



REF NO: 001/FBR/1032025

Dated: March 11th, 2025

SUBJECT: COMMITTEE FOR REVIEW OF EXPORT FACILITATION SCHEME (EFS)

Please refer to this office's letter of even number dated 10th March 2025 on the captioned subject (**copy enclosed**), wherein recommendations of PTC on amendments to EFS were shared. The following recommendations, in addition to recommendations already shared, are also submitted for consideration of the committee please:-

Draft amendments by FBR (SRO 204)	Recommendations by PTC	Rationale
In Rule 874 For sub-rule (5), and the table, the following shall be substituted namely: “(5) An applicant showing a poor compliance profile, i.e. having one or more contravention cases adjudged against him or having pending recovery cases or pending criminal proceedings, the authorizations granted shall on providing opportunity of defense be suspended immediately and the Regulatory collector may initiate proceedings for cancellation of the authorization besides other legal action” and Sub-rule (6) shall be omitted	Original provisions as per S.R.O. 957(I)/2021 be retained for both sub-rule (5) and (6)	This will give very stringent regulatory powers.
In rule 886 In sub-rule (4), after the words “Sales tax”, the expression, “or any other leviable duty and taxes shall be inserted;”	Original provisions as per S.R.O. 957(I)/2021 be retained for Rule 886 sub-rule (4)	These are as per the approved IOCO mechanism. Only FED/Sales Tax should be payable
In rule 893 For sub-rule (1), for the words “as under” the expression “on annual basis for all categories: - shall be substituted”. Clauses (a), (b), (c) and (d) shall be omitted and For the second proviso, the following shall be substituted, namely: - “Provided further that the system may assign the audit to the regulatory collector instead of the Directorate of Post Clearance Audit.:	Original provisions as per S.R.O. 957(I)/2021 be retained for Rule 893	More stringent regulatory powers and will enhance the cost of business if shifted to audit on an annual basis.

<p>After rule 877, the following new Rule shall be inserted, namely: -</p> <p>877 (A). Drawal of Samples</p> <p>The customs computerized system may assign Goods declarations files under these rules for drawal of samples on computerized selectivity criteria:</p> <p>Provided that the Regulatory collector or the Collector of Customs in whose jurisdictions the import or exports are being made, may also authorize the drawal of samples by an officer not below the rank of Assistant Collector.</p> <p>(2) Three samples of imported input goods or output goods meant for export shall be drawn at the time of import or export, respectively, duly signed by concerned Assistant Collector or Deputy Collector and EFS authorization number and date shall be endorsed thereon. Ot of the drawn samples, one will be handed over to the EFS user or his authorized agent, second will be retained by the drawing collectorate and the third will be sent to the Regulatory collectorate. The assistant Collector or Deputy Collector In charge of concerned Customs section, shall inform the Regulatory Collector about the cases where any discrepancy is reported against the EFS user in Accordance with Law:</p> <p>Provided that the Regulatory Collector may also authorize an officer not below the rank of Assistant Collector to visit the premises of the EFS user to draw samples, in addition to already drawn samples.”</p>	<p>The new rule inserted may be withdrawn please.</p>	<p>This will be a very onerous requirement. This will lead to undue delay for export shipments also it will impact the quantity commitment of export consignment as 03 sample will be drawn at export stage also. Original provisions of examination-marked sampling be reinstated</p>
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The above suggestions are submitted for kind consideration, please.

Thanking you in anticipation.

Encl: As Above

(Muhammad H. Shafqaat)
CEO

Dr. Muhammad Irfan
Director General (Trade Policy)
Ministry of Commerce
Islamabad



REF NO: 001/FBR/10032025

Dated: March 10th, 2025

SUBJECT: COMMITTEE FOR REVIEW OF EXPORT FACILITATION SCHEME (EFS)

Please refer to the first meeting of the subject committee held on 7th March 2025 convened under the Chairmanship of Mr. Ahsan Iqbal Chaudhary, Federal Minister for Planning, Development and Special Initiatives, wherein the participants from private sector were directed by the Honorable Chair to share suggestions/recommendations on the Export Facilitation Schemes (EFS) proposed amendments.

Pakistan Textile Council submits that the Export Facilitation Scheme is the backbone of value-added export sector of Pakistan. The issues raised by different trade bodies only pointed towards enforcement failures and mandated tightening of regulatory controls and oversight by FBR. The amendments in the existing form will have severe negative impact on exports of Pakistan's textile and apparel sector.

Accordingly, Pakistan Textile Council, with a belief that the subject committee will get the amendments done to the Export Facilitation Scheme revised, submits the following recommendations for consideration of the Committee, please: -

Draft amendments by FBR (SRO 204)	Recommendations by PTC	Rationale
For sub-rule (4), the following shall be substituted: Within seven days of the receipt of the application, the case shall be referred to relevant Collectorate of Input Output Coefficient Organization (IOCO) for determination of production capacity and input output ratios within sixty days . The Collector IOCO shall ensure that the application is processed within 60 days of the date of receipt in IOCO: Provided that in case the IOCO fails to process the case within sixty days, the user shall be allowed acquisition of 25% of the value of input goods involved as declared against a bank guarantee. The provisional permission shall be subject to modification once the IOCO finalizes its assessment of the production capacity and input	For new applications, the Regulatory Authority may provisionally approve input value authorizations up to 50% of the production capacity, as applied by the EFS user. However, the remaining 50% of the authorization may be granted after the determination of the production capacity by IOCO within 30 days .	The 60-day processing time increases uncertainty and may disrupt manufacturing timelines. The 25% provisional acquisition is insufficient for large-scale exporters.

<p>output ratios and the same shall be uploaded in the WeBOC or PSW System by IOCO or Regulatory Collector."</p>		
<p>In rule 877</p> <p>For sub-rule (6), the following shall be substituted, namely:-</p> <p>(6) The Chief Collector (Exports & IOCO) shall monitor all pending cases to ensure their timely processing within 60 days."</p>	<p>The Chief Collector (Exports & IOCO) shall monitor all pending cases to ensure their timely processing within 30 days."</p>	<p>Extending the processing timeline to 60 days slows down approvals, delaying supply chains and production.</p>
<p>In rule 878</p> <p>For sub-rule (3), the following shall be substituted:</p> <p>The authorization of the value of input goods shall be uploaded for each year based on the annual estimated requirement determined by IOCO. The uploading of the authorization for the subsequent year shall be subject to satisfaction of the Regulatory Collector that no action under the Acts is pending against the user and the user has submitted all reconciliation statements as set out in Appendix-IV."</p>	<p>Authorization to acquire goods for the subsequent year should be triggered automatically upon submission of the annual reconciliation Statement as set out in Appendix-IV by the exporter in the WeBOC or PSW. However, during the annual audit if any discrepancies found the Regulatory Collector's may decrease the Authorized Value accordingly.</p>	<p>Regulatory Collector's discretion adds uncertainty, delays, and risks of bureaucratic bottlenecks.</p>
<p>In rule 880</p> <p>In Sub-rule (2), for the word "thirty" the word "seven" shall be substituted.</p>	<p>Given that sales tax on local purchases has been imposed under the Sales Tax Act 1990, it is imperative to restore the previous exemption. Once reinstated, it is recommended that domestic acquisitions with 0% sales tax be uploaded on Weboc/PSW after 30 days of the sales tax return submission to ensure proper reconciliation and compliance.</p>	<p>The reduced 7-day deadline may cause compliance issues and system inefficiencies, leading to penalties for minor delays.</p>
<p>In rule 883</p> <p>Utilization period. - The input goods acquired under these rules shall be utilized within 9 months, extendable in exceptional circumstances by a committee to be constituted by the Board.</p>	<p>The input utilization period should remain at least 18 months for all EFS users, with reconciliation statements submitted as per rules.</p> <p>A further 6-month extension may be granted by the Regulatory Authority, while extensions</p>	<p>This will ensure the reduced dependencies on frequent imports, lower procurement cost and support more predictable and stable production cycles.</p>

	beyond 6 months require approval from the FBR-appointed Committee.	The significantly reduced period to 9 months is impractical for industries leading to frequent compliance burdens and increased administrative costs.
In rule 886 In sub-rule (3), after the words "B grade goods", the expression "not more than 5% of the total production" shall be inserted and for full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely: "Provided that in case of factory rejects or B grade are more than 5% of the total production, the Goods Declaration shall be assessed as if the goods are imported into Pakistan in standard condition."	The allowable percentage should be increased to 10% .	Allowable percentage of 10% B grade goods reflects practical manufacturing conditions and account for industry-standard production variances.
In rule 887 In sub-rule (1), clause (a) shall be omitted.	In rule 887 In sub-rule (1), clause (a) should not be omitted. <i>It should be amended as follows: In case a user is unable to consume the input goods acquired before the end of the year, the same shall be carried forward into the next year on submission of the reconciliation statement until the completion of utilization period;</i>	The user should be allowed to carry forward the unconsumed good into the next year on submission of reconciliation statement until the completion of utilization period. (24 months or proposed time period). Removing carry-forward flexibility forces businesses to consume input goods faster than their production cycles allow, leading to inefficiencies and financial losses.
In rule 892 Sub-rule (3) shall be omitted.	In rule 892 Sub-rule (3) should not be omitted.	It should be retained that on submission of reconciliation statements as prescribed under sub rule (1), the WeBOC or PSW system shall automatically allow the

		value of input goods authorized at the time of application for the next year.
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In addition to the above annotated suggestions, the following two important recommendations also qualify consideration of the Committee:

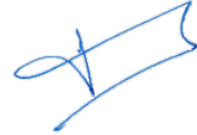
- i. The cost of doing business in Pakistan has risen exponentially in the past few years and deteriorated competitiveness of Pakistani exports in general and particularly damaged spinning industry in Pakistan. Therefore, the committee must recommend to the Prime Minister that energy prices and taxation be immediately rationalized. At the same time, to address concerns of the spinning sector, local purchases by export-oriented sectors must also be covered under EFS.
- ii. Notification issued by FBR notifying changes to Export facilitation Scheme be immediately withheld until the subject committee finalizes its recommendations and submits the same for consideration of the Prime Minister.

The above suggestions are submitted for kind consideration, please.

Thanking you in anticipation.



(M.H. Shafqaat)
CEO



(Fawad Anwar)
Chairman PTC

Mr. Jawad Paul
Federal Secretary
Ministry of Commerce
Islamabad

Cc: -

- **Mr. Ahsan Iqbal Chaudhary, Federal Minister for Planning, Development and Special Initiatives**
- **Mr. Jam Kamal Khan, Federal Minister for Commerce**
- **Senator Muhammad Aurangzeb, Federal Minister for Finance and Revenue**