

EXPORTS

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CHAPTER 12

EXPORTS

1. General.

i) The Government of Pakistan has, by Notification Nos. I(6)-ECS/48 and I(7)ECS/48 both dated the 1st July, 1948, issued in pursuance of Section 12 of the Foreign Exchange Regulations Act 1947, prohibited the export by post and otherwise than by post, of any goods either directly or indirectly, to any place outside Pakistan, unless a declaration is furnished by the exporter to the Collector of Customs or to such other person as the State Bank may specify in this behalf that foreign exchange representing the full export value of the goods has been or will be disposed of in a manner and within a period specified by the State Bank. This chapter deals with the regulations governing exports from Pakistan.

ii) The Incoterms introduced by ICC for exports to provide a set of international rules to avoid uncertainty of different interpretation of the most commonly used trade terms in foreign trade may be adopted.¹

2. Exports exempted from Foreign Exchange Regulations.

The prohibition mentioned in para 1(i) above does not apply to exports to Afghanistan, to the extent mentioned in subsequent paragraph 13 (i), and to the export of goods exempted from the provision of the Export Policy Order as notified by Ministry of Commerce from time to time².

3. Export Control Regulations.

Export of goods from Pakistan is regulated by the Ministry of Commerce, Government of Pakistan, under the Imports and Exports (Control) Act, 1950 and the Statutory Regulatory Orders issued thereunder. Foreign exchange regulations regarding exports cover all goods exported from Pakistan except as exempted under Para 2 above. Similarly, nothing in the foreign exchange regulations relieves the exporters from the necessity of complying with the Export Policy Order as laid down by the Government from time to time, including the necessity of obtaining an export license/ Permits/ NOCs/Certificates, wherever required.

4. Omitted

4A. Customer Due Diligence (CDD) of Exporters.

Authorized Dealers shall conduct CDD of exporters following a risk-based approach. At the time of on boarding a customer, Authorized Dealers shall capture the relevant information about trade related activities of the customer and incorporate it in the Customer's Risk Profile giving due weightage to various risk factors

¹ FE Circular No. 15 Dated August 15, 2003

²Para 4 of Export Policy Order accessible at:

<https://www.commerce.gov.pk/wp-content/uploads/2020/09/Export-Policy-Order-25-09-2020.pdf>

as required under Framework for Managing Risks of Trade Based Money Laundering and Terrorist Financing.

5. Forms prescribed for declaring Exports.

i) As required under the Federal Government Notification Nos. I (6)-ECS/48 and I(7)ECS/48 both dated the 1st July, 1948, the exporters are required to declare their exports to the Customs/Postal authorities in Manual / Electronic Form 'E' (Appendix V-10). Manual/ Electronic Form 'E' must be certified by the Authorized Dealer in a convertible foreign currency.

ii) However, in case of exports under Pakistan Single Window (PSW), all exporters of goods shall submit a declaration to Pakistan Customs, in the prescribed manner, that the payment against exported goods has been or will be received through an Authorized Dealer as prescribed by State Bank. Likewise, in case of B2C e-Commerce Exports, the declaration required, as per sub-para 1 above, shall be filed by the courier company on behalf of exporter in the prescribed format. All declarations must be submitted by the relevant person/entity in a convertible foreign currency only.

6. Method and period of Payment.

i) Full export value of goods exported from Pakistan and declared to the Custom authorities should be received in an approved manner, as embodied in State Bank of Pakistan's (SBP) Notification No. F.E. 3/2001-SB dated the 28th September, 2001 on the due date for payment or within 180 days from the date of shipment, whichever is earlier, or within such period as may be prescribed by SBP through specific or general instruction, through an Authorized Dealer either in convertible foreign currency in which the Authorized Dealer maintains accounts or in Pakistan rupee from a repatriable Rupee account of a non-resident. In case of shipment on DP/CAD/ sight basis the payment should be received within 45 days from date of shipment. However, where the terms of sale/irrevocable letter of credit provide for payment on 180 days' usance from the date of shipment, it shall be permissible for the exporter to repatriate the export proceeds within 195 days from shipment date. Prior approval of the Exchange Policy Department, SBP should be obtained before arranging for payment in any manner other than that mentioned above.

ii) Where the terms of sale provide for payment earlier than 180 days, including DP/CAD/ sight bills, Authorized Dealers may allow extension in the realization period if they are satisfied with the written explanation given for delay in realization by exporter. Such explanation must be supported by documents/ communication from the foreign buyer and the extension must not exceed the period beyond 180 days from the date of shipment. Authorized Dealers shall not allow extension in the realization period, once they have reported the case as overdue to FEOD, SBP-BSC.

7. Retention period of Export Proceeds with Authorized Dealers upon Realization

It is permissible for exporters to retain the export proceeds including 'Advance Payments' in foreign currency with an Authorized Dealer in Pakistan for five working days of receipt of funds by Authorized Dealer (value date of Nostro Account) and to sell the same within this period to any Authorized Dealer. In case of payments where the purpose of remittance has not been identified in the remittance message as payment against exports, the above period shall start once the same is determined by the Authorized Dealer. The foreign currency so retained shall be kept by the Authorized Dealers in 'Special Exporters' Account' outside their 'Exposure' limits. However, if an exporter does not conclude a transaction with an Authorized Dealer by end of the fifth working day, the Authorized Dealer that has received the export proceeds shall purchase the same at least at the 'buying' rate of weighted average customer exchange rate of that day as

available on SBP website under advice to the concerned exporter. In case weighted average customer exchange rate is not available on SBP website for any currency, the Authorized Dealers may use their own weighted average customer exchange rate for the currency on that day. Authorized Dealers would allow exporters, upon their request, to retain permissible percentage of export proceeds in Exporters' Special Foreign Currency Account as per para 12, 35, 36 and 37 of this chapter.

8. Responsibilities of Authorized Dealers to Ensure Realization of Export Proceeds.

i) In case of exports through Form-E, all the four copies in case of manual Form-E or the Electronic Form-E are required to be certified by the Authorized Dealer, before lodgment by exporters with the Customs/Postal authorities, as under:

- a) Certified that the above exporter(s) is/are known to us, that she/he/they is/are bona fide business person(s) in Pakistan and that she/he/they has/have made arrangements with us for the realization of the export proceeds, of the goods declared on this form on the due date for payment or within 180 days from the date of shipment, whichever is earlier, in accordance with the State Bank's Notification No. FE 3/2001-SB dated the 28th September, 2001 and that we are satisfied with said arrangements. We have also satisfied ourselves about the bonafides of the importers/consignees abroad and their credentials etc.
- b) We undertake to ensure that export proceeds against shipment on firm contract shall be received by us on the due date for payment or within 180 days from the date of shipment, whichever is earlier, in accordance with the State Bank's Notification No. FE 3/2001-SB dated the 28th September, 2001.

ii) In case of exports under Pakistan Single Window, Authorized Dealer shall be responsible to ensure that export proceeds against shipment are received by them as per prescribed time and manner in accordance with the State Bank's Notification No. FE 3/2001-SB dated the 28th September, 2001.

iii) Authorized Dealers shall not undertake export transactions unless they have satisfied themselves with regard to the following:

- a) Arrangements have been made for realization of export proceeds of the goods covered by the relevant export transactions.
- b) Bonafides of the transactions and the importers/consignees abroad and their credentials have been verified as laid down in relevant instructions for managing the risks of trade-based money laundering and terrorist financing. Wherever necessary they should make discreet enquiries through their foreign correspondents. In case of shipments against T.R. (Trust Receipts) or D.A. (Documents against Acceptance) greater care should be exercised by the Authorized Dealers while undertaking the transaction.
- c) Arrangements have been made for receipt of documents of title to goods or other title document of cargo like Railway Receipt, Bill of Lading, Airway Bill, Truck Receipt.
- d) Genuineness of the charter party, where shipment is to be made against a charter party Bill of Lading, has been verified. Discrete enquiries should be made about the carrier and the importers as indicated in sub-paragraph (b) above to safeguard against any loss of cargo or foreign exchange in such cases. For this purpose, the Authorized Dealer may seek the necessary documentary evidences from the exporter including but not limited to Charter Party Agreement.
- e) The export form has been signed by the exporter or his authorized agent, in case of manual 'E' Form. The signatory should disclose his status/capacity in the concerned firm/company etc., i.e. Director/Partner/ Proprietor/Manager etc. In case the form is signed by the agent of the exporter, it should be ensured by the Authorized Dealers that he holds a valid legal power of attorney

from the exporter and the terms of the power of attorney are such that the exporter as well as the attorney can be held responsible severally and jointly for the repatriation of the export proceeds to Pakistan.

- f) Letter of credit for export to Asian Clearing Union member country has been received under the ACU Arrangement, unless the export is covered by a loan/credit extended to the importing country by International Agencies like IBRD/Asian Development Bank etc., in which case letters of credit will be established envisaging payment in convertible currencies outside the Asian Clearing Union Arrangement.
- g) In the case of re-export of imported goods, the conditions laid down by the Ministry of Commerce through the existing export policy have been complied with.

9. Export by Country Craft, Motor Launch or Truck.

Authorized Dealers can also process exports transactions involving transport by means of country-craft or motor-launch or truck subject to normal procedure followed in case of exports.

10. Maintenance of Record of Export Forms

i) Printing and Distribution of Export Forms

In case of exports through manual Form-E, head/principal offices of Authorized Dealers are required to maintain a complete record of all export forms, printed by them, and of their distribution to their branches and customers. This record should show branch-wise distribution of the export forms. It is the responsibility of the head/principal Offices to keep their relevant branches adequately stocked with the export forms as per their needs and ensure reconciliation of E-forms at a regular interval to avoid misuse of manual E-forms.

ii) Maintenance of Party-wise Record of Certified Export Forms.

Head/Principal Offices of Authorized Dealers should also maintain in their system the particulars of export forms issued and certified by them in respect of each exporter. They should also record against each form the date of submission of the export documents in cases where shipments have been made, or of the surrender of complete set of export forms in cases where goods have not at all been entered for shipment or of submission of complete "shut-out notice" in cases where the goods have been entered for shipment but have been shut-out. Against each export form, the Authorized Dealers should also indicate the date of realization of the export proceeds wherever the documents are negotiated or collected through them. In cases where none of the above documents are received by them within the period of 21 days from the date of certification on the relative export forms, the Authorized Dealers should immediately get in touch with the exporter concerned to ascertain whether or not the shipment has been effected. If the Authorized Dealer is satisfied that the exporter has not yet been able to ship the goods against the certified export form, it should make a suitable notation against the relevant certified export form and follow it up till the documents referred to above are submitted to it. All other cases, where the exporters do not respond to the notices of the Authorized Dealers, should be reported to the Foreign Exchange Operations Department, SBP-Banking Services Corporation on monthly basis in the prescribed form (Appendix V-11).

(iii) Authorized Dealers report Electronic Form-Es on V-11 but subsequently they do not report the EFEs as overdue in V-20 despite the fact that their status is displayed as overdue in WeBOC. Authorized Dealers are required to report all EFEs that become overdue during the previous month on V-20 data file electronically to FEOD even if they fail to obtain shipping documents from exporters as per applicable instructions.

11. Making out and Delivery of Shipping Documents.

In exercise of the powers vested in it under Section 20(3) of the Act, State Bank has directed all carriers whether common or private (railway, shipping, motor trucking or airline companies) and their agents as under:

- i) (a) In respect of export of goods from Pakistan to foreign countries by land route or by sea, the Railway Receipts, Bills of Lading, Truck Receipts or any other documents of title to cargo should be drawn only to the order of an Authorized Dealer designated for the purpose by the exporter. This restriction will not apply if the exporter produces a certificate to the carrier from the Authorized Dealer concerned in the prescribed form (Appendix V-12). The certificate will be issued by the Authorized Dealer only if the shipment is being made against 100% advance payment or against an irrevocable Letter of Credit which calls for drawing of documents of title to cargo to the order of the opening bank, or the importer, or the exporter or to order and blank endorsed. In all cases the railway receipt, bill of lading and other documents of title to cargo should be delivered by the carriers to the authorized representative/ agent of the Authorized Dealer concerned holding authority letter for collecting these documents.

(b) A Seaway bill, FCR (Forwarder Cargo Receipt) and other similar transport documents may be accepted by the Authorized Dealers if the export is being made against receipt of advance payment or against an irrevocable letter of credit opened/confirmed by a reputable bank abroad, envisaging payment on the basis of seaway bill, FCR and other similar transport documents.
- ii) In respect of export of goods to foreign countries by air, the airway bills and any other documents of title to cargo should be drawn to the order of a bank in the country of import nominated by the Authorized Dealer designated for this purpose by the exporter. However, in the case of export of goods against 100% advance payment or against irrevocable letter of credit which contains a condition that the airway bill and other documents should be drawn to the order of the importer abroad or it's bank, the airway bill and other documents of title to cargo may be drawn to the order of the importer abroad, provided the exporter produces to the carriers a certificate to this effect from the Authorized Dealer concerned in the prescribed form (Appendix V-12). In all cases, the airway bill and other documents of title to cargo will be delivered by the carriers to the authorized representative/ agent of the Authorized Dealer concerned holding authority letter for collecting these documents.
- iii) In cases where full payment (100%) has been realized against exports of goods from the buyer abroad after shipment of goods but before the dispatch of documents, it shall be permissible for Authorized Dealers to release the shipping documents to the concerned exporter, after endorsing them in favor of importer, for direct dispatch to the importer abroad. However, Authorized Dealers are advised to exercise adequate due diligence to assess and mitigate the related risks of the transaction.
- (iv) The directions contained in sub-paragraphs (i), (ii) and (iii) above do not apply to the following cases:
 - (a) Export of goods exempted from the provision of the Export Policy Order as notified by Ministry of Commerce from time to time³.
 - (b) Exports of fresh fish, vegetables, fruits, poultry and other goods of perishable nature.
- (v) In case where irrevocable letter of credit contains a condition that documents shall accompany a certificate from the beneficiary stating that one original (1st of 3 or 2nd of 3 originals) Bill of Lading be dispatched to the buyer/consignee, Authorized Dealers may allow dispatch of 1st or 2nd of the three original

³Para 4 of Export Policy Order accessible at:

<https://www.commerce.gov.pk/wp-content/uploads/2020/09/Export-Policy-Order-25-09-2020.pdf>

Bill of Lading to the party named in the letter of credit only after the documents have been presented to them.

11A. Making and Dispatch of Shipping Documents by the Exporters Direct to the Importer⁴ (Open Account)

As an exception to the instructions contained in Para 11, Authorized Dealers may allow making of shipping documents in the name of the foreign importers and dispatch of the same by the exporters directly to the foreign consignees or their agents in the country of final destination by issuing a certificate as per Appendix V-12A to the carriers (ships, airlines, trucks, railways etc.) subject to the following terms and conditions:

- i) The export overdues of an exporter with all Authorized Dealers should not be more than 5% of the previous year’s exports.
- ii) The value of export consignment to be shipped by the exporters shall be subject to following limits:

Criteria	Export overdues as a percent of previous financial year’s exports proceeds realized, on the cut-off date (quarter end).	Up to 1%	More than 1% & up to 3%	More than 3% & up to 5%
	Minimum export proceeds realized during the last three years in USD or equivalent in other currencies	5 million	2.5 million	USD 250,000
Value of export consignment in USD or equivalent in other currencies subject to fulfilment of above criteria (both conditions).		No Limit	Up to 1,000,000	Up to 500,000/-

- iii) New exporters with no export history or exporters having exports less than USD 250,000 during the past 3 years may be allowed to avail the above facility provided shipment’s value is up to USD 100,000/- and the total export overdues do not exceed 5% of the previous year’s total exports value, as required in sub para (iii) below.
- iv) The exporter availing this facility shall have to provide a certificate to Authorized Dealers on the prescribed format (Appendix V-12B) showing bank-wise consolidated position of outstanding overdue export bills, as of quarter end, as a percentage of the total exports proceeds realized during the preceding financial year. This certificate shall be used by Authorized Dealers for determining the value of export consignment, under sub-para (ii) above, during the quarter subsequent to the quarter end date to which the certificate relates.
- v) Authorized Dealers may accept export performance certificates of other Authorized Dealers showing export proceeds realized through them during the last three financial years in order to determine the export performance of the exporter.
- vi) The Authorized Dealer shall obtain an undertaking from the exporter that export proceeds against such exports will be realized as per the prescribed time period. Further, Authorized

⁴ EPD Circular Letter No. 5 dated March 19, 2020.

- Dealer, at its discretion, may obtain personal guarantees of the Directors/Sponsors of the firm/company to ensure realization of export proceeds against such shipments.
- vii) Before certification of Form-E/EFE, Authorized Dealers shall obtain a valid contract/proforma invoice and satisfy itself about the bona fides of the importers/consignees abroad. Further, the Authorized Dealers shall also obtain copies of shipping documents (electronically or manually) within 10 working days from the date of the shipment.
 - viii) The Authorized Dealers shall monitor the shipment(s) made by the exporter and ensure realization of export proceeds thereagainst within the prescribed time. In case of non-realization within the prescribed period, the matter shall be reported to the Foreign Exchange Operations Department, SBP-BSC as per applicable instructions.
 - ix) In case of unsatisfactory behavior of the exporter or export overdues exceeding the prescribed limit, as mentioned at (ii) above, Authorized Dealer shall discontinue extending the above facility to the exporter.
 - x) In case of exports through PSW, Authorized Dealers shall seek an undertaking from the exporter to ensure shipment of goods as per prescribed limits as mentioned at (ii) above. However, in case of non-compliance by exporters Authorized Dealer shall discontinue extending the above facility to the exporters.

12. Export of Software.

- i) The following procedure will be adopted for the export of computer software and realization of the proceeds of such exports:
 - a) Authorized Dealers shall obtain, interalia, the following documents, preferably in electronic form, while processing the remittances of software export:
 - (i) Copy of software export agreement(s) or invoice(s), as the case may be.
 - (ii) Monthly statement of export of software on the prescribed format at Appendix V-13.
 - c) Authorized Dealers shall maintain the consolidated data and record of all such transactions at their head offices and present it to SBP inspection team as and when required.
 - d) Authorized Dealers shall ensure proper reporting of computer and information services under the specified purpose codes in their monthly foreign exchange returns to the State Bank.
- ii) In case of export of software by freelancers the export proceeds can be realized either through banking channel following the above procedure or Home Remittance arrangements of Authorized Dealers with foreign correspondents. Authorized Dealers shall report such remittances under the Schedule and Purpose Codes assigned by Statistics & Data Warehouse Department (SDWHD) for International Transaction Reporting System (ITRS).
- iii) ⁵Further, it is permissible for exporters of software to retain amount up to 35% of their export earnings in Exporters' Special Foreign Currency accounts opened with the Authorized Dealers. The funds

⁵ EPD Circular Letter No. 02 dated February 19, 2021

available in these accounts may be utilized for making different types of payments abroad, as prescribed at Para 40 of this chapter, and can also be converted into PKR at any time upon request of the customer.

13. Exports to Afghanistan.

i) Export to Afghanistan against Settlement in PKR

In terms of Export Policy Order, Ministry of Commerce has allowed settlement of export of certain perishable goods (fruits, vegetables, dairy products, meat) to Afghanistan in PKR on filing of declaration with Pakistan Customs, without the requirement of Form-E. The reporting procedure for export of such goods without the requirement of Form-E shall be the same as is being adopted for other countries except that the column “Serial No. of ‘E’ Form” on Export Schedule A-1/O-1 (covering realized export receipts of Pakistan) would be left blank.

ii) Export of Afghanistan against Settlement in Convertible Currencies

(a) In case of exports to Afghanistan, other than the perishable goods as mentioned at sub-para (i) above, the settlement will take place in convertible currencies and the requirement of Form ‘E’/ filing of declaration in PSW will be applicable as per normal procedure as applicable for exports to other countries. Accordingly, the export proceeds received as per sales terms are required to be surrendered in the inter-bank market for which the concerned Authorized Dealer will issue Proceeds Realization Certificate (PRC) at the prevailing buying exchange rate and credit the equivalent rupees in the PKR account of the concerned exporter.

(b) However, in view of peculiar nature of trade with Afghanistan, the Authorized Dealers are allowed to accept cash convertible currencies brought over their counter by the exporters and convert the same at the prevailing exchange rate applicable for normal export proceeds for credit to the PKR account of the exporter. Authorized Dealer shall ensure the following while realizing the export proceeds in cash convertible currencies:

- (i) Export proceeds should be backed by proper export documents as per prescribed procedure
- (ii) Cash brought over the counter by the exporter is backed by customs declaration for passengers as per applicable laws/regulations of Pakistan Customs.
- (iii) Cash (foreign currency notes) received by Authorized Dealer against export to Afghanistan is required to be reported under Summary Statement S-6 (An Abstract of Authorized Dealer’s Ledger Account which consists of transaction in foreign currency notes). As there is no export schedule available under S-6, a new row with the words “Cash Exports (Schedule A-2)” will be added in S-6 which will refer to Schedule A-2. The schedules are available as Appendix V-106 and Appendix V-108.

14. Omitted

15. Endorsement of Shipping Documents by Authorized Dealers.

The Authorized Dealers to whose order the relevant bills of lading or other title documents are drawn shall endorse the same to the order of their foreign correspondent but in no case shall they make any blank endorsement thereon or endorse them to the order of the consignor. Authorized Dealers may endorse such documents as provided in terms of Letter of Credit. However, in the case of exports through third country intermediary i.e. under merchanting arrangements, it will be in order for Authorized Dealers to make blank endorsement where 100% advance payment has been received or where documents are negotiated under letters of credit, which call for such blank endorsement.

15A. Issuance of Electronic Form-E through WeBOC.⁸

At present, majority of goods exported from Pakistan are handled through WeBOC. However, a small percentage of goods such as those exported through land route or categorized as bulk cargo are currently being exported through Pakistan Customs' previous goods clearance system called 'One Customs'. Efforts are underway by Pakistan Customs to extend WeBOC system to export of such goods as well, in a phased manner throughout Pakistan. Form-E with effect from November 02, 2015, is being issued in following two formats:

a) Electronic Form-E (EFE)

For exports taking place through WeBOC, EFE will be issued through WeBOC. The request for EFE will be submitted electronically by the exporter in WeBOC and Authorized Dealer will approve or reject EFE electronically in WeBOC.

b) Manual Form-E

For exports taking place through One Customs, manual Form-E will be issued by Authorized Dealers at the request of exporters as per instructions contained in the following paragraphs.

i) Forms Prescribed for Declaring Exports

As per Federal Government Notifications No. I(6)-ECS/48 and I(7)ECS/48 both dated the 1st July, 1948, exporters are required to declare their exports to Customs/Postal authorities on Form-E. In case of exports through WeBOC, electronic Form-E has also been prescribed by the State Bank, which will be generated through WeBOC. For exports other than WeBOC, manual Form-E will continue to be issued by Authorized Dealers at the request of the exporters as per instructions contained in the following paragraphs.

ii) Registration of the Exporters in WeBOC

Registration and deletion of the exporters in WeBOC shall be carried out by Pakistan Customs as per their procedure.

iii) Exporter's Due Diligence by Authorized Dealers

Authorized Dealers shall continue to perform due diligence of the transaction and of the exporters, being their account holders/customers, as per applicable instructions. The Managers/Proprietor/Partners/Directors etc. of the concerned company/firm etc. (exporter) submitting EFE request, will be held responsible severally and jointly for repatriation of export proceeds into Pakistan.

iv) Addition and Deletion of Authorized Dealers and their Branches in WeBOC

a) Authorized Dealers shall request for addition or deletion of their authorized branches in WeBOC through their respective Group/Business Heads to the Director, Foreign Exchange Operations Department (FEOD), State Bank of Pakistan, Banking Services Corporation (SBP-BSC), Head Office, Karachi.

b) If a new bank is issued license of Authorized Dealer by Exchange Policy Department, SBP, it may also request for its addition in WeBOC and its authorized branches by submitting request through bank's Group/Business Head to the Director, FEOD, SBP-BSC, Head Office, Karachi.

v) User IDs and Passwords for Authorized Dealers in WeBOC

a) Authorized Dealers shall submit request for issuance of User ID and Password by providing required information as per Annexure-III (<http://www.sbp.org.pk/epd/2015/FEC10-Annex3.pdf>) to

the Director, FEOD, SBP-BSC, Head Office, Karachi, who will forward the same to Pakistan Customs. User ID and Password will be issued and provided to Authorized Dealers directly by Pakistan Customs under intimation to FEOD.

- b) For cancellation of User ID and Password, Authorized Dealers shall submit cancellation request signed by their respective Group/Business Heads to the Director, FEOD, SBP-BSC, Head Office, Karachi, who will forward the same to Pakistan Customs for necessary action.
- c) All concerned employees and Authorized Dealers shall maintain confidentiality of WeBOC User IDs and Passwords. They shall be responsible for any un-authorized use of their User IDs as per provisions of Chapter XVI-A of the Customs Act, 1969 and rules made thereunder. Further, for all foreign exchange related purposes, all functions performed in WeBOC through User ID of an Authorized Dealer will be construed to have been performed by the Authorized Dealer itself.

vi) **Issuance of Electronic Form-E**

- a) The exporter will submit Form-E request electronically through WeBOC to an Authorized Dealer at a branch of its choice. The Authorized Dealer/branch, as chosen by the exporter, will electronically approve or reject Form-E request as per instructions contained in Para 8, Chapter XII of FE Manual. After electronic approval of Form-E by the Authorized Dealer, the exporter will attach EFE in WeBOC with Goods Declaration (GD) Form to carry out export of goods for which Form-E has been approved. The detailed procedure to be followed for issuance of EFE and its attachment with GD Form is explained in attached User Manuals for Exporters (*Annexure-I* (<http://www.sbp.org.pk/epd/2015/FEC10-Annex1.pdf>)) and Authorized Dealers (*Annexure-II* (<http://www.sbp.org.pk/epd/2015/FEC10-Annex2.pdf>)).
- b) The serial number of EFE for each Authorized Dealer will be generated by WeBOC. Typical format of EFE number will comprise of three components i.e. alpha acronym of Authorized Dealer, calendar year of issuance and system generated serial number. For example, first EFE number for XYZ bank issued in year 2015 will be XYZ-2015-0000000001. At the beginning of each calendar year, serial number for each bank will reset to 0000000001.

vii) **Amendment in Electronic Form-E**

- a) The exporter can amend EFE before it is approved or rejected by the Authorized Dealer. Once Authorized Dealer has approved or rejected Form-E, it cannot be amended by the exporter.
- b) Authorized Dealer cannot amend EFE at any stage.

viii) **Cancellation of Electronic Form-E**

- a) Authorized Dealer can cancel EFE after it is submitted by the exporter.
- b) Authorized Dealer can also cancel approved EFE before it is attached to GD Form by the exporter.

ix) **Expiry of Electronic Form-E**

- a) If no action is taken by Authorized Dealer on EFE request submitted by the exporter within 15 days, it will automatically expire in WeBOC.
If shipment is not effected by the exporter within 45 days from date of approval of EFE by Authorized Dealer, it will automatically expire in WeBOC.

x) **Maintenance of Record of approved Electronic Form-E**

- a) Complete record of EFE approved by Authorized Dealer through WeBOC shall be kept by respective branches and Head/Principal Office of Authorized Dealers in electronic form. This should be done preferably on weekly basis through acquisition and updation of data from WeBOC.
- b) Authorized Dealer can also take print-out of EFE from WeBOC. Format of printed EFE is attached as Appendix V-10.

xi) **Submission of Export Documents to Authorized Dealers**

- a) Authorized Dealer shall fill in relevant sections of Bank Credit Advice (BCA) for each EFE in WeBOC, including date of lodgment of shipping documents with Authorized Dealer, acceptance received from importer's bank and realization of export proceeds wherever documents are negotiated or collected through them.
- b) In cases where shipping documents are not received by Authorized Dealer within 14 days from the date of shipment, Authorized Dealer shall immediately ensure that shipping documents are submitted to it by the exporter. Where an Authorized Dealer fails to obtain shipping documents from the exporters within 30 days of shipment, it shall report such cases to FEOD, SBP-BSC, Head Office, Karachi on monthly basis latest by 15th of each month in the prescribed form (Appendix V-11).

xii) **Bank to Bank BCA Transfer**

- a) If payment is being received through an Authorized Dealer other than the one which has approved EFE, the Authorized Dealer which has approved EFE may transfer it to the Authorized Dealer negotiating or collecting export documents through Bank to Bank BCA transfer module in WeBOC.
- b) Proper record of EFEs which are transferred as per (a) above shall be maintained by both the Authorized Dealers.
- c) If found necessary, the Director, FEOD, SBP-BSC, Karachi may also transfer EFE from one Authorized Dealer to another Authorized Dealer through Bank to Bank BCA transfer module in WeBOC.

xiii) **Realization against Electronic Form-E**

Authorized Dealer will record proceeds realization against each EFE through BCA module in WeBOC. In case of remittance received in advance for goods to be exported from Pakistan, the same may initially be recorded in remarks column of EFE while approving it and after shipment, advance payment details shall be filled in BCA module in WeBOC for each EFE.

xiv) **Omitted**

xv) **Short Shipment**

In cases where the exporter ships a quantity less than that declared on EFE, Authorized Dealer shall negotiate/collect the shipping documents on the basis of value declared in GD Form after verification from WeBOC.

xvi) **Shipments Shut-out Entirely**

- a) In case where a shipment to be made by a particular vessel is temporarily shut-out and reshipped by another vessel, approved EFE shall remain valid.
- b) In case where a shipment is entirely shut-out and is not being reshipped by another vessel, approved EFE will be detached by the Customs from the GD Form and can be reused within original validity period.

15B. Exports under Pakistan Single Window (PSW)

i) Introduction

- a) In terms of Pakistan Single Window Act, 2021, an Operating Entity has been setup to manage the PSW as part of compliance with the Trade Facilitation Agreement of the World Trade Organization.

PSW is an automated platform that provides a facility to all exporters to electronically submit an integrated declaration at the time of export of goods. Authorized Dealers shall be integrated with PSW to provide required details of customer's profile, financial instruments, foreign exchange receipts and settlement against exported goods pertaining to their customers.

- b) Exporters will have to get themselves registered with the PSW system to obtain customs and other regulatory clearances including licenses, permits, certificates and other documents electronically. In the PSW all financial information related to exports shall be communicated by the Authorized Dealer to the PSW system through Electronic Data Interchange. However, the declaration for export of goods will be filed with PSW after declaring the relevant bank account through which the export proceeds for such transactions will be received and attachment of financial instrument (L/C, contract, collection, advance payment). No financial instrument shall be required for open account exports. The details of export proceeds shall be shared electronically by the concerned Authorized Dealer to PSW through Bank Credit Advice (BCA).

ii) Declaration for Exports

As per Federal Government Notifications No.I(6)-ECS/48 and I(7)ECS/48 both dated the 1st July, 1948, exporters are required to declare their exports to Customs/Postal authorities. All exporters of goods shall file a declaration, as part of Declaration required to be filed in PSW system, to Pakistan Customs that, inter alia, the payment against exported goods has been or will be received through an Authorized Dealer as prescribed by State Bank. However, in case of Authorized Dealers, which are not integrated with PSW system during the parallel run the Manual/ Electronic Export Form (EFE) shall continue to be issued by Authorized Dealers at the request of the exporters as per the prescribed instructions.

iii) Registration of the Exporters in PSW

The exporters shall obtain an on-line subscription of PSW to undertake cross border trade related activities on the PSW system. A valid trader profile maintained with an Authorized Dealers is mandatory for filing of the declaration in the PSW system.

iv) Filing of Declaration in PSW by Exporters

The Managers/Proprietor/ Partners/Directors etc. of the concerned company/firm etc. (exporter) filing the Declaration with PSW system will be held responsible severally and jointly for the repatriation of export proceeds into Pakistan in line with applicable laws and regulations.

v) Establishment of Electronic Data Interchange (EDI) by Authorized Dealers with PSW

- a) Authorized Dealers shall be required to establish EDI with PSW system as per the guidelines/ instructions for sharing of customer's bank profile, financial instrument details, BCAs etc., as prescribed by State Bank. This EDI mechanism shall be established by the Authorized Dealers as per required technical details/specifications and related documents provided by the PSW through State Bank.
- b) Authorized Dealers shall be responsible for management, data security, confidentiality and business continuity planning of their systems and information as per applicable standards/ regulations. Further, for all foreign exchange related purposes, all functions performed/ information shared through EDI with PSW system will be construed to have been performed by the Authorized Dealer itself.

vi) Exporter's Bank Profile

Authorized Dealers shall maintain a risk profile of their customers as per applicable regulations. At the time of registration of exporter in PSW system, the system shall send an electronic request for validation of exporter's bank profile to Authorized Dealers, through EDI. Authorized Dealer shall validate the information provided by the exporter including International Bank Account Number (IBAN), contact details

(mobile number, email), NTN, modes of payment allowed and other agreed information. All amendments, updates or changes in the exporter's status (deactivation, additional restrictions etc.) shall be communicated to the PSW system by Authorized Dealer on real time basis through the EDI mechanism.

vii) High risk/negative list of countries/ commodities/ supplier

Authorized Dealers shall share the list of countries/commodities/suppliers which are on their negative list, as per their risk management policies, with PSW system. In case of matching with any list of negative persons/entities/countries/commodities maintained by PSW at the time of filing of declaration, an exception request shall be communicated from PSW to the concerned Authorized Dealer through EDI for the clearance of transaction or otherwise. Meanwhile, the exporter will be able to file the declaration through PSW system which shall be processed as per prescribed procedure. However, in such cases, goods shall be cleared only after approval of the transaction by the Authorized Dealer. Authorized Dealer shall be required to respond to the PSW within one working day of receipt of information from PSW to ensure smooth completion of the clearance of goods. However, the response shall be subject to receipt of required information from the customer, if any.

viii) Financial Instrument Details

- a) Authorized Dealer shall communicate the details of export transaction in the form of financial instruments through EDI with PSW. The financial instrument will be issued by Authorized Dealers in the prescribed format on behalf of exporters upon i) receipt of advance payment; ii) advising or receipt of documents under letter of credit or iii) receipt of copy of contract/ performa invoice from exporters. For exports on open account basis, communication of financial instrument from Authorized Dealers prior to shipment of goods shall not be required.
- b) Expiry date of the financial instrument must commensurate with the related underlying transaction (i.e. contract/LC/ advance payment) as per applicable regulations. Subsequently, the exporters shall attach their declarations filed with PSW with the respective financial instrument for clearance of exported goods from Pakistan Customs. The detailed procedure to be followed by exporters for filing declaration in PSW has been explained in the PSW user manual available at PSW's website.
- c) Furthermore, Authorized Dealers can amend financial instruments such as value, quantity, price, validity etc. upon request by the exporter supported by appropriate documentary evidence/details to the satisfaction of the Authorized Dealers. Authorized Dealers can cancel financial instruments before submission of BCA (in case of advance payment) or its attachment with the declaration in the PSW. The exporter or his authorized agent will be required to submit the shipping documents to Authorized Dealer within 14 days from the date of shipment.
- d) The serial number of financial instruments for each Authorized Dealer will be generated automatically through its system. The format of financial instrument number shall comprise of four components i.e. alpha acronym of Authorized Dealer, the three letters - EXP - depicting transaction to be of export, system generated 6-digit serial number and date of issuance (DDMMYYYY) of financial information e.g. for ABC Bank, the serial number of an instrument shall be ABC-EXP-000001-15032021. However, the Authorized Dealers may add up to three characters, if required, at the end of above number to identify the type of transaction e.g. LC, contract, advance payment etc. At the beginning of each calendar year, serial number for each bank will reset to 000001. Complete record of exporter's financial transactions through PSW shall be maintained by respective Authorized Dealers in electronic form as per applicable regulations.

ix) Filing of Bank Credit Advice (BCA) in PSW

Upon shipment of goods by the exporter, Authorized Dealer shall receive the details of declaration filed by the exporter, through EDI, from PSW. Authorized Dealer shall share BCA for financial instrument through

EDI with PSW upon receipt of export proceeds from abroad on behalf of the exporter as per applicable format. In case of non-receipt of payment against exports within prescribed time period, Authorized Dealer shall report details of respective shipment to Foreign Exchange Operations Department, SBP (BSC) Bank, Karachi in accordance with Para 33 of this Chapter for further action against the exporter as per applicable regulations.

x) Shipment and Payment against transition consignments

After switching of Authorized Dealer to PSW system, all export consignments shall only be cleared as per afore mentioned mechanism in PSW with following exceptions:

- a) In cases where goods have been cleared by Pakistan Customs after filing of GD against EFE in WeBOC before switching to PSW and the export proceeds have not been received by Authorized Dealers, the Authorized Dealer shall continue to mark export receipts after filing of BCA against EFE in the WeBOC. All transactions shall be reported as per applicable regulations on respective schedules; and
- b) In cases where EFE has been approved by Authorized Dealer in WeBOC before switching to PSW and the same has not been utilized (GD not filed), the Authorized Dealer shall be required to share requisite details of financial instruments with PSW except in case of open account. The subsequent filing of declaration and sharing of BCA against such export transaction shall be undertaken in PSW.

xi) Bank to Bank transfer of Financial Instruments by Authorized Dealers.

In case the export proceed are received through an Authorized Dealer other than the one initiating the financial instrument, the approved financial instrument can be transferred by the initiating Authorized Dealer to the Authorized Dealer making the payment using “Bank to Bank Transfer” utility in PSW after utilization against declaration(s). The subsequent financial instrument/BCA settlement/filing/reporting will be the responsibility of the Authorized Dealer receiving the export proceeds. Proper record of financial transaction transferred shall be maintained by both Authorized Dealers.

xii) Settlement of Financial Instruments

Once BCA has been filed, Authorized Dealers are required to settle the financial instrument and share the settlement message through EDI with PSW. In case the financial instrument has been transferred from one Authorized Dealer to another, the Authorized Dealer to whom financial instrument has been transferred will settle it and shall share the same with PSW. In case the Authorized Dealer is unable to settle the financial instrument for any reason, the matter shall be forwarded to FEOD, SBP-BSC, Head Office, Karachi for appropriate action. All transactions shall be reported through ITRS as per applicable regulations on respective schedules by the Authorized Dealer who has settled the BCA.

xiii) Monitoring of Export Transactions

Authorized Dealers are required to perform pre/ post monitoring of export transactions of all their customers in terms of the instructions issued separately by SBP under the Framework for Managing Risks of Trade Based Money Laundering and Terrorist Financing, as amended from time to time.

16. Functional Utility of the Copies of Manual Form ‘E’.

- i) In case of exports using manual Form ‘E’, where applicable, exporters are required to declare the goods to be exported on Form 'E', which is in sets of four copies each. The exporter should submit the full set of Form 'E' to the Authorized Dealer for certification as described in paragraph 8 (i) *ibid* only after it has been completed and signed by the exporter himself or his authorized agent. While certifying Form 'E', Authorized Dealers should ensure that exporters give only one address in Form 'E'. After the form is

certified by the Authorized Dealer, it should be submitted to the Customs/Postal authorities at the time of shipment along with the shipping bill.

ii) The Customs authorities will detach the original copy and after filling in the portion relating to them and affixing their seal and signature thereon forward it to the SBP-Banking Services Corporation. The Customs authorities will return the duplicate, triplicate and quadruplicate copies to the exporter or his authorized agent who will retain the quadruplicate for his own record and submit the duplicate and triplicate copies to the Authorized Dealer along with the shipping documents within 14 days from the date of shipment. The Authorized Dealers will report the manual export forms to the SBP-Banking Services Corporation in the monthly returns in which realization of export proceeds is reported, retaining the duplicate and triplicate in their record. In cases where receipts of export proceeds are reported by an Authorized Dealer in respect of exporters residing in the jurisdiction of an area office of Foreign Exchange Operations Department other than that to which the returns are being submitted, separate area-wise schedules A-1/A-2 with one additional copy will be prepared and submitted to the Foreign Exchange Operations Department. The name of the area office of Foreign Exchange Operations Department to which the schedules pertain will be prominently indicated on top thereof.

17. Omitted

18. Omitted

19. Submission of Export Documents to Authorized Dealers.

All shipping documents covering goods exported from Pakistan and declared on Form 'E'/with PSW system must be passed through the medium of an Authorized Dealer within 14 days from the date of shipment. The exporter, in case of Manual Form-E, must submit the duplicate (bearing Customs seal and signature of Customs Officials with Code number) and triplicate copies of Form 'E' along with the shipping documents, invoices etc., to the Authorized Dealer who had certified the Form 'E'. An extra copy of the shipper's invoice must be attached to the triplicate copy of the Form 'E'. In the event of payment being received through an Authorized Dealer other than the one who had certified the export form/initiated financial instrument, the Authorized Dealer negotiating or collecting the export documents should convey the particulars of the export form/financial instrument to the Authorized Dealer which had originally certified the export form/issued financial instrument to enable the latter to make a suitable note in the relative register or record.

20. Scrutiny of Documents.

On receipt of the bill of lading/airway bill/railway receipt etc., along with the Form 'E'/ declaration, in case of PSW, and export documents, the Authorized Dealers should compare the bills and/or documents with the relative export form/declaration with PSW and satisfy themselves that they conform in all respects to the declarations made on the relative export forms/ with PSW and the amount of the bills and invoices is not less than the value declared on them. The Authorized Dealers may, however, accept bills/documents for negotiation/collection if the difference between the value stated on the relative export form and the amount of the bill/invoice represents legitimate adjustments on account of short weight or actual freight and other items of similar nature. Details of such adjustments must be given on the relevant manual export forms and must be authenticated by the Authorized Dealers under their stamp and signature.

21. Exports subject to receipt of Advance Payments or Irrevocable Letters of Credit.

In the case of commodities export of which is permissible only on receipt of advance payment or irrevocable letter of credit, shipments will be allowed by the Customs only on the basis of the certificate of the

Authorized Dealer on the export forms/Financial Instrument with PSW to the effect that either advance payment or irrevocable letter of credit has been received covering export of the goods mentioned on the export form/declared with PSW.

22. Omitted

23. Part Drawings and Advance Remittances.

i) If it is customary in any particular trade for exporters to draw bills for only a percentage of the invoice value and to receive the balance after arrival of the goods at destination, Authorized Dealers may negotiate/collect bills in the part amount provided they obtain an undertaking from the exporters that they will realize the balance within the prescribed period. It is the responsibility of the Authorized Dealers to follow up each such case and to ensure that the balance amount is also realized within the prescribed period. This exemption will not, however, apply in the case of shipments of those goods which are subject to either 100% advance remittance or to the opening of irrevocable letter of credit for the full amount of the export.

ii) When a part of the invoice value has been received in advance by the shippers, the Authorized Dealers when negotiating/collecting documents for the balance should certify on the triplicate copy of the export form that part of the amount had been received by them in advance quoting reference to the return in which the receipt was reported on an "Advance Payment Voucher" (Chapter 22).

iii) In both the above cases the triplicate copy of the export form should be kept outstanding by the Authorized Dealer until the full value of the export has been received. The advance payment voucher and its utilization shall be reported to SBP as per prescribed procedure through ITRS.

24. Short Shipment.

In case of exports through Manual Form-E, where a portion of a consignment is short shipped and the exporter consequently draws a bill or prepares an invoice for a quantity less than that declared on the relevant export form, he should produce a notice of short shipment on the prescribed form duly certified by the Customs along with the shipping documents. In such cases, Authorized Dealers should negotiate/collect the shipping documents on the basis of short shipment notice. The Authorized Dealer will report the realization of full value of the goods shipped in the monthly returns. If the exporter fails to produce the short shipment notice along with the export documents, the Authorized Dealer may negotiate/accept the documents for collection but report full particulars of the case to the SBP-Banking Services Corporation. The Authorized Dealer should, however, continue to follow up the case with the exporter for submission of short shipment notice.

25. Shipments Shut-out Entirely.

(i) In case of export through Manual Form-E, where a shipment to be made by a particular vessel is entirely shut-out and reshipped by another vessel, the exporter should apply on the prescribed form in duplicate to the Customs for permission to alter the name of the vessel on the relative export form and the shipping bill.

(ii) In case of export through Manual Form-E, where a shipment is entirely shut-out and is not being reshipped immediately by another vessel, the exporter should give a notice to the Customs in the prescribed form in duplicate. It will be the responsibility of the exporter concerned to produce to the Authorized Dealer who had certified the export form, a copy of the shut-out notice duly certified by the Customs within 21

days from the date of certification of the export form. On receipt of the shut-out notice, the Authorized Dealer should treat the relevant export forms as cancelled.

26. Shipment lost or damaged in Transit.

i) If shipments from Pakistan are lost in transit for which payment has not already been received, the Authorized Dealers must see that an insurance claim is made immediately upon receipt of such information from the exporter. The details of such export shipments should be sent to the SBP-Banking Services Corporation for closure of Form-E under a separate covering letter giving the following particulars and bearing running serial number:

- (a) Name of the insurance company with which goods were insured.
- (b) Amount of insurance and its currency.
- (c) Place where claim is payable.

ii) The Authorized Dealer who has undertaken the export transaction should pursue the matter with the shipper and ensure that in each case the exporter has received the insurance claim and produces encashment certificate, in cases where claims are paid in foreign currencies and Rupee payment certificate where settlements are made in Rupees. These certificates should be forwarded by the Authorized Dealer to the SBP-Banking Services Corporation giving reference of relative export forms/ declarations with PSW.

27. Advance Remittances against Exports.

i) In case of remittance received in advance for goods to be exported from Pakistan, Authorized Dealers should obtain a certificate in duplicate/ electronic form from the beneficiary on the Advance Payment Voucher (Appendix V-14) declaring the particulars of the intended export, before disbursing the amount.

ii) The Advance Payment Voucher shall contain a Unique Identification Number (UIN) for each voucher. The UIN will consist of four parts, all separated by hyphen. First part is of Bank code, followed by branch code and then six digits of period (YYYYMM) followed by the serial number of the issuance of APV in chronological order. The complete record of Advance Payment Vouchers issued by ADs and its utilization there against shall be kept by respective branches and Head/Principal Office of Authorized Dealers.

iii) The Authorized Dealers shall take all possible measures to verify the bona-fides of the exporter and genuineness of the transaction while processing the export advance payment. The Authorized Dealers shall obtain a copy of the firm contract/purchase order/proforma invoice/indent etc. against the respective advance payment.

iv) The Authorized Dealers shall follow up with the exporter to ensure that shipment of goods against the advance payment is made within one year from the date of receipt of advance payment in accordance with the details mentioned on the Advance Payment Voucher.

v) In case advance payment is received from an entity other than the consignee, the Authorized Dealers shall ensure the same is verified through a swift message or underlying contract and the related risks, including the risk of under/over invoicing are adequately addressed.

vi) All copies of the Advance Payment Voucher shall be authenticated by the Authorized Dealer. The original shall be returned to the exporter for production at the time of certification of Form 'E' in case of Manual Form-E/EFE. However, in case of processing of transaction through PSW, the Authorized Dealer shall share financial instrument through EDI with PSW at the time of receipt of advance payment. The Authorized Dealer shall retain the electronic/ duplicate copy of Advance Payment Voucher in their record and ensure efficient follow up with the concerned exporter in order to ensure that shipment(s) are completed within the stipulated time period. The advance payment voucher and its utilization shall be reported to SBP as per prescribed procedure through ITRS.

vii) The particulars of Form(s) 'E' viz. date of certification, value for which 'E' Forms certified or detail of financial transaction in PSW and progressive un-utilized balance (where more than one Forms 'E' are certified) shall be endorsed on the duplicate copy of/ recorded electronically on the Advance Payment Voucher.

viii) In case the exporter is unable to make shipment of goods against advance payment within the above stipulated time, the exporter through its Authorized Dealer will approach Foreign Exchange Operations Department, SBP-BSC Head Office, Karachi requesting for extension in shipment period along with tenable justification, supported by documentary evidence.

28. Omitted.

29. Export on D.A. /T.R. Basis - Non-Payment by Foreign Buyers.

In case of exports on firm contract on D.A. or T.R. basis, Authorized Dealers, before certifying the export form/ sharing financial instrument with PSW, should ensure that the foreign buyer is of sound financial standing and enjoys good repute. Despite aforesaid precaution, if a foreign buyer refuses to accept the goods, the exporter should either make immediate arrangements for shipping the goods back to Pakistan or alternate buyer found with the approval of the SBP BSC. However, prior approval of the SBP BSC will not be necessary in cases where the consignment initially refused is taken up finally by the original consignee or an alternate buyer found provided that payment for the consignment is not less than 90% of its original value minus actual demurrage charges, if any. In those cases where the foreign buyers default in making payment after taking delivery of the goods against their acceptance of the bill or T.R., Authorized Dealers shall consider the possibility of initiating legal action against the foreign buyers for recovery of export proceeds. To this end, Authorized Dealers should make arrangements for obtaining a suitable undertaking from the exporters at the time of certification of the Form 'E'/ sharing financial instrument in PSW for firm sales on D.A. or T.R. basis so that there is no hitch in initiating legal action in those cases where the foreign buyers have defaulted.

30. Verification of Export Proceeds Realization Certificate.

Sometimes exporters are required to produce to the Government Departments evidence of exports and the realization of their proceeds. In such cases, the concerned government department/agency may request to the Authorized Dealers for verification of the proceeds realized against the exports. The Authorized Dealers in such cases may provide the required verification to the concerned government department/ agency as per the prescribed form (Appendix V-17).

31. Issuance of Export Proceeds Realization Certificate.

Authorized Dealers may issue Proceed Realization Certificate (PRC) to the exporter upon realization of export proceeds. In case of loss of original export proceed realization certificate, the concerned Authorized Dealer, on an application made by its customer, may issue duplicate thereof on the basis of undertaking given by the customer in the prescribed form (Appendix V-18). The word "Duplicate" will be prominently marked in indelible ink at the top of such certificates. Issuance of duplicate export PRC will not be required after the issuance of Electronic Proceeds Realization Certificate (ePRC) to the exporter, as per prescribed format, by the Authorized Dealers.

32. Payment of Freight in Rupees.

i) Carrier companies will not accept payment of freight in Rupees on cargo shipped on 'freight pre-paid basis unless the exporter produces to them a certificate from an Authorized Dealer in the form given below:

"CERTIFIED that 'E' form No./ financial instrument No.in respect of shipment to be made by Messrs (Name of Exporter) has been stamped/ issued to the effect that the documents in respect of the shipment under this 'E' form/ financial instrument shall be negotiated/accepted only if these are drawn on freight pre-paid basis ".

ii) Before issuing the above certificate, Authorized Dealers will ensure that the shipping documents have been negotiated/accepted only when these are drawn on freight pre-paid basis.

The carrier companies will invariably submit to the Authorized Dealer, through whom remittance of surplus freight collection is desired to be made, with the freight manifests the aforesaid bank's certificates along with the relevant transport document, which should be arranged according to the entries appearing in the freight manifest.

33. Reporting of Overdue Cases.

i) The State Bank has prescribed the period within which full foreign exchange value of the exports must be realized. Non-realization or delay in realization of the export proceeds without the prior permission of the State Bank constitutes an offence and renders the exporters liable to action under the Act.

ii) To enable the State Bank to review the position of all outstanding export bills, the Head/Principal Offices of Authorized Dealers will furnish to the SBP-Banking Services Corporation every month the following statements:

- (a) Statement in the prescribed form (Appendix V-20) containing particulars of those export transactions, which have become overdue during the month under report. Authorized Dealers will not be required to report such overdue export bills to SBP-BSC where the proceeds are realized in the subsequent month prior to the reporting date.
- (b) Statement in Appendix V-21 showing particulars of those cases which were reported by Authorized Dealers as overdue in the previous statements but the items are deleted from their books during the month under report either due to realization of the proceeds or under instructions from the State Bank/SBP-Banking Services Corporation.

The Head/Principal Offices of Authorized Dealers are required to furnish above statements in Appendices V-20 and V-21 to SBP-Banking Services Corporation on Data Acquisition Portal 4 (DAP4) by the 15th of each month as per instruction issued by FEOD, SBP-BSC.

34. Export of Jewellery, Precious or Semi-Precious Stones.

Export of gold Jewellery/precious and semi-precious stones will be allowed in accordance with the procedure notified by the Government of Pakistan and the instructions issued by the State Bank from time to time.

35. Remittance of Export Commission, Brokerage & Discount and Retention of Export Proceeds in Exporters Special Foreign Currency Account.

i) Authorized Dealers are permitted to allow payment of commission/brokerage/discount, due to foreign importers or agents, by exporters, based on FOB value of goods realized/ value of advance payment received in Pakistan, at the following rates:

	Type of Goods	Maximum rate of commission etc.
(a)	Books, journals and magazines.	Up to 33 ⅓%
(b)	Pharmaceutical products	Up to 15%
(c)	Cement	Up to 5%
(d)	Cotton	Up to 2%
(e)	All other goods.	Up to 10%

Cases not covered by the above instructions should be referred to Exchange Policy Department, SBP with full facts and documentary evidence necessitating the payment of commission at a higher rate.

ii) Authorized Dealers can allow payment of commission etc., upto the above extent without the prior approval of the State Bank, as under, after satisfying themselves that the payment is in conformity with the relevant agreement between the exporter and the buyer/agent abroad:

(a) By deduction from the invoices where payment is to be made to the foreign buyers themselves. In such cases the net amount realized will only be reported as "Purchase".

(b) By instructing the negotiating bank abroad that the amount of commission etc., may be paid by them to the agents direct out of the proceeds of the bill. In such cases the Authorized Dealers should report the full export proceeds of the bill as "Purchase" and the amount of commission should be reported as "Sale".

(c) By remittances from Pakistan, when the full export proceeds are received, within five working days of the receipt of funds by Authorized Dealer (value date of Nostro Account). The Authorized Dealers should report the full export proceeds of the bill as "Purchase" and the amount of commission remitted should be reported as "Sale".

iii) ⁶In cases where the exporter is not required to pay any commission or where the amount of commission required to be paid is less than the prescribed limit of FOB value of goods realized, as stated in para 35(i), such amounts of commission/ differential can be retained in Exporter's Special Foreign Currency Account with the Authorized Dealers in Pakistan. The funds available in these accounts may be utilized for making different types of payments abroad, as prescribed at Para 40 of this chapter. Any other deposits, whatsoever the nature, will not be accepted for credit to such foreign currency accounts. The facility is also available where export proceeds are realized under ACU Arrangement.

Authorized Dealers shall ensure that the aforesaid special foreign currency accounts are only opened by genuine exporters. In this respect, Authorized Dealers must follow their standard operating procedures for opening and maintenance of such accounts and ensure compliance of all related KYC and CDD requirements/ foreign exchange regulations. Further, such accounts shall be fed with prescribed portion of export proceeds and utilized by the exporters for permissible/legitimate purposes related to exports only. Therefore, the balances held in such accounts cannot be utilized for any other purpose. However, the funds available in these accounts can be converted into PKR at any time upon request of the customer.

36. Export of Services.⁷

Authorized Dealers may allow the exporters, including freelancers, of all types of legitimate services to retain 35% of their net foreign exchange earnings in 'exporters' special foreign currency accounts' with them. These may include inter alia financial, wholesale and retail distribution, logistics and transportation, storage and communications, tele-communication, information technology (IT) and IT enabled services (ITeS), medical, educational, engineering, real estate development, tourism, technical testing and consultancy services. The funds available in these accounts may be utilized for making different types of payments abroad, as prescribed at Para 40 of this chapter, and can also be converted into PKR any time upon request of the customer.

37. Retention of a part of incremental export earnings.

Those exporters who post at least 10% growth in their net foreign exchange earnings in terms of US dollar over the last financial year's export performance may be allowed by the Foreign Exchange Operations Department, SBP-BSC, Head Office, Karachi to retain 50% of their additional export earnings in their foreign currency account maintained with Authorized Dealers in Pakistan. For claiming this facility, the Exporter will prepare a Bank-wise statement in the prescribed form (Appendix V-22) showing the performance of previous financial year and current financial year. They are also required to submit a consolidated statement in the prescribed form (Appendix V-23) to the Foreign Exchange Operations Department along with Appendix V-22 in original for issuance of formal permission to the exporter to retain 50% of their additional export earnings in their foreign currency account from their future export earnings in the designated bank. This facility will be available in addition to the one available in terms of paragraph 35 (iii) *ibid*.

38. Omitted.

⁶ EPD Circular Letter No. 02 dated February 19, 2021

⁷ EPD Circular Letter No. 02 dated February 19, 2021

39. Business-to-Consumer (B2C) E-Commerce Exports⁸

i) Forms Prescribed for Declaring E-Commerce Exports

As per Federal Government Notification No. I(6)-ECS/48, dated the July 1, 1948, a declaration is required to be furnished by the exporter at the time of exports to the Collector of Customs that an amount representing the full export value of the goods has been or will be disposed of in a manner and within a period specified by the State Bank of Pakistan. In case of e-commerce exports, the declaration required to be furnished by the exporter shall be filed by the courier, in the prescribed format, on behalf of the exporter in the E-Commerce export module of the WeBOC. For exports other than through E-Commerce module of WeBOC, Form-E shall continue to be issued by Authorized Dealers at the request of the exporters as per the existing prescribed instructions.

ii) Registration/ Due Diligence of the E-Commerce Exporters in WeBOC by Authorized Dealer

Authorized Dealer, upon receipt of request along with an undertaking from the exporter as per Annexure-A, shall register the exporter in the B2C E-Commerce module in WeBOC after performing the due diligence of the customer, as per applicable instructions on managing ML / FT risk.

iii) Shipment in WeBOC through Couriers registered by Pakistan Customs

The exporter shall submit their export consignment along with required details to any courier of their choice, registered with Pakistan Customs in WeBOC. The courier handling the export shipment shall file the Goods Declaration in WeBOC to Pakistan Customs on behalf of the exporter. Each individual consignment shall be identified on the basis of unique House Airway Bill (HAWB) Number as per the format prescribed by Pakistan Customs. The value of each consignment should be based on the actual price of the product as per the invoice issued to customer and must not exceed USD 5,000. The detail of export shipments shall be accessible to the Authorized Dealer in the E-Commerce profile of the exporter in WeBOC after the shipment of goods from Pakistan.

iv) Method and Period for Realization of Export Proceeds

Full export value of goods exported from Pakistan and declared to the Customs authorities by courier companies on behalf of E-Commerce exporters, adjusted for any permissible discount as per sub-para vi below, should be received on the due date for payment or within 60 days from the date of shipment, whichever is earlier. The export proceeds should be received from abroad by an Authorized Dealer, through banking channel or international payment scheme/gateway, either in foreign currency, in which the Authorized Dealer maintains accounts, or in Pakistan Rupee from Non-Resident Rupee Account Repatriable or NRP Rupee Value Account.

v) Monthly Reconciliation Statement of E-Commerce Exporters

Exporter shall be required to submit a monthly statement to the Authorized Dealers, in physical/electronic form, giving details of proceeds realized against the export shipments as per prescribed format given at Annexure-B along with the relevant invoices. The Authorized Dealer will use the data provided in the format to mark the realization of outstanding export shipments in WeBOC, as per procedure given in sub-para vii below. The statement shall be submitted by the exporters within five (5) working days from the end of month to which the statement pertains. Authorized Dealer would promptly follow up with the exporter if the statement is not submitted as per prescribed timeline.

⁸ FE Circular No. 7 dated December 2, 2020

vi) Remittance of Foreign Expenses and Retention in Exporters' Special Foreign Currency Account

Authorized Dealers are permitted to allow payment of commission/charges/discounts/bank charges due to foreign importers/agents/financial institutions by E-Commerce exporters in Pakistan up to 10% of the invoice value of goods. In cases where the exporter is not required to pay any of the above expense or pay an amount less than above mentioned maximum permissible limit such amounts of commission/discount etc. or differential, not exceeding the 10% limit, can be retained in exporter's foreign currency retention account with Authorized Dealers in Pakistan. The funds held in such foreign currency accounts can be used by the exporters for settlement of overdue/ shortfall in export proceeds, replacements etc., and other permissible purposes as per para 40 of this chapter.

vii) Realization against E-Commerce Export Shipments

Authorized Dealer will record proceeds realization against each HAWB in E-Commerce Bankers' Credit Advice (BCA) module in WeBOC through the following options:

- a) Settlement against 100% Realization.
- b) Settlement with discount/commission etc. (up to 10%).
- c) Settlement with Proceeds from Exporters Special Foreign Currency Retention Account including partial/ short realization.
- d) Settlement against Advance Payments.
- e) Settlement against replacement/ repaired/ faulty goods.

viii) Handling of Overdue Cases

- a) Authorized Dealers shall monitor the non-realization or delay in realization of export proceeds by E-Commerce exporters beyond the prescribed period of 60 days from the date of shipment of goods through WeBOC.
- b) In case the outstanding export bills aggregating to USD 20,000/- or above are not realized within 60 days from the date of shipment (as per WeBOC data), as at the end of respective month, Authorized Dealer shall mark the exporter's status as 'Suspended' in the E-Commerce module of WeBOC. This 'Suspended' status shall be marked by 15th of the following month after taking into account the monthly statement of proceeds realization filed by the exporter, as per Para v above. This would debar the exporter from further exports through E-Commerce module.
- c) The status of exporter may be restored by Authorized Dealer to 'Active' in the WeBOC at any time during the month subject to realization of outstanding export bills, unrealized for 60 days or more from the date of shipment, provide the aggregate amount of such outstanding bills becomes less than USD 20,000/-.
- d) In case of non-realization or delay in realization of export proceeds beyond 90 days from the date of shipment (as per WeBOC data), as of month end date, the same shall be reported as 'overdue' to SBP-Banking Services Corporation (**Annexure C**), as per guidelines prescribed in Para 33, Chapter 12 of FE Manual. However, the shipments overdue on month end and subsequently marked realized in the WeBOC, on the basis of monthly proceeds realization statement submitted by the exporter, should be excluded from such reporting.

ix) Reporting by Authorized Dealers

Authorized Dealers shall ensure proper reporting of E-Commerce exports, on prescribed schedule-JO/3 under the below mentioned purpose codes in their monthly foreign exchange returns to the State Bank.

Purpose Code	Description
9707	Remittances received for provision of goods under e-commerce transaction

40. Utilization of Funds held in Exporters' Special Foreign Currency Account⁹

Authorized Dealers may allow exporters of goods and services to retain prescribed percentage of their export proceeds in Exporters' Special Foreign Currency Account, as enunciated in Paras 12 (ii), 35 (iii), 36 and 37 of this chapter. Authorized Dealers may allow the exporters to utilize the funds available in this account for the purposes stated below, without prior approval of SBP, except where specifically mentioned otherwise:

- i) Payment of commission/discount to the overseas agents/buyers;
- ii) Shortfall in realization up to 10% of the FOB value of export proceeds realized, subject to submission of sufficient documentary evidence for short realization to the satisfaction of concerned Authorized Dealer. Any shortfall exceeding 10% limit may also be adjusted through this account subject to the adjudicating process in terms of Section 23B of FERA.
- iii) Payment abroad against collection of commercial intelligence, purchase of designs/patterns, market studies, bonafide export claims.
- iv) Payment for fee/expenses related to advertisement, promotion, publicity, marketing, brand building, shelf spacing etc. of products abroad through third party agent, e-commerce platforms or through company's own subsidiary/liaison/marketing office abroad.
- v) Subscription fee for participation in foreign exhibitions, fairs for promotion/marketing of company's products;
- vi) Payment to foreign consultant for acquisition of services from abroad in relations to enhancing exports of goods/services;
- vii) Payments for hotel booking and other travel expenses abroad, in lieu of official visits of company's employees/ directors;
- viii) Payment for warehousing services including insurance of goods warehoused through third party agent or through company's own subsidiary/liaison/marketing office abroad;
- ix) Payment of lab testing charges, audit/inspection/certification charges, logistics/other charges for clearance of goods at destination port, as per the terms of contract;
- x) Payment of debit notes to importer for chargebacks / penalties or any other charges incurred by the importer on behalf of the exporter;
- xi) Refund of advance payment received against goods/ services on account of cancellation of the underlying contracts within one year from date of receipt of advance payments.
- xii) Payments for registration of patents, copyrights, drug registration, license fee etc.
- xiii) Payment for import of IT equipment and software by software exporters, subject to compliance with applicable Import Policy Order and related laws/regulations issued by any government department and SBP;
- xiv) Payment for acquisition of digital services from abroad in accordance with the provisions of Para 14A, Chapter 14 *ibid*;
- xv) Operational expenses of liaison/ marketing/ representative offices abroad of local companies in accordance with the provisions of Para 13, Chapter 20 *ibid*;
- xvi) Investment abroad by residents in accordance with the provisions of Para 13, Chapter 20 *ibid*

⁹ EPD Circular Letter No. 02 dated February 19, 2021

41. Framework for Exports of Goods under Business to Business to Consumer (B2B2C) Model

In order to facilitate the exports of goods from Pakistan for sale through international platforms under Business to Business to Consumer (B2B2C) model, following regulatory framework has been developed to be followed by the Authorized Dealers and the relevant exporters:

i) Customer Registration with Platform

Authorized Dealers shall obtain, inter alia, the documentary evidence of registration of the exporter with the international platform. Electronic Form-E/ Financial Instruments issued against such exporters shall be issued with remarks B2B2C exports.

ii) Exports of Goods under Open Account

The goods under this framework will be exported to a 'Consignee', who may not be ultimate buyers of the goods rather providing the warehousing services. Authorized Dealers may allow exporter to make shipping documents in the name of the consignee, which may be foreign marketplace or company's own warehouse or third party warehousing services provider, and dispatch the same directly to the consignee or its agent in the country of final destination. Authorized Dealers for this purpose shall issue a certificate as per Appendix V-12A to the carriers (ships, airlines, trucks, railways etc.). In this regard, Authorized Dealers shall obtain copy of the contract/agreement entered into between the exporter and the consignee for provision of warehousing services.

iii) Method of Realization of Export Proceeds

The value of exports proceeds, as declared by exporters on goods declaration/declaration filed in/with WeBOC/PSW, can be received from abroad by an Authorized Dealer through i) banking channel directly; ii) International payment scheme/gateway; iii) In Pakistan Rupee from repatriable account of a non-resident.

iv) Period of Realization of Export Proceeds

Full export value of goods exported from Pakistan must be realized by the exporter within 180 days from date of shipment of goods. In case of non-realization of export proceed within 180 days, Authorized Dealers shall follow up with the exporters asking reasons for non-realization of exports proceeds and the expected time period for realization. However, in case of non-realization of export proceeds within 270 days from the date of shipment, the Authorized Dealer shall report the exports as overdue to SBP-BSC as per applicable procedure.

v) Settlement of Export Shipments

In case of sale through platforms, the export proceeds realized may relate to sale of different products exported through different shipments. Therefore, it may be difficult to match the export proceeds realized with the respective shipments. Accordingly, the Authorized Dealers may settle the export shipments made for sale through a particular platform from the exports proceeds realized through that platform in order of exports shipments made following First-in First-out principle i.e. first shipment made shall be settled first and then second, third and so on. Authorized Dealers may allow the realization of exports proceeds in excess of declared value subject to due diligence/ submission of documentary evidence for the same.

vi) Discounts, Payments and Retention in Foreign Currency Account

As provided in Para 35, Chapter 12, Authorized Dealers may allow exporters to make payment of commission /fee for any services obtained from platform or third party service provider/agents/ allow discount, up to 10% of the FOB value of goods exported from Pakistan. In cases where the exporter is not required to pay any such commission/service fee or allow discount or where the amount of commission/service fee/discount is less than the prescribed limit of 10%, as mentioned above, the differential amount (10% of the FOB value less the actual amount of commission/service fee/discount) can be retained in Exporter's Special Foreign Currency Account with the Authorized Dealers in Pakistan. The

funds available in these accounts may be utilized for making different types of payments abroad, as prescribed at Para 40 of Chapter 12 including referral fee, shipment, handling or fulfillment charges, warehousing or storage fee, marketing /promotion, settlement of overdue/ shortfall export proceeds, replacements and other services related to e-commerce exports etc. However, the funds available in these accounts can be converted into PKR at any time upon request of the customer.

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