

LPG import RD at rate of Rs 4,669 per MT imposed

The Federal Board of Revenue (FBR) has imposed regulatory duty at the rate of Rs 4,669 per MT on the import of liquefied petroleum gas (LPG) from December 7, 2017. In this regard, the FBR has issued an SRO 1214(I)/2017 here on Friday to amend the RD related SRO 0135(I)/2017. According to the notification, a new entry has been added in the SRO 0135(I)/2017 for imposition of the regulatory duty (RD) on the import of LPG.

Sources said the FBR would generate around Rs 1.5 billion from the imposition of the RD at the rate of Rs 4,669 per MT on the import of LPG during remaining seven months (December to June) of 2017-18. The FBR has worked out the revenue impact on the basis of data available on the import figures of LPG during 2016-17 and 2017-18. The RD would be imposed at the rate of Rs 4,669 per metric ton on the import of LPG falling under Pakistan Customs Tariff (PCT) heading 2711.1910. The estimated revenue impact of this revenue measure during the remaining seven months (December to June) comes to Rs 1.5 billion approximately.

The Finance Division had requested the FBR for imposition of RD on the import of LPG. The FBR will issue a notification on the imposition of RD on the LPG. From the effective date of SRO, the RD would be applicable on the import of the LPG. The RD to be imposed on LPG would be made part of the customs duty collection of the FBR in the remaining period of 2017-18, sources said.

The Ministry of Energy (Petroleum Division) has imposed petroleum levy for sale of LPG produced/extracted in Pakistan @ Rs 4,669 per metric ton vide SRO (I)/2017 dated November 2, 2017. The ministry has proposed that RD on imported LPG may be levied at the same rate so that a level playing field is provided to the importers and local producers.

The LPG classifiable under PCT code 2711.1910 is currently exempted from the customs duty under Fifth Schedule to the Customs Act, 1969. During FY 2016-17, a total quantity of 481,512 MT and during current financial year (July-October, 2017) a quantity of 190,680 MT has been imported.

In order to maintain parity with locally produced LPG, it is proposed that RD @Rs 4,669 per metric ton may be levied on import of LPG (PCT code 2711.1910). The estimated revenue impact of the revenue measure during the remaining seven months (December to June) is Rs 1.5 billion approximately.

In terms of section 18(3) of the Customs Act 1969, the FBR with approval of federal minister-in-charge is empowered to levy RD. However, the said power has been challenged by various petitioners in the high courts of Sindh and Lahore. Accordingly, as a matter of abundant caution, the FBR has used the forum of ECC to grant approval of imposing RD on the import of LPG.

Following is the text of the SRO 1241(1)/2017 issued by the FBR here on Friday: In

exercise of the powers conferred by sub-section (3) of section 18 of the Customs Act, 1969 (IV of 1969), the board, with approval of the federal minister-in-charge is pleased to direct that the following amendments shall be made in its notification No. SRO 1035 (1)/2017, dated October 16, 2017, namely:-

In the aforesaid notification,- (a) in the table, in column (1), after serial number 234 and the entries relating thereto in columns (2), (3) and (4), the following new serial number and the entries relating thereto shall be inserted, namely:- "234A 2711.1910 LPG Rs 4,669/MT"; and (b) in paragraph 2, in clause (c), for the words, figure and comma 'serial number 3', the words and figures 'serial numbers 3 and 40' will be substituted.

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