

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
CENTRAL BOARD OF REVENUE

C.No.1(2)WHT/2000

Islamabad, June 18, 2003.

CIRCULAR NO. 02 OF 2003.
(INCOME TAX)

SUBJECT: ISSUANCE OF EXEMPTION CERTIFICATE UNDER SECTION 148 OF THE INCOME TAX ORDINANCE, 2001.

In order to meet the persistent demand of manufacturers for streamlining the procedure and swift issuance of exemption certificates, amendments have been made in section 148 of the Income Tax Ordinance, 2001, through the Finance Act, 2003. These amendments include substitution of sub-section (4) and insertion of a new sub-section (4A).

2. As a result of these amendments, the following three categories of manufacturers are entitled to exemption certificate under section 148 for the import of raw materials (other than edible oils), plant, machinery and equipment for their own use in an industrial undertaking:-

- (a) Manufacturers who are liable to pay advance tax under section 147.
- (b) Manufacturers who are not liable to pay advance tax under section 147 but have paid tax equal to the amount of tax paid in the immediately preceding year.
- (c) Manufacturers who are not likely to pay any tax due to exemption of income, depreciation allowance or brought forward loss.

3. The Commissioner of Income Tax is obliged by law to issue exemption certificate to the aforementioned three categories of manufacturers. Following instructions may be followed by the Commissioner of Income Tax for issuing exemption certificates to the said manufacturers:-

(2)

- (i) The certificate shall be issued for full one year valid till the 30th day of June next falling.
- (ii) The certificate shall not be Letter of Credit specific.
- (iii) The certificate shall be issued within 24 hours of the receipt of the application.

(iv) The Commissioner of Income Tax shall not insist on furnishing of irrelevant documents which may cause delay in the issuance of exemption certificate.

(v) In case of refusal to issue exemption certificate, the Commissioner shall pass a speaking order after affording opportunity of being heard to the applicant.

4. The Commissioner of Income Tax, however, is empowered to cancel an exemption certificate where the manufacturer fails to pay any installment of advance tax due under section 147.

5. In case, the manufacturer sells the goods imported against an exemption certificate, the goods so sold shall be treated as commercial imports and charged to tax accordingly.

6. The Commissioners of Income Tax are advised to follow these instructions so that manufacturers in the country are facilitated. The taxpayers may also be advised to file complete applications with necessary information (as per annexure) so as to avoid any delay and inconvenience to the taxpayer.

7. The provisions of Notification S.R.O.No.593(I)/91 dated 30th June, 1991 stand modified to the extent as provided in section 148 and explained in this circular.

(Saeedullah Khan)
Secretary(WHT)
Ph: 9201448

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To

The Commissioner of Income Tax

APPLICATION FOR ISSUANCE OF EXEMPTION CERTIFICATE UNDER SECTION 148 OF THE
INCOME TAX ORDINANCE, 2001, FOR THE YEAR ENDING 30.06.-----.

1. Name and address of the taxpayer.
2. National Tax Number.
3. Sales Tax Registration No.
4. Nature of business(description of goods manufactured).
5. Installed production capacity (item-wise).
6. Particulars of goods being imported i.e. raw materials, plant, machinery and equipment.

Name of item being imported.	Machinery etc./ Raw Materials	Quantity	Total requirement for the year (raw materials only)	Approximate landed value.

Additional information only for manufacturers not liable to pay Advance tax/loss etc., cases.

7. Payment of tax in the immediate preceding accounting period.
8. Amount of tax deposited to date in the current year.

I _____ (Director/Partner/Member/Owner/Principal Officer) hereby solemnly declare that particulars mentioned above are true to the best of my knowledge and none of the item to be imported mentioned above is being imported for trading purposes.

Date: _____

Signatures _____