

WITHHOLDING TAX ON IMPORTS COLLECTED AT CUSTOMS
TAX YEAR 2012 (1st July 11 to 30th June 12)

[U/S 148] [Provision applicable w.e.f. 01-07-2011 onwards.]

1. STANDARD RATE:

The Collector of Customs shall collect advance tax from every importer of goods on the "**value of the goods**" at the standard rate of **5%** specified in Part II of the First Schedule .

"**Value of goods**" means the value as determined u/s. 25 of the Customs Act, 1969 as if the goods were subject to ad valorem duty increased by the customs-duty, federal excise duty and sales tax, payable in respect of the goods imported.

Above category will be treated as final tax except:

- i. An industrial under-taking importing goods as raw material or plant and machinery for own use. The tax collected is Adjustable;
- ii. Import of edible oil and Packing material. The tax collected is Minimum Tax

2. REDUCED RATES:

1. Tax on items specified in clause (13G) of Part II of Second Schedule shall be collected at **1%** of their import value as increased by custom duty, sales tax and federal excise duty if leviable.

The Items specified in the above clause are:

- a) Gold
- b) Mobile Telephone Set
- c) Silver

2. Tax under section 148 shall be collected at the rate of 3% on the import by an industrial undertaking for its own use as per clause (9A) of Part II, 2nd Schedule.
3. Tax under section 148 shall be collected at the rate of 1% on import of all fiber, yarns and fabrics and goods covered by the Zero Rating Regime of Sales Tax as per clause (9) Part II, 2nd Schedule.
4. Tax under section 148 shall be collected at the rate of 1% on Import of potassic fertilizers as per clause (13E) Part II, 2nd Schedule.
5. Tax under section 148 shall be collected at the rate of 1% on Import of Urea Fertilizer, as per clause (23), Part II, 2nd schedule.
6. Tax under section 148 shall be collected at the rate of 2% on Import of Pulses, as per clause (24), Part II, 2nd Schedule.
7. Import of Edible Oil and Packing material the rate of tax collected under section 148 at the rate of 5% as per sub-section (8) of section 148.
8. Old and used automotive vehicles the rate of tax collected as specified in SRO.577(I)/2005 dt.6.6.2005.

3. EXEMPTIONS:

Under clause (56) of Part IV of the Second Schedule items listed in sub-clauses (i) to (xxi) are exempted from collection of tax at import stage,:

- 1) goods classified under Pakistan Customs Tariff falling under Chapters 27, 86 and 89;
- 2) goods imported by direct and indirect exporters covered under sub-chapter 7 of Chapter XII of SRO 450(I)/2001 dated June 18, 2001
- 3) goods temporarily imported into Pakistan for subsequent exportation and which are exempt from Custom duty and sales tax under Notification No.SRO 1065(I)/2005, dated 20th October,2005;
- 4) Manufacturing Bond as prescribed under Chapter XV of Custom Rules, 2001 notified vide SRO 450(I)/2001, dated June 18, 2001 and
- 5) Mineral oil imported by a manufacturer or formulator of pesticides which is exempt from customs-duties under the customs Notification No.SRO.857 (I)/2008, dated the 16th August, 2008.

Section 148(2) empowers the Central Board of Revenue to exempt any goods, class of goods or persons or class of persons from the applicability of section 148(1).

4. IMPORTER-CUM-SUPPLIER:

The hardship faced by the importer-cum supplier on payment of withholding tax at import stage and further withholding tax for supplies of imported goods, the Board has issued a circular C.No.5 of 2002, dated 11.4.2002 wherein the following parameter's are enunciated for the guidance of the Payers and the Suppliers:-

- (a) Tax on supplies will not be deducted by the payers if goods are imported in the supplier's name and supplied in the same state and no value addition is involved. For this purpose the supplier may give a written undertaking to the effect that the item mentioned in the invoice has been supplied without any value addition and tax under section 148 of the said Ordinances has been paid thereon.
- (b) It is the responsibility of the payer to ensure that the supplies received by him do not require deduction of tax under section 153 of the said Ordinance.
- (c) For ascertaining the fact that the supplier is himself the importer, goods supplied are the same which were imported and on which tax under section 148 of the said Ordinance was paid as Commercial Importer.
- (d) The payer/withholding agent may require him for furnishing of import document such as original Bill of Entry. He has also to ensure that there is no addition to the value of goods supplied.