if this is deemed necessary to ensure compliance with the standards and recommended practices employing this term.

- "goods exported with notification of intended return" means goods specified by the declarant as intended for re-importation, in respect of which identification measures may be taken by the Customs to facilitate re-importation in the same state;

Note: Neither the Customs Act nor the Customs Rules use this term. In the interest of harmonizing Customs law with the RKC, FBR/Customs may decide to incorporate this definition in the Customs Act if this is deemed necessary to ensure compliance with the standards and recommended practices employing this term.

- "goods in free circulation" means goods which may be disposed of without Customs restriction.

Note: This term and its associated definition are identical to that provided in Chapter 1. Therefore, see the note for this defined term under the definitions section of Chapter 1 above.

- "re-importation in the same state" means the Customs procedure under which goods which were exported may be taken into home use free of import duties and taxes, provided they have not undergone any manufacturing, processing or repairs abroad and provided that any sums chargeable as a result of repayment or remission of or conditional relief from duties and

taxes or of any subsidies or other amounts granted in connection with exportation must be paid. The goods that are eligible for re-importation in the same state can be goods that were in free circulation or were compensating products.

Note: Neither the Customs Act nor the Customs Rules use this term. However, Section 22 of the Act provides a test for re-importation without payment of duties that has the same meaning as the definition. Section 22 requires that the goods shall not have undergone any processing since their exportation and any duties or taxes paid at the time of exportation shall be refunded.

1. Standard	Re-importation in the same state shall be governed by the provisions of this Chapter and, insofar as applicable, by the provisions of the General Annex.
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Overall Assessment: Not Applicable

Relevant Law:

- [None]

Discussion:

Standard 1 does not establish a requirement that a national customs regime must comply with. It only provides that re-importation in the same state is to be governed by Chapter 2 of Annex B and the applicable provisions of the General Annex.

Conclusion: Any compliance issues with respect to Standard 1 will be identified in the individual compliance assessments for the standards and recommended practices of Chapter 2.

Recommendations: Recommendations are provided in the context of the individual assessments for Chapter 2 whenever compliance with Standard 1 is implicated.

2. Standard	Re-importation in the same state shall be allowed even if only a part of the exported goods is re-imported.
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Overall Assessment: Compliant.

Relevant Law:

- The Customs Act; Section 22.
- Customs General Order Number 12/2002 dated 15-06-2002 (Paragraph 55 of Chapter XIII).

Discussion:

Law: Section 22 of the Customs Act provides a broad framework for the re-importation of exported goods in an unchanged state. The procedure regarding temporary re-importation of previously exported goods produced or manufactured in Pakistan for removal of defects and their subsequent re-exportation is explained in Paragraph 55 of Chapter XIII of Customs General Order Number 12/2002 dated 15-06-2002. Section 22 of the Act does not bar re-importation of part of the exported goods.

Practice: In practice the law is applied as stated above and partial consignments are freely allowed.

Resource Persons:

- Dr. Sarfaraz Waraich, Collector of Customs, MCC, Sambrial (Sialkot).
- Mr. Iqbal Muneeb, Additional Collector of Customs, MCC, (Appraisalment), Karachi.
- Miss Palwasha Syed, Assistant Collector of Customs, MCC, Sambrial, Sialkot.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

3. Standard	When circumstances so justify, re-importation in the same state shall be allowed even if the goods are re-imported by a person other than the person who exported them.
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Overall Assessment: Partially Compliant

Relevant Law:

- The Customs Act; Section 22.
- The Customs General Order Number 12/2002 dated 15-06-2002 (Paragraph 55 of Chapter XIII).
- Customs General Order Number 26/1999.

Discussion:

Law: Section 22 of the Act explicitly provides that only the person in whose name the goods were exported can re-import the goods. Customs General Order Number 26/1999 similarly does not provide for re-importation by a person other than the one who had exported the goods.

Practice: In practice, re-importation of the exported goods in same state, by a person other than the person who exported them is allowed on a case to case basis if such a person has been authorized in writing and such person is willing to pay the amounts of draw back and of duties and taxes as required under section 22 of the Act.

Resource Persons:

- Dr. Sarfaraz Waraich, Collector of Customs, MCC, Sambrial (Sialkot).
- Dr. M. Asif Jah, Additional Collector of Customs, AFU, Lahore.
- Ms. Palwasha Syed, Assitant Collector of Customs, MCC, Sambrial.

Conclusion: The practice is in compliance while the law is non-compliant with the standard.

Recommendations: Section 22 of the Act is modified to allow, when circumstances so justify, a person other than the exporter to re-import the goods, provided that the latter authorizes him in writing and such person undertakes to pay any necessary duties and taxes.

4. Standard	Re-importation in the same state shall not be refused on the grounds that the goods have been used or damaged or have deteriorated during their stay abroad.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 22.
- Customs General Order Number 26/1999.

Discussion:

Law: Section 22 of the Act permits re-importation of goods within one year of their exportation provided the goods have not undergone any processing abroad. The law does not disallow re-importation of such goods free of duties and taxes if the goods have been damaged or deteriorated during their stay abroad.

Paragraph 2(vii) of Customs General Order Number 26/1999 provides that goods produced or manufactured in Pakistan, which are returned after exportation by foreign buyers for removal of any processing or manufacturing defects, shall be allowed to be imported without payment of customs duties chargeable thereon.

Practice: Although the law does not explicitly refer to re-import of used or damaged or deteriorated goods, in practice such goods (as part of a consignment or as a lot) are allowed to be freely re-imported for repairs, removal of defects and replacement.

Resource Persons:

- Mr. Wasif Memon, Collector of Customs, MCC, (Exports), Karachi.
- Miss Palwasha Syed, Assistant Collector of Customs, MCC, Sambrial (Sialkot).
- Mr. Aamir Altaf, Customs Agent, Customs House, Karachi.

Conclusion: In this manner, the law and practice are in compliance with the Standard.

Recommendations: None

5. Standard	Re-importation in the same state shall not be refused on the grounds that, during their stay abroad, the goods have undergone operations necessary for their preservation or maintenance provided, however, that their value at the time of exportation has not been enhanced by such operations.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 22.
- Customs General Order Number 26/1999

Discussion:

Law: Section 22 does not explicitly preclude re-importation of goods that have been preserved or maintained abroad. Customs General Order 26/1999 similarly does not preclude re-importation of goods that have been preserved or maintained abroad.

Practice: There are no reported cases of re-importation being disallowed by Customs on this ground. Re-imported goods are allowed to be cleared free of duties and taxes on the condition that the same will be re-exported.

Resource Persons:

- Ms. Zeba Haye Azher, Collector of Customs, Appraisalment, MCC Lahore.
- Mr. Aamer Ahmad, Collector of Customs, MCC PACCS Karachi.
- Mr. Jawad Agha, Collector of Customs, MCC Port Qasim, Karachi.
- Mr. Wasif Memon, Collector of Customs, MCC Exports, Karachi.
- Mr. Mohammad Akram Chudhary, Additional collector of Customs, Faisalabad.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

6. Standard	Re-importation in the same state shall not be limited to goods imported directly from abroad but shall also be granted for goods already placed under another Customs procedure.
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Overall Assessment: Non-Compliant

Relevant Law:

- The Customs Act; Section 22.
- Customs General Order Number 26/1999.

Discussion:

Law: Section 22 intends that the goods are re-imported and directly entered into home consumption for the purposes of repair or maintenance. However, Section 22 does not prevent the goods being entered for warehousing or transshipped to another customs-station within Pakistan. Once the bank guarantee is furnished by the importer covering any rebate of duties and excise upon prior exportation, as required by CGO 26/1999, no duties and taxes are payable under any procedure. Furthermore, if the goods have been cleared for export but a defect is discovered before loading, Section 22 would likely apply to permit their re-importation.

Practice: In practice no such concession is allowed to re-imported goods if these are placed in a warehouse or any other procedure.

Resource Persons:

- Dr. Sarfaraz Warraich, Collector of Customs, MCC Sumbrial, Sialkot.
- Mr. Wasif Memon, Collector of Customs, MCC Exports, Karachi.

Conclusion: The law appears compliant but practice is not in compliance with the Standard.

Recommendations: Customs General Order Number 26/1999 is amended to clarify that goods may be re-imported in the same state without payment of duties and taxes if already placed under other customs procedures.

7. Standard	Re-importation in the same state shall not be refused on the grounds that the goods were exported without notification of intended return.
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Overall Assessment: Compliant.

Relevant Law:

- The Customs Act; Section 22.
- Customs General Order Number 26/1999.

Discussion:

Law: Section 22 and CGO 26/1999 do not require that upon initial export the exporter / importer notify Customs that the goods would be later re-imported.

Practice: Practice follows the provisions of law as discussed above.

Resource Persons:

- Mr. Qurban Ali Khan, Additional Collector of Customs, AFU, Islamabad.
- Miss Palwasha Syed, Assistant Collector of Customs, MCC Sumbrial.
- Mr. Shamim, Customs Agent, Customs House, Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

8. Standard	Where time limits are fixed beyond which re-importation in the same state will not be granted, such limits shall be of sufficient duration to take account of the differing circumstances pertaining to each type of case.
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Overall Assessment: Compliant.

Relevant Law:

- The Customs Act; Section 22.
- Customs General Order Number 26/1999.

Discussion:

Law: The proviso to Section 22 of the Customs Act and paragraph 2(ii) of the CGO provide a time limit of one year between initial export and later re-importation of goods in the same state without payment of duties and taxes.

Practice: The period of one year provided under section 22 is generally sufficient for re-importation of same state goods. Customs reports receiving only one request for an extension of time in the last two years – at the export-oriented Customs station of Sambrial in MCC Sialkot. In practice, extension is allowed under section 224 of the Customs Act. Re-importation beyond one year may be necessary, for example, where warranties are issued for a period longer than one year.

Resource Persons:

- Mr. Qurban Ali Khan, Additional Collector of Customs, AFU, Islamabad.
- Miss Palwasha Syed, Assistant Collector of Customs, MCC Sambrial.
- Mr. Shamim, Customs Agent, Customs House, Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: Section 22 be amended to authorize the Collector of Customs to approve a request from an importer for an extension of time beyond one year to re-import same state goods.

9. Standard	The Customs shall only require that goods re-imported in the same state be declared at the Customs office through which they were exported where this will facilitate the re-importation procedure.
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Overall Assessment: Compliant.

Relevant Law:

- The Customs Act; Section 22.
- Customs General Order Number 26/1999.

Discussion:

Law: Section 22 of the Customs Act does not require that the importer file the goods declaration to re-import same-state goods without payment of duties and taxes to the same customs-station which cleared the goods originally for export.

Practice: In practice the re-importation of goods under section 22 is allowed only from the port of original export. This is a well-established practice and is the most convenient for the exporter/importer. Any rebate of duties and taxes upon exportation can be more easily verified.

Resource Persons:

- Mr. Wasif Memon, Collector of Customs, MCC (Exports), Karachi.
- Dr. Asif Jah, Additional Collector of Customs, AFU, MCC (Preventive), Lahore.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

10. Standard	No written Goods declaration shall be required for the re-importation in the same state of packings, containers, pallets and means of transport for commercial use which are in use for the international transport of goods, subject to the satisfaction of the Customs that the packings, containers, pallets and means of transport for commercial use were in free circulation at the time of exportation.
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Overall Assessment: Partially Compliant

Relevant Law:

- SRO 344(I)/1995 dated 25-04-1995.

Discussion:

Law: Customs legislation does not explicitly excuse importers from the need to file a Goods Declaration when re-importing empty packaging, containers, means of transport, etc. Notification Number SRO 344(I)/1995 dated 25-04-1995 deals with the situation where empty re-useable containers (including drums or containers made of fiber glass, steel, iron or plastic) being in free circulation, are re-imported.

Practice: Re-importation of packing/containers etc. along with the goods being transported is a well-established practice, provided the packing items were in free-circulation before being exported from Pakistan. In many cases exporters declare their intention to re-import the containers in which the goods are being exported. In such situations importation of the containers is allowed without filing a formal GD. However, this is not a well-established practice and there are no clear directions in legislation or notifications.

Resource Persons:

- Mr. Qurban Ali Khan, Additional Collector of Customs, AFU, Islamabad.
- Miss Palwasha Syed, Assistant Collector of Customs, MCC Sambrial.
- Mr. Shamim, Customs Agent, Customs House, Karachi.

Conclusion: While some practice permits re-importation of empty packaging, etc. without the filing of a GD, legislation provides no guidance. Therefore, law and practice are in partial compliance with this Standard.

Recommendations: Customs issue an SRO providing that packaging and containers, etc. used in the international transport of goods that were in free circulation before their export and fulfill the requirements of Section 22 of the Act, may be re-imported and entered into home consumption by the filing of the bill of lading with Customs.

11. Standard	The Customs shall, at the request of the declarant, allow goods to be exported with notification of intended return, and shall take any necessary steps to facilitate re-importation in the same state.
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Overall Assessment: Partially Compliant.

Relevant Law:

- The Customs Act; Section 22, 22A and item 99.18 of the First Schedule.
- FBR Letter C. No. 6(1)/2007-CB dated 09-07-2007, Paragraph 7(J).

Discussion:

Law: Legislation does not provide for an exporter in general to notify Customs of the intended return of any goods in order facilitate their re-importation into Pakistan. Section 22A of the Customs Act permits imported plant and machinery that has been temporarily exported to be re-imported duty free under a number of circumstances. Tariff line item 9918 in the First Schedule (Pakistan Customs Tariff) of the Customs Act provides for zero duty and sales tax on re-imports of machinery not manufactured in Pakistan. A condition of both provisions is that the machinery has not undergone any alteration or repair while outside Pakistan. Section 20 permits goods manufactured in Pakistan to be exported and re-imported duty free if they have not undergone any processing outside Pakistan. These provisions cover the majority but not all possible types of goods that could be temporarily exported. Furthermore, legislation does not provide a procedure for an exporter to notify Customs of intended re-importation.

Practice: In general, the practice is in accordance with the provisions of law as discussed above. However, as discussed under Standard 10, outside of any legislative authorization, exporters do not notify Customs of their intended re-importation of containers.

Resource Persons:

- Mr. Wasif Memon, Collector of Customs, MCC Exports, Karachi.
- Mr. Irfan Javed, Additional Collector of Customs, MCC PACCS, Karachi.
- Mr. Jamil Khan, Law officer, MCC, Peshawar.

Conclusion: The law and practice are in partial compliance with the Standard.

Recommendations: Section 22A of the Act and tariff line item 99.18 of the First Schedule of the Act be modified to permit the temporary exportation of all types of goods for repair, processing, upgrading, renovation, additions, alterations and re-importation thereof free of duties and taxes unless the value of the said product has been enhanced due to undergoing any one or more of the stated operations, in which case the cost of such repair, process, etc. shall be liable to duty and taxes. Section 22A is amended to authorize Customs to no longer require a Goods Declaration to be filed for the goods being re-imported and instead require a new form to be filed by the exporter describing the goods being exported.

12. Standard	The Customs shall specify the requirements relating to the identification of goods exported with notification of intended return. In carrying this out, due account shall be taken of the nature of the goods and the importance of the interests involved.
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Overall Assessment: Non-Compliant.

Relevant Law:

- The Customs Act; Section 22A and Code 99.18 of the First Schedule.

Discussion:

Law: Customs legislation does not provide a procedure for exporters to clearly identify in a notification to Customs goods intended to be re-imported into Pakistan.

Practice: Goods being exported with the intention to be re-imported, under Section 22A and PCT Code 99.18, are examined and their identity described on the export declaration. On their re-importation, this description is compared to the status of the goods after their repair, etc.

Resource Persons:

- Mr. Wasif Memon, Collector of Customs, MCC Exports, Karachi.
- Mr. Shamim, Customs Agent, Customs House, Karachi.

Conclusion: Customs has not specified the requirements to identify goods intended to be re-imported, despite the current practice. Therefore, the law and practice are not in compliance with the Standard.

Recommendations: In addition to the amendments recommended under Standards 11, Customs issue an SRO under Section 22A specifying the procedure and conditions to identify goods being exported and intended to be re-imported.

13. Recommended Practice	Goods exported with notification of intended return should be granted conditional relief from any export duties and taxes applicable.
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Overall Assessment: Not Compliant

Relevant Law:

- The Customs Act; Section 18.

Discussion:

Law: Section 18(3) of the Act authorizes the Federal Government to impose duties and taxes on exports. Section 22 does not provide for imported plant and machinery to be temporarily exported free of any export duties and taxes if such duties and taxes were to be levied. Furthermore, no procedure exists to notify Customs of the exporter’s intention to re-import any goods.

Practice: Currently, Section 18(2) excludes goods being exported from duties and taxes.

Resource Persons:

- Dr. Sarfaraz Waraich, Collector of Customs, MCC, Sambrial (Sialkot).
- Mr. Shamim, Customs Clearing Agent, Customs House, Karachi.

Conclusion: Despite the lack of duties and taxes on exports, legislation does not provide for exports to be exempt from such duties and taxes if the goods are intended to be re-imported.

Recommendations: In addition to the amendments recommended under Standards 11 and 12; Section 22A is amended to ensure that goods being exported and intended to be re-imported shall be exempt from any export duties and taxes.

14. Standard	At the request of the person concerned, the Customs shall allow exportation with notification of intended return to be converted to outright exportation, subject to compliance with the relevant conditions and formalities.
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Overall Assessment: Non-Compliant.

Relevant Law:

- Customs Act; Section 22A

Discussion:

Law: The Customs Act and the Customs Rules do not provide for notification of intention to re-import and nor for conversion of notification of intended return into outright exportation.

Practice: Practice follows the law, however such requests for conversion are invariably accepted.

Resource Persons:

- Mr. Qurban Ali Khan, Additional Collector of Customs, AFU, Islamabad.
- Miss Palwasha Syed, Assistant Collector of Customs, MCC Sumbrial.
- Mr. Shamim, Customs Agent, Customs House, Karachi.

Conclusion: The law is not in compliance with the Standard, despite some compliance in practice.

Recommendations: In addition to the amendments recommended under Standards 11 and 12 and Recommended Practice 13; Section 22A of the Act is amended to permit exportation with notification of intended return to be later converted to outright exportation. The amendment should also provide for the exporter to receive any relevant duty drawback, etc.

15. Recommended Practice	Where the same goods are to be exported with notification of intended return and re-imported in the same state several times, the Customs should, at the request of the declarant, allow the declaration for exportation with notification of intended return that is lodged on the first exportation to cover the subsequent re-importations and exportations of the goods during a specified period.
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Overall Assessment: Non-Compliant.

Relevant Law:

- The Customs Act; Sections 79 and 131.

Discussion:

Law: Customs legislation does not provide for Customs, upon request, to permit the declaration for exportation with notification of intended return that is lodged on the first exportation to cover the subsequent re-importations and exportations of the goods during a specified period.

Practice: There is no practice of permitting an export declaration with notification of intended return to be used to clear the re-importation of the goods. However, sports equipment and professional equipment etc. are allowed to be re-imported repeatedly. There is no such provision in the GD or any rules/procedures prescribed for such goods.

Resource Persons:

- Mr. Qurban Ali Khan, Additional Collector of Customs, AFU, Islamabad.
- Miss Palwasha Syed, Assistant Collector of Customs, MCC Sumbrial.
- Mr. Shamim, Customs Agent, Customs House, Karachi.

Conclusion: The law and practice are not in compliance with the 'Recommended Practice'.

Recommendations: Sections 79 and 131 of the Act are amended to permit specified goods e.g. packaging, containers, sports goods, scientific tools, goods for demonstration purposes etc. to be exported with notification of intended return and re-imported in the same state repeatedly, against the same export declaration under which those were initially exported. The declaration form should provide space to describe such repeated exports and re-imports or a separate form may be devised for this purpose and attached to the export declaration.

Chapter 3: Relief from import duties and taxes

Definitions:

Two defined terms are provided at the beginning of Chapter 3 of Specific Annex B, and are to be used to properly understand the meaning of the standards and recommended practices contained in that chapter. As explained in the introduction to Chapter 1 and in the general discussion of the use of definitions, which is provided in the analysis of Chapter 2 of the General Annex, there is no explicit requirement in the RKC requiring a Contracting Party to adopt into its national legislation the terms and assigned meanings specified in the RKC. However, as already noted, in some cases it may be difficult for Pakistan to comply with its obligations under the RKC if certain of the customs-specific terms defined in the RKC are not used in Pakistan's customs legislation, or - if such a term is used - it is assigned a meaning that differs materially from that specified in the RKC, which reflects the generally accepted meaning of the term in international practice.

The two defined terms and associated meanings provided in Chapter 3 of Specific Annex B (and our notes with respect to each) are:

- "clearance for home use" means the Customs procedure which provides that imported goods enter into free circulation in the Customs territory upon the payment of any import duties and taxes chargeable and the accomplishment of all the necessary Customs formalities;

Note: This term and its associated definition are identical to that provided in the previous chapters. Therefore, see the note for this defined term under the definitions section of Chapter 1 above.

- "Relief from import duties and taxes" means the clearance of goods for home use free of import duties and taxes, irrespective of their normal tariff classification or normal liability, provided that they are imported in specified circumstances and for specified purposes.

Note: Neither the Customs Act nor the Customs Rules use this term. However, Sections 19 and 20 of the Customs Act provide for such relief in the form of grant of exemption from customs duties generally or in specific cases respectively. Relief from sales tax is provided for in Section 13 of the Sales Tax Act. Relief from federal excise duty is provided for under section 16 of the Federal Excise Act. The relief provided by Sections 19 and 20 of the Customs Act, Section 13 of the Sales Tax Act and Section 16 of the Federal Excise Act is consistent with the defined meaning of this term.

1. Standard	Relief from import duties and taxes in respect of goods declared for home use shall be governed by the provisions of this Chapter and, insofar as applicable, by the provisions of the General Annex.
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Overall Assessment: Not Applicable

Relevant Law:

- [None]

Discussion:

Standard 1 does not establish a requirement that a national customs regime must comply with. It only provides that relief from import duties and taxes in respect of goods cleared for home use is to be governed by Chapter 3 of Annex B and the applicable provisions of the General Annex.

Conclusion: Any compliance issues with respect to Standard 1 will be identified in the individual compliance assessments for the standards and recommended practices of Chapter 3.

Recommendations: Recommendations are provided in the context of the individual assessments for Chapter 3 whenever compliance with Standard 1 is implicated.

2. Standard	National legislation shall enumerate the cases in which relief from import duties and taxes is granted.
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Overall Assessment: Compliant.

Relevant Law:

- The Customs Act; Sections 19 and 20.
- General Customs Order No. 12, 2002, Chapter VIII
- SRO 565(I)/2006 dated 5th June, 2006
- SRO 567(I)/2006 dated 5th. June, 2006
- SRO 575(I)/2006 dated 5th. June, 2006
- SRO 678(I)/2004 dated 7th. August, 2004
- The Federal Excise Act; Section 16.
- The Sales Tax Act; Section 13.

Discussion:

Law: Section 19 of the Customs Act empowers the Federal Government to grant, by notification in the official Gazette, exemption (relief) from the levy of customs duty in whole or in part on any goods subject to such conditions and limitations as it may deem fit to specify. Section 20 authorizes the Federal Board of Revenue (FBR) to exempt any goods from all or part of assessable duties by issuing a special order subject to any conditions it considers appropriate. Chapter 99 of the First Schedule of the Act, titled "Special Classification Provisions" contains relief provisions in respect of various items which when imported in specified circumstances are subject to zero per cent duties of customs and exempted from levy of sales tax.

Section 13 of the Sales Tax Act authorizes the Federal Government and FBR to grant relief in general and specific circumstances. In case of federal excise duties such relief is provided under section 16 of the Federal Excise Act.

The Federal Government issues notifications from time to time granting exemption from Customs duty, sales tax and Federal excise duty. The FBR also grants exemptions in special circumstances to specified goods in specific cases. Notifications include the following:

- SRO 565(I)/2006 dated 5th June, 2006
- SRO 567(I)/2006 dated 5th. June, 2006
- SRO 575(I)/2006 dated 5th. June, 2006
- SRO 678(I)/2004 dated 7th. August, 2004

General Customs Order No. 12, 2002, Chapter VIII, exempts certain groups of persons from duty, i.e. diplomats, certain foreigners and foreign registered vehicles.

All exemption notifications issued by the Federal Government are notified in the Official Gazette and are always available for information of the general public.

Practice: The practice is as per provisions of law as discussed above. The relief granted under the law is allowed to concerned importers on fulfillment of prescribed conditions.

Resource Persons:

- Mr. Ibrahim Vighio, Collector of Customs, MCC, Quetta.
- Dr. Saeed Jadoon, Additional Collector, MCC, Peshawar.
- Mr. Nasir Chandana, Customs Clearing Agent, Customs House Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

3. Standard	Relief from import duties and taxes shall not be limited to goods imported directly from abroad but shall also be granted for goods already placed under another Customs procedure.
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Overall Assessment: Compliant.

Relevant Law:

- The Customs Act; Sections 19, 20, 104 and 123
- Customs Rules; Rule 229.
- The Sales Tax Act; Section 6.
- The Federal Excise Act; Section 3.
- Income Tax Ordinance; Sections 53 and 148 and the Second Schedule

Discussion:

Introductory Note: According to the Standard, the relief from import duties and taxes should be granted to goods directly imported as well as to the goods which, after importation, have already been placed under another Customs procedure such as Customs bonded warehouse.

Law: Section 104 provides for clearance of bonded goods for home consumption “by paying the duty assessed on such goods under the provisions of this Act”. Section 123 of the Act provides for clearance of transshipped goods for home consumption at their final customs-station destination in Pakistan “be entered in the same manner as goods on their first importation and shall be dealt with likewise”. Rule 229 of Customs Rules, 2001, provides for the sale of goods from export processing zones into the customs territory subject to “customs-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”.

Section 6 of the Sales Tax Act provides that sales tax will be collected and paid in the same manner and at the same time as customs duties are imposed under the Customs Act. Section 3(1) of the Federal Excise Act imposes a duty of excise on goods imported in Pakistan in the same manner and at the same time as duties are collected by Customs (Section 3(2)).

Therefore, if the same goods imported directly from abroad and cleared for home consumption are exempt under Section 19 or 20 of the Act, then the goods are also exempt when cleared for home consumption from a bonded warehouse, export processing zone or after being transshipped – provided the goods are still exempt on the date of final clearance.

Practice: The practice is as per provisions of law, quoted above.

Resource Persons:

- Mr. Zahoor Akhtar Raja, Collector of Customs, MCC, Sambrial.
- Mr. Irfan Javed, Additional Collector of Customs, MCC, PACCS Karachi.
- Mr. Nasir Chandana. Customs Clearing Agent, Custom House Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

4. Recommended Practice	Relief from import duties and taxes should be granted without regard to the country of origin of the goods or the country from which they arrived, except where an international instrument provides for reciprocity.
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Overall Assessment: Compliant.

Relevant Law:

- The Customs Act; Sections 19 and 20.
- The Federal Excise Act; Section 16.
- The Sales Tax Act; Section 13.

Discussion:

Law: No provisions of the Customs Act or the rules issued there under, limit relief from import duties depending upon the country of origin or country of embarkation of any goods. The Sales Tax Act and the Federal Excise Act similarly do not limit relief.

Practice: In practice also, no conditions based on country of origin or country from which goods have been imported, is exercised in grant of exemption (relief) which is otherwise admissible.

Resource Persons:

- Mr. Zahoor Akhtar Raja, Collector of Customs, MCC, Sambrial.
- Mr. Irfan Javed, Additional Collector of Customs, MCC, PACCS Karachi.
- Mr. Nasir Chandana, Customs Clearing Agent, Custom House Karachi.

Conclusion: The practice and law are in compliance with the 'Recommended Practice'.

Recommendations: None

5. Standard	National legislation shall enumerate the cases in which prior authorization is required for relief from import duties and taxes and specify the authorities empowered to grant such authorization. Such cases shall be as few as possible.
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Overall assessment: Compliant.

Relevant Law:

- The Customs Act; Section 20.
- The Federal Excise Act; Section 16.
- The Sales Tax Act; Section 13.
- Income Tax Ordinance; Sections 53 and 148 and the Second Schedule

Discussion:

Law: Customs, Sales Tax and Federal Excise legislation does not require prior approval of FBR or Customs for any goods to be exempt from duties and taxes.

Practice: Practice is in accordance with the law.

Resource Persons:

- Mr. Zahoor Akhtar Raja, Collector of Customs, MCC, Sambrial.
- Dr. Asif Mehmood Jah, Additional Collector Customs, Custom House, Lahore
- Mr. Nasir Chandana. Customs Clearing Agent, Custom House Karachi.

Conclusion: Law and practice are in compliance with the Standard.

Recommendations: None

6. Recommended Practice	Contracting Parties should consider granting relief from import duties and taxes for goods specified in international instruments under the conditions laid down therein, and also give careful consideration to the possibility of acceding to those international instruments.
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Overall Assessment: Substantially Compliant.

Relevant Law:

- Chapter 99 of the Pakistan Customs Tariff, First Schedule, Customs Act, 1969

Discussion:

Law: Pakistan is a signatory to all UN conventions and many other international instruments including 'Recommendations of UNESCO' which grant exemptions from duties and taxes on imports of goods for humanitarian, educational, cultural, scientific and health purposes. Ratified conventions take legal precedence over any conflicting domestic legislation. However, if customs officials are not made aware of such relief through notifications the relief may not be applied. Under these international instruments, relief from duties and taxes is typically provided in the following situations:-

- Emergencies requiring a global response for humanitarian assistance in case of earthquake, flooding and epidemics necessitating imports of food, clothing, temporary shelters, medicines and health caring equipment, instruments and installations;
- Combating endemic diseases when a rapid response is needed;
- When imports of equipment, instruments and materials are made in connection with educational, vocational or other skill development training under international co-operation;
- When cultural/historical monuments or sites have to be preserved, restored, protected or refurbished under an international agreement and
- When materials, products, instruments or equipment are imported temporarily for scientific, educational, cultural shows, seminars and exhibitions and promotions.

Chapter 99 of the Pakistan Customs Tariff, First Schedule, Customs Act, 1969 generally provides relief from customs duties in these typical situations as follows:

Sub-Chapter–II: Import of Relief Goods, Gifts, Samples

PCT Code	Description	CD (%)	ST (%)
9907	Goods imported for the President’s Fund for Afghan Refugees. Bona fide relief goods donated for the □ Afghan Refugees through the Chief Commissioner or the Provincial Commissioner of the Afghan □ Refugees subject to a certificate from the Chief Commissioner for the Afghan Refugees that the □ imported goods or equipment are meant for free distribution amongst Afghan Refugees or for relief □ work and that the same would not be sold or otherwise disposed of without the prior approval of the □ Federal Board of Revenue □.	0	E
9908	Goods received as gift by Pakistani organizations from Church World Services or the Catholic Relief □ Services as are certified by the Ministry of Health, that these imports are made under agreements □ signed by the Government of Pakistan with the Church World Service and with the Catholic Relief □ Service.	0	E
9911	i) Relief goods donated for free distribution among the victims of natural disaster or other catastrophe, as are certified by the authorized officer of Federal/Provincial Government. (ii) □ Plant, machinery and equipment imported by way of donation for installation in the earthquake □-affected districts as certified by ERRA/National Disaster Management Authority.”	0	E

Sub-Chapter III, Imports By Charitable, Educational, Scientific Institutions And Hospitals.

PCT Code	Description	CD (%)	ST (%)
9915	Goods imported by or donated to non-profit making educational and research institutions subject to the following conditions: (i) the imported goods have an educational and scientific character; (ii) the importing or receiving institutions are recognized, aided or run by the Federal Government or a Provincial Government, a City Government or a District Government; (iii) the importing or receiving institution shall produce a certificate from the competent authority that – (a) goods of equivalent educational and scientific value are not produced in Pakistan; and (b) the imported goods will be used exclusively under the control and responsibility of the importing or □ receiving institution.”	0	E

Practice: According to the resource persons specified below, the practice follows the law.

Resource Persons:

- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Dr. Asif Mehmood Jah, Additional Collector Customs, Custom House, Lahore.
- Mr. Nasir Chandana, Customs Clearing Agent, Custom House Karachi.

Conclusion: The law and practice are in substantial compliance with the ‘Recommended Practice’.

Recommendations: FBR/Customs could consider adding the following situations to Chapter 99 of the PCT, specifically under the heading, “International Agreements”. Current legislation does not clearly grant relief in these situations.

- Goods referred to in the Annexes to the UNESCO Agreement on the Importation of educational, scientific and cultural materials (New York, 22 November 1950) and to the Protocol thereto (Nairobi, 26 November 1976) as well as in the UNESCO Agreement for facilitating the international circulation of visual and auditory materials of an educational and cultural character (Beirut, 1948). Annex B.5 of the Istanbul Convention concerning goods imported for educational, scientific or cultural purposes also relates.
- Equipment or material referred to in Recommended Practices 4.39 and 4.41 of Annex 9 (7th Edition) to the Convention on International Civil Aviation (Chicago Convention, Chicago, 7 December 1944).
- Tourist publicity documents and material referred to in the Additional Protocol to the Convention concerning Customs facilities for touring, relating to the importation of tourist publicity documents and material (New York, 4 June 1954). Annex B.7 of the Istanbul Convention, concerning tourist publicity material, is intended to update, modernize and eventually replace the above-noted Additional Protocol.
- Products referred to in Articles 6 and 7 of the Customs Convention concerning Facilities for the importation of goods for display or use at exhibitions, fairs, meetings or similar events (Brussels, 8 June 1961).

<p>7. Recommended Practice</p>	<p>Relief from import duties and taxes and from economic prohibitions and restrictions should be granted in respect of the following goods under the conditions specified, and provided that any other requirements set out in national legislation for such relief are complied with:</p> <ol style="list-style-type: none"> a. Therapeutic substances of human origin, blood grouping and tissue typing reagents, where they are consigned to institutions or laboratories approved by the competent authorities; b. Samples of no commercial value which are regarded by the Customs to be of negligible value and which are to be used only for soliciting orders for goods of the kind they represent; c. Removable articles other than industrial, commercial or agricultural plant or equipment, intended for the personal and professional use of a person or members of his family which are brought into the country with that person or separately for the purpose of removal of his residence to the country. d. Effects inherited by a person who, at the time of the death of the deceased, has his principal residence in the country of importation and provided that such personal effects were for the personal use of the deceased; e. Personal gifts, excluding alcohol, alcoholic beverages and tobacco goods, not exceeding a total value to be specified in national legislation on the basis of retail value; f. Goods such as foodstuffs, medicaments, clothing and blankets sent as gifts to an approved charitable or philanthropic organization for distribution free of charge to needy persons by the organization or under its control; g. Awards to persons resident in the country of importation subject to the production of any supporting documents required by the Customs; h. Materials for the construction, upkeep or ornamentation of military cemeteries; coffins, funerary urns and ornamental funerary articles imported by organizations approved by the competent authorities; i. Documents, forms, publications, reports and other articles of no commercial value specified in national legislation; j. Religious objects used for worship; and k. Products imported for testing, provided that the quantities imported do not exceed those strictly necessary for testing, and that the products are used up during testing or that remaining products are re-exported or rendered commercially valueless under Customs control.
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Overall Assessment: Substantially Compliant

- Compliant in case of a, b, c, d, e, f, g, and i.
- Non-Compliant in case of h, j, k.

Relevant Law:

- The Customs Act; Sections 19 and 20, and the First Schedule.

Discussion:

Law: The law and the compliance assessment with respect to each item of the recommended practice is set forth in the following table:

Item of Recommended Practice 7	Compliance Assessment
<p>a. Therapeutic substances of human origin, blood grouping and tissue typing reagents, where they are consigned to institutions or laboratories approved by the competent authorities;</p>	<p>Compliant. Such therapeutic substances of human origin are importable free of Customs duty vide SRO 567(I)/2006 dated 5.06.2006, subject to conditions mentioned therein. (Reference: Table C. Drugs: Serial No. 7-15).</p> <p>Eye Cornea is covered under PCT Heading 99.24 of Chapter 99 of Pakistan Customs Tariff.</p> <p>Hormones are covered under PCT Code 99.12 of Chapter 99 of Pakistan Customs Tariff and.</p> <p>Reagents are covered under PCT Code 99.14 of Chapter 99 of Pakistan Customs Tariff.</p>
<p>b. Samples of no commercial value which are regarded by the Customs to be of negligible value and which are to be used only for soliciting orders for goods of the kind they represent;</p>	<p>Compliant. Samples of no commercial value imported by manufacturers are exempt from customs duty and sales tax vide Chapter 99 of Pakistan Customs Tariff under Code 99.10, subject to conditions mentioned therein.</p>
<p>c. Removable articles other than industrial, commercial or agricultural plant or equipment, intended for the personal and professional use of a person or members of his family which are brought into the country with that person or separately for the purpose of removal of his residence to the country;</p>	<p>Compliant. Such articles are exempt from customs duty and sales tax under rule 3 of 'The Baggage Rules, 2006', issued vide Notification Number SRO 666(I)/2006, dated 28-06-2006.</p>
<p>d. Effects inherited by a person who, at the time of the death of the deceased, has his principal residence in the country of importation and provided that such personal effects were for the personal use of the deceased;</p>	<p>Compliant. Such personal effects are exempt from Customs duty and sales tax under rule 9 of 'The Baggage Rules, 2006', issued vide Notification Number SRO 666(I)/2006, dated 28-06-2006.</p>
<p>e. Personal gifts, excluding alcohol, alcoholic beverages and tobacco goods, not exceeding a total value to be specified in national legislation on the basis of retail value;</p>	<p>Compliant. Alcoholic beverages are not allowed to be imported by anybody in the form of gift or in baggage and are banned for import.</p> <p>Such personal effects are exempt from customs duty and sales tax under rule 9 of 'The Baggage Rules, 2006', issued vide Notification Number SRO 666(I)/2006, dated 28-06-2006.</p> <p>On the other hand, PCT Code 99.09 of Pakistan Customs Tariff, provides that articles, value of which does not exceed Rs. 20,000/- per parcel, can be imported free of Customs duty and Sales Tax, through Post or Courier service.</p>
<p>f. Goods such as foodstuffs, medicaments, clothing and blankets sent as gifts to an approved charitable or philanthropic organization for distribution free of charge to needy persons by the organization or under its control;</p>	<p>Compliant. Such goods are exempt from customs duty and sales tax under vide Chapter 99 of Pakistan Customs Tariff (PCT), vide Code 99.13 thereof, subject to conditions mentioned therein.</p>
<p>g. Awards to persons resident in the country of importation subject to the production of any supporting documents</p>	<p>Compliant. Such awards are exempt from customs duty and sales tax under rules 3A(iii) and 6(iii) of 'The</p>

required by the Customs;	Baggage Rules 2006', issued vide Notification Number SRO 666(I)/2006 dated 28.06.2006.
h. Materials for the construction, upkeep or ornamentation of military cemeteries; coffins, funerary urns and ornamental funerary articles imported by organizations approved by the competent authorities;	Non-Compliant No specific exemption is available for such material under section 19 of the Customs Act, or any notification issued there under. However, such material on importation can be allowed free of Customs duty vide section 20 of the Customs Act, 1969, on case to case basis, as the said section of the Act empowers FBR to grant exemption from duty in exceptional circumstances. However, in order to make the law compliant with RKC, such material may be exempted either through a notification or through inclusion in Sub-Chapter VII of Chapter 99 of Pakistan Customs Tariff.
i. Documents, forms, publications, reports and other articles of no commercial value specified in national legislation;	Compliant. Such material can be imported duty free under Pakistan Customs Tariff (PCT), vide Code 4901.9990 and 4902.9000 of Pakistan Customs Tariff.
j. Religious objects used for worship; and	Non-Compliant. No specific exemption is available for such material under section 19 of the Customs Act, or any notification issued there under. However, such objects on importation can be allowed free of Customs duty vide section 20 of the Customs Act, 1969, on case to case basis, as the said section of the Act empowers FBR to grant exemption from duty in exceptional circumstances. It is, thus, recommended that in order to make the law fully compliant with RKC provisions, said products may be included in Chapter 99 of Pakistan Customs Tariff.
k. Products imported for testing, provided that the quantities imported do not exceed those strictly necessary for testing, and that the products are used up during testing or that remaining products are re-exported or rendered commercially valueless under Customs control.	Non-Compliant. There is no mention of products imported for testing purposes. This provision of RKC basically relates to goods which are imported for testing in laboratories etc. Relief from duties and taxes on products imported for testing is an important consideration which enables national or recognized consumer protection organizations and industries etc. to send samples of consumer and other products to laboratories in other Customs territories for testing. Such goods may be restricted to imports by Pakistan Standards and Quality Control Authority (PSQCA) and some other recognized laboratories/institutions. These goods could be allowed temporary import unless the products are of negligible value or used up completely during the testing. Such a provision may be added in Chapter 99 of the First Schedule to the Customs Act, 1969."

Practice: The practice follows the provisions of law as discussed above.

Resource Persons:

- Mr. S. Hussain Naqvi, In-charge, Customs Laboratory, Customs House Karachi.

- Mr. Irfan Javed, Additional Collector of Customs, MCC, (PACSS) Custom House, Karachi.
- Mr. Aamir Altaf, Customs Clearing Agent, (CHL No. 1402), Customs House, Karachi.

Conclusion: The law and practice are in substantial compliance with this 'Recommended Practice'.

Recommendations: In order to make Pakistan Customs exemption regime fully compliant with this 'Recommended Practice', the following recommendations are made:-

- For the purpose of this 'Recommended Practice' at (e), SRO 193(l)/2013, dated 08-05-2013 may be modified to provide that personal gifts, excluding alcohol, alcoholic beverages and tobacco goods, not exceeding a total value to be specified in the said SRO on the basis of retail value, shall be allowed exemption as deemed appropriate by the FBR/Customs.
- For the purpose of this 'Recommended practice' at (h) and (j), the existing practice is that import of such materials and objects is allowed free of customs duty through a special exemption order, on case to case basis, in terms of section 20 of the Customs Act, 1969.
- Similarly for the purpose of 'Recommended practice' (k) above, such goods may be allowed exemption from Customs duty and Sales tax. However, this exemption should be restricted to imports by Pakistan Standards and Quality Control Authority (PSQCA) and other recognized laboratories/institutions. These goods could be allowed temporary import unless the products are of negligible value or consumed completely during the testing. Such a provision may be added in Chapter 99 of the First Schedule to the Customs Act.