



GREEN WOOD CONSULTANTS

FINANCE BILL 2021

FEDERAL EXCISE ACT, 2005

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SALIENT FEATURES

- Revision of return can be done without approval of Commissioner within 60 days or payment of tax if exceeded and claimant of refund is reduced to original return.
- Jurisdictions (Foreign Jurisdiction, Inter Government Agreement) will provide assistance for Collection and recovery of duties.
- Manufactures of the specified goods are required to obtain license of each brand or stock keeping unit. If not then confiscation and destruction of goods.
- The board have power to assist in recovery and provide information to Government.
- FED is eliminated on items fruit juices, edible oil and vegetable ghee and metal related products to facilitate the lower prices.
- Duties are imposed on electronically heated tobacco products @ Rs.5,200 per Kg.
- Electric vehicles (4 wheelers) are given exemptions from Federal Excise Duties.
- Locally manufactured small cars up to engine capacity of 850cc are exempted from Federal duties to facilitate the low earning families.
- FED on telecommunication is reduced by 1 % i.e. 17% to 16%.
- It is proposed to impose duty on phone call exceeding duration of 3 minutes @ Rupee 1 per call. Further, for every 1 GB of internet data usage Rs. 5 and for every SMS Rupee 0.1 duty is also imposed to enhance the revenue.
- FED on payments through Merchant Discount Rate (MDR) are being abolished to promote transactions through debit and credit cards.
- In the areas of FATA and PATA, industrial units are given exemptions from Federal Excise Duties to promote the area.
- Food and other consumable goods are exempted from FED in the Markets established in Border areas of Iran and Afghanistan.
- Exemption on import and zero rating of local supplies in case of raw materials, components, parts and plant and machinery to registered person is granted in introduction of Export Facilitation Scheme 2021.

1. APPROVAL NOT REQUIRED IN CASE OF REVISION OF RETURN

[Section 4: Sub-Section (4)]

It is proposed to make a new addition due to which the approval of commissioner for revision of return shall not be required if revised return is filed within 60 days of original return or the duty payable is more than or refund claimed is less than in original return.

2. RECOVERY OF FEDERAL EXCISE UNDER TAX TREATY AND MULTILATERAL AGREEMENTS

[Section 14: Sub-Section (4)]

It is proposed that make a new addition under this section which will help in recovery of unpaid duty or of erroneously refunded duty or arrears of duty under a tax treaty, a multilateral convention, and inter-governmental agreement or similar agreement or mechanism.

3. BRAND LICENSING REQUIREMENT

[Section 45AA]

It is proposed to make a new addition under which manufacturers of the specified goods shall be required to obtain brand license for each brand or stock keeping unit (SKU) in such manner as may be prescribed by the Board. Any specified brand and SKU found to be sold without obtaining a license from the Board shall be deemed counterfeit goods and liable to outright confiscation and destruction in the prescribed manner.

4. ENHANCE THE DUTIES OF BOARD

[Section 47A]

- i. The budget has proposed to increase the scope of the Board regarding the collection and recovery of duties along with agreement for the exchange of information. Information includes the real time data videos, images received with any other Ministry or Division of the Federal Government or Provincial Government.
- ii. Federal Government may enter into a bilateral or multilateral convention, and inter-governmental agreement or similar agreement or mechanism for assistance in the recovery of duties.

5. CHANGES IN FIRST SCHEDULE

[Table 1, Sr. No.1, 2, 57 and 58]

- i. The budget has proposed to exclude FED at 17% on the following goods from First schedule:
 - Edible oils excluding deoxidized soybean
 - Vegetable ghee and cooking oil
 - Fruit juices, syrups and squashes, waters containing added sugar or sweetening matter etc. excluding mineral and aerated waters

- Steel Billets, ingots, ship plates, bars and other long re-rolled products

ii. The budget has proposed to make an addition under **serial no 8b** as under:

S. No.	Description of Goods	Rate of Duty
8c.	Tobacco mixture in an electrically heated tobacco product by whatever name called, intended for consumption by using a tobacco heating system without combustion.	Rupees five thousand two hundred per kg

iii. The budget has proposed to insert the **Sr. No. 55 of table 1** by virtue of it the electric vehicles (4 wheelers) are exempted from FED till 30th June 2026.

6. RELIEF ON CARS UP TO 850CC

[Section No 55B]

The budget has proposed to provide relief by way of providing exemption of FED on car up to 850cc.

7. CHANGES IN TABLE II

- i. It is proposed to include the advertisement on TV in the services sector although currently included in goods.
- ii. It is proposed to reduce the FED on Telecommunication services in **S. No. 6** from 17% to 16%.
- iii. It is proposed to levy FED on the following services:

Sr. No.	Description of Goods	Rate of Duty
6A.	Following telecommunication services:	One Rupee per call in addition to the rates of duty specified under Serial No. 6.
	(a) Mobile phone call, if call duration exceeds three minutes	
	(b) Internet services	
	(c) SMS services	Ten paisa per SMS in addition to the rates of duty specified under serial no. 6.

iv. FED has been proposed to be excluded from Payment on account of Merchant Discount Rate (MDR).

8. CHANGES IN SECOND SCHEDULE

i. It is proposed to exclude following goods from the Second schedule for which duty is collectible under sales tax mode. It is proposed to include following items under sale tax and charge sale tax at the rate of 17%. The following items includes:

- Edible oil excluding epoxidized soybean oil falling under heading 15.18
- Vegetable ghee and cooking oil
- Steel Billets, ingots, ship plates, bars and other long re-rolled products

9. EXEMPTION ON FED ON ADDITION OF ITEMS IN THE THIRD SCHEDULE

i. It is proposed to exempt the FED upon satisfaction of the following conditions and limitation on the addition of the following items in third schedule:

Sr. No.	Description of Goods
24.	<p>The following goods, when supplied within the limits of the Border Sustenance Markets, established in cooperation with Iran and Afghanistan:</p> <ul style="list-style-type: none"> • Animal Fats and Oil and their fractions • Vegetable Fats and their fractions • Vegetable Oils and their fractions <p>Provided that, such items in case of import, shall be allowed clearance by the Customs Authorities subject to furnishing of bank guarantee equal to the amount of duty involved and the same shall be released after presentation of consumption certificate issued by the Commissioner Inland Revenue having jurisdiction:</p> <p>Provided further that the said exemption shall only be available to a person upon furnishing proof of having a functional business premises located within limits of the Border Sustenance Markets.</p>
25.	<p>Import and supply of raw materials, components, parts and plant and machinery by registered persons authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions.</p>