**CHANGES IN FEDERAL**

**EXCISE ACT, 2005**

**THROUGH FINANCE BILL 2016-17**

**Section 2** **Definitions**

* Through an amendment in clause (8a) provision for specifying different dates for furnishing different annexures or parts of the return is proposed to be created.

**Section 4 Filing of return and payment of duty etc.**

* An amendment is proposed to omit sub-section (3) being redundant.

**Section 16 Exemptions**

* An amendment is proposed to extend the powers of Federal Government to exempt any duty relating to International Financial Institutions or Foreign Government-owned financial institutions with the approval of ECC of Cabinet.

**Section 19 Offences, penalties, fines and allied matters**

* A new clause (13) is proposed to be added to specify penalty for contravention of the Act or Rules made thereunder where no specific penalty is prescribed. Penalty under this clause is 3% of the amount of the duty involved or Rs.5000/-, whichever is higher. Proposed clause reads as follows:

(13) Any person who contravenes any provision of this Act or rules made thereunder for which no penalty has specifically been provided in this section shall be liable to pay a penalty of five thousand rupees or three percent of the amount of duty involved, whichever is higher.

**Section 47B Disclosure of information by a public servant**

* The section is proposed to be substituted to give legal coverage to disclosure of information under the Freedom of Information Ordinance, 2002 and information under bi-lateral multi-agreements with foreign governments. Proposed section reads as under:

(1) Any information acquired under any provision of this Act shall be confidential and no public servant shall disclose any such information, except as provided under section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001).

(2) Notwithstanding anything contained in sub-section (1) and the Freedom of Information Ordinance, 2002 (XCVI of 2002), any information received or supplied in pursuance of bilateral or multilateral agreements with government of foreign countries for exchange of information under section 47A shall be confidential.

**CHANGES IN THE FIRST SCHEDULE TO THE ACT**

**TABLE I (EXCISABLE GOODS)**

* Duty on the following items is proposed to be increased from 10.5% to 11.5%

|  |  |  |
| --- | --- | --- |
| Sr. No. of Schedule | New description of goods | New rate of duty |
| 4 | Aerated waters | 11.5 percent of retail price |
| 5 | Aerated waters containing added sugar or other sweetening matter or flavoured | 11.5 percent of retail price |
| 6 | Aerated waters if manufactured wholly from juices or pulp of vegetables, food grains or fruits which do not contain any other ingredient, indigenous or imported, other than sugar, colouring materials, preservatives or additives in quantities prescribed under the West Pakistan Pure Food Rules, 1965 | 11.5 percent of retail price |

* Duty structure on cigarettes is being revised / increased. The new proposed rates are as under: -

|  |  |  |
| --- | --- | --- |
| Sr. No. of Schedule | New description of goods | New rate of duty |
| 9a. | For the period from 01-07-2016 to 30-11-2016, locally produced cigarettes if their on-pack printed retail price exceeds four thousand rupees per thousand cigarettes | Rupees thousand four hundred and thirty-six per thousand cigarettes |
| 9b. | For the period from 01-12-2016 onwards, locally produced cigarettes if their on-pack printed retail price exceeds four thousand four hundred rupees per thousand cigarettes | Rupees three thousand seven hundred and five per thousand cigarettes |
| 10a. | For the period from 01-07-2016 to 30-11-2016, locally produced cigarettes if their on-pack printed retail price does not exceed four thousand rupees per thousand cigarettes | Rupees one thousand five hundred and thirty-four per thousand cigarettes |
| 10b.. | For the period from 01-12-2016 onwards, locally produced cigarettes if their on-pack printed retail price does not exceed four thousand four hundred rupees per thousand cigarettes | Rupees one thousand six hundred and forty-nine per thousand cigarettes |

**This change is effective from 04.06.2015. SRO 473(I)/2016 dated 03.06.2016 has been issued in this regard**.

* The rate of federal excise duty on ‘Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers’ is proposed to be fixed as Rs.1/Kg. Previously, the rate of duty was 5% of the retail price.
* Excise duty on white crystalline sugar is proposed to be withdrawn. Instead sales tax is being imposed @8%.

**AMENDMENTS IN TABLE II OF THE FIRST SCHEDULE**

**(EXCISABLE SERVICES)**

* A note is proposed to be added after the Table to withdraw excise duty on the following services to the extent of that province where provinces have imposed sales tax on such services:

(i) Advertisement on CC Tv, Cable net work, newspapers and periodicals,

(ii) Services of shipping agents,

(iii) Services of baking companies, insurance companies, cooperative financing societies, modarbas, musharikas, leasing companies, foreign exchange dealers, non-banking financial institutions, assets management companies,

(iv) Franchise services, and

(v) Services provided by stockbrokers

**AMENDMENTS IN THE SECOND SCHEDULE**

**(goods on which duty is collectable under sales tax mode with entitlement for adjustment with sales tax and *vice versa*)**

* Entry relating to white crystalline sugar is proposed to be omitted as a consequential amendment of withdrawal of excise duty on sugar.

**ADDITIONS IN TABLE – I OF THE THIRD SCHEDULE**

**TABLE – I**

**(Goods)**

* Conditional exemption on white cement is proposed to be withdrawn and is proposed to be liable to duty @ Rs. 1/Kg.
* Conditional exemptions are proposed for the following items:

|  |  |  |
| --- | --- | --- |
| Sr.No. | Description of Goods | Heading / Sub-Heading Numbers |
| **(1)** | **(2)** | **(3)** |
| 19 | Materials and equipment for construction and operation of Gawadar Port and development of Free Zone for Gawadar Port as imported by or supplied to China Overseas Ports Holding Company Limited (COPHCL) and its operating companies namely (i) China Overseas Ports Holding Company Pakistan (Private) Limited, (ii) Gwadar International Terminals Limited, (iii) Gwadar Marine Services Limited and (iv) Gwadar Free Zone Company Limited, their contractors and sub-contractors; and Ship Bunker Oils bought and sold to the ships calling on/visiting Gawadar Port, having Concession Agreement with the Gwadar Port Authority, for a period of forty years, subject to the conditions and procedure as specified under S.No. 100A of Table-1 of Sixth Schedule to the Sales Tax Act, 1990. |  |
| 20 | Supplies made by the businesses to be established in the Gwadar Free Zone for a period of twenty-three years within the Gwadar Free Zone, subject to the condition that the sales and supplies outside the Gwadar Free Zone and into the territory of Pakistan shall be subjected to Federal Excise Duty. |  |