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PART II

Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN

MINISTRY OF TEXTILE INDUSTRY

ORDER

Islamabad, the 19th September, 2008

S. R. O. 1045 (I)/2008.— In pursuance of entry 7 of item 29A of Schedule II to the Rules of Business, 1973, and in order to encourage the Pure Terephthalic Acid (PTA) and Polyester Products Manufacturing Sector and to monetize and reimburse PTA duty, to allow for lowering import duty on Polyester Products and regulate compensatory support for import tariff borne by PTA consumers, the Federal Government is pleased to make the following Order, namely:—

1. **Short title and commencement.**—(1) This Order may be called the Compensatory Support (7.5% duty borne by the Polyester Industry) Order, 2008.

(2) It shall come into force at once and shall be deemed to have taken effect from the 1st July, 2008.

(3887)

2. **Procedure and conditions.**—(1) The Compensatory Support shall be provided @ 7.5% to the following existing PTA users or consumers and any other user approved by the Ministry of Textile Industry, who becomes eligible in future, to offset the impact of PTA duty on polyester chain products (to allow lower tariff on these products) manufactured from locally procured PTA through State Bank of Pakistan (SBP), namely:—

- (a) M/s ICI Polyester Ltd.;
- (b) M/s Rupali Polyester Ltd.;
- (c) M/s Ibrahim Fibre Ltd.;
- (d) M/s Dewan Salman Fibre Ltd.;
- (e) M/s Pakistan Synthetic Ltd.;
- (f) M/s Gatron Industries Ltd.;
- (g) M/s Rupafil Ltd.; and
- (h) M/s Novatex Ltd.

(2) Application for the compensatory support pertaining to locally procured PTA during the previous month shall be filed by the unit with the authorized bank (authorized dealer) upto 7th of the every succeeding month in the form as set out in **Annexure-I** to this Order along with copies of sales tax invoices subject to the verification by the SBP as per the following formula. These invoices shall specify the amount charged by the local suppliers on account of 7.5% import tariff over the base price of PTA, namely:—

$$\text{Amount refundable on account of 7.5\% tariff on PTA} = \frac{\text{(Total Price of PTA purchased as per Sales Tax invoices)} \times 100}{(100 + 7.5)} \times 7.50\%$$

(3) M/s Pakistan Pure Terephthalic Acid Ltd (PPTA), shall provide to the SBP a comprehensive statement of sales of PTA to various customers during the month by the fifth of next month.

(4) The unit registered with Security Exchange Commission of Pakistan (SECP) shall only be eligible to avail the said support.

(5) The amount of claim for support shall be worked out on the basis of PPTA's sale invoice duly verified by the manufacturers in the form as set out in **Annexure-II**. While processing the claim PPTA as well as the unit shall act with due diligence to ensure the claim is based on facts.

(6) Before submitting the claims, the authorized bank (authorized dealer) shall scrutinize the applications carefully and submit the same

duly certified by it as an undertaking in the form as set out in Annexure-III to this Order, to the field offices of the SBP-Banking Services Corporation. Such applications shall be received by the said field offices up to 11:00 a.m. on all working days.

(7) The admissible compensatory support payment as approved by the field office of the SBP-Banking Services Corporation shall be made by crediting the account of the concerned authorized dealer, who shall pay the amount to the unit within two days of receipt of credit in their account.

(8) In order to avoid delay or rejection of the compensatory support claim, the authorized dealers at the time of certification of the claim, shall see that the description of the commodity is properly given along with the invoices.

(9) Authorized dealers, while forwarding applications for payment of compensatory support shall invariably and prominently rubber stamp at the top of the copy of the claim with the following narration, namely:—

"Applications for compensatory support of Rs. _____ submitted to field office, SBP-Banking Services Corporation *vide* Forwarding Schedule /Sale Invoice No. _____ dated _____ at Serial No. _____"

(10) The unit shall rubber stamp at the top of the copy of the claim (containing Sale Tax invoice) prescribed under the Sales Tax Act, 1990, the following narration, namely:—

"Compensatory Support as notified shall be claimed for this sale consignment".

(11) Claims containing discrepancies shall be returned to the Authorized Dealers within three working days between 2:30 p.m. and 3:30 p.m. for resubmission duly rectified within two days. While re-submitting the applications, authorized dealer shall quote the reference of the forwarding or covering letter of the authorized dealer under which the application was originally submitted.

(12) If the sales are returned by the buyers due to any reason, the compensatory support if claimed on the same will be refunded by the consumers within seven days.

(13) Applications for compensatory support relating to the period *i.e.* sales made between the 1st July, 2008 and the date of issuance of this Order shall also be submitted by the authorized dealers as per the procedure given in this Order within fifteen days of the issuance of this Order.

3. **Periodical audit.**—The Federal Government reserves the right to conduct periodical, random, on-the-spot checks and audits to verify the disbursement and claim of compensatory support under this Order.

4. **Fraud and penalty.**—In case any fraud or misuse is detected in claiming the compensatory support under this Order, the Textile Commissioner shall be the competent authority to levy fine and penalty up to 300% of the fraudulently claimed amount with recommendation to the quarters concerned for the black listing of the unit. The appellate authority in this case shall be the Secretary, Ministry of Textile Industry.

5. **Monthly reports.**—PTA users or consumers mentioned in subparagraph (1) of paragraph (2), shall submit to the Ministry of Textile Industry and the Textile Commissioner's Organization, a statement on a monthly basis giving details of their claims made and received, duly certified by them.

6. **Modifications.**—The Federal government reserves the right to make any change including additions, deletions and modifications in this Order, which it considers necessary or withdraw this Order at any time, after giving notice of at least three months to the industry and providing them an opportunity of being heard.

7. **Contravention.**—The Ministry of Textile Industry reserves the right to investigate and levy fine and penalty against any action taken in contravention of this Order.

8. **Interpretations.**—Any clarification required regarding the application of this Order shall be made only by the Ministry of Textile Industry.

[No. F.2(1-A)/PTA/s STID/08-P-I.]

MUHAMMAD TARIQ NAWAZ,
Deputy Secretary (Policy).

Annexure-I

[See paragraph 2, sub-paragraph (2)]

Subject:—*Application for Payment of Compensatory Support to PTA Users or Consumers.*

Name of manufacturer: _____

Address: _____

NTN: _____

Sales Tax Registration No.: _____

S. No.	Sales Tax Invoice No.	Date	PTA		Amount of import duty as per formula stated in paragraph 2(2) of Order and as stated on the invoice paid -x**	Price Settlement on previous purchases -y***	Amount of duty on y* as per formula stated in paragraph 2(2) of Order - z****	Net Amount of import duty refundable
			Quantity	Value				
(1)	(2)	(3)	(4)	(5)	(6) [(1*)x100/107.5]x7.5%	(7)	(8) [(y*)x100/107.5]x7.5%	(9) x*-z*

Signatures: _____

Name & Designation: _____

Date: _____

- * where 'x1' is the value given in column (5) of this annexure.
- ** where 'x' is the amount of import duty calculated in the column (6) of this annexure
- *** where 'y' is the price settlement on previous purchases given in column 7 of this annexure.
- **** where 'z' is the amount of duty calculated in column (8) of this annexure

Annexure-II

[See paragraph 2, sub-paragraph (5)]

COMPENSATORY SUPPORT CERTIFICATE

This is to certify that the claim of Messrs _____
for Rs. _____ (Rupees _____ only)
is verified as eligible under the terms of S.R.O. Compensatory Support.

(Stamp & Signature of the Authorized Official PPTA)

(Stamp/Seal of the Manufacturer with date)

Annexure-III

[See paragraph 2, sub-paragraph (6)]

Subject:—*Bank Certificate for Compensatory Support on Sales of PTA to its Consumers / Users.*

We _____ the banker of M/s. _____
(Name of the Bank) (Name and address of the unit)

undertake that we have verified the above particulars and found them in order.

Compensatory Support works out to Rs. _____ (Rupees _____
only) on the total sales value of

Rs. _____ which may please be credited to our account for payment to
M/s. _____

(Name and address of manufacturing unit)

If any discrepancy is detected subsequently, the SBP may debit the amount
involved to our account alongwith penal interest @ 6 % above inter bank rate p.a.

Yours faithfully,

(Stamp and Signature of authorized dealer)
