

**GOVERNMENT OF PAKISTAN
MINISTRY OF COMMERCE**

Islamabad, the 1st March, 2008.

ORDER

S.R.O.200(I)/2008.- In exercise of the powers conferred by sub-section (1) of section 3 of the Imports and Exports (Control) Act, 1950 (XXXIX of 1950), and in order to encourage research and development in the motorcycle industry and to allow and regulate research and development support in the said sector, the Federal Government is pleased to make the following Order, namely:-

1. **Short title and commencement.**— (1) This Order may be called the Research and Development Support (Motorcycle Industry) Order, 2008.

(2) It shall come into force at once.

2. **Procedure and conditions.**— The research and development support shall be provided to every completely built-up unit of motorcycles exported, falling under Heading No.87.11 of the Pakistan Customs Tariff, an equivalent amount of US\$ 50 in PKR per motorcycle at the conversion rate indicated in export proceeds realization certificate subject to the following conditions, namely:-

(a) the exporting unit shall spend research and development support as the amount received from the Federal Government, on the following activities, namely:-

- (i) product development;
- (ii) skill development and training;
- (iii) up-gradation of information technology; and
- (iv) professional consultancy;

(b) the expenditure on the activities referred to in clause (a) shall be reflected in the annual accounts and balance sheets of the exporting units. Exporting units shall, within ninety days of the date of realization of export proceeds, submit its claims for the research and development support with field offices of the State Bank of Pakistan, Banking Services Corporation, through their authorized dealers, in the form as set out in Annexure-I to this Order;

- (c) certification for research and development carried out by the exporting unit shall be received from “Pakistan Automotive Manufacturers Association” in the form as set out in Annexure-IV to this Order. Before verifying the claims, the concerned Association shall carry out due diligence to ensure that the claim of the exporter is based on facts. They shall scrutinize those claims more minutely which are based on the exports to African and Gulf countries;
- (d) before submitting the claims, the authorized dealers shall scrutinize the application carefully and submit the same duly certified by them as an undertaking in the form as set out in Annexure-II to this Order, to the field offices of the State Bank of Pakistan, Banking Services Corporation. Such applications shall be received by the said field offices during normal public dealing and banking business hours on the working days;
- (e) the admissible research and development support as approved by the field office of the State Bank of Pakistan, Banking Services Corporation, shall be made by crediting the account of the concerned authorized dealer, who shall pay the amount to the exporters within twenty-four hours of receipt of the credit in their account;
- (f) authorized dealers, while forwarding applications for payment of research and development support, shall invariably and prominently rubber stamp at the top of the triplicate copy of the relevant E-Form with the following narration, namely:-

“Applications for Research and Development Support of
Rs._____ submitted to field office, SBP-Banking Services
Corporation, vide Forwarding Schedule No._____, dated
_____ at Serial No._____.”

- (g) exporting units shall rubber stamp at the top of copy of the Goods Declaration Form prescribed under the Customs Act, 1969 (IV of 1969), the following narration namely:-

“Research and Development Support of an equivalent amount of US\$ 50 in PKR per motorcycle at the conversion rate indicated in Export Proceeds Realization Certificate shall be claimed for this consignment”;

- (h) incomplete applications shall be returned to the authorized dealers within two working days between 1430-1530 hours for completion and re-submission within the period as provided in clause (b). While re-submitting the applications, authorized dealers shall quote the reference of the “forwarding schedule” under which the application was first submitted;
 - (i) no remittance on account of foreign importers’ subsequent claims for refund of money on account of quality or short quantity, etc., shall be allowed unless proportional amount of research and development support is refunded; and
 - (j) in case of exports against advance payments, claim for research and development support may be submitted once the shipment of the goods has been made, against which advance payment has been received.
3. **Periodical audit.**- The Federal Government reserves the right to conduct periodical, or random, on spot checks and audit to ensure proper usage and disbursement of the research and development support claimed under this Order.
4. **Fraud and penalty.**- In case of fraud in claiming the research and development support under this Order, the Vice-Chairman, Trade Development Authority of Pakistan, shall be the competent authority to investigate and impose fines and penalty up to 300% of the fraudulently claimed amount. The appellate authority in this case shall be the Secretary Commerce.
5. **Monthly reports.**- Association provided in clause (c) of paragraph 2 shall submit to the Ministry of Commerce and the Trade Development Authority of Pakistan on monthly basis a statement giving details of export consignments certified by them for research and development support, giving description of goods with Heading H.S. codes, amount, quantity and destination.
6. **Modifications.**- The Federal Government reserves the right to add to, amend, vary or rescind this Order at any time.
7. **Contravention.**- The Ministry of Commerce reserves the right to investigate and impose fine and penalty against any action taken in contravention of this Order.
8. **Interpretations.**- The Ministry of Commerce shall have power for the interpretation or clarification in application of this Order.

Application Form for Payment of Research and Development Support on Export of Motorcycle(s)

The Chief Manager,
Field Office,
SBP BSC (Bank),
_____.

Subject: *Application for Payment of Research and Development Support on Export of Motorcycle(s)*

Dear Sir,

We, M/s. _____, having NTN: _____,

(Name & Address of the Exporter)

hereby apply for payment of Research and Development Support of
Rs. _____

(Rupees _____ only)

against shipments made by us to M/s. _____ as

(Name & Address of the Importer Abroad)

per following details:

- | | | |
|-------|---|--------------------------------------|
| (i) | E-Form No. & Date. | ➤ _____ |
| (ii) | Date of shipment(s). | ➤ : _____ |
| (iii) | Description of goods exported along with their HS Codes at eight digit level under the Pakistan Customs Tariff. | ➤ : _____ |
| (iv) | Value realized. | ➤ FCY: _____
Equiv.
PKR: _____ |
| (v) | Date of realization | ➤ _____ |
| (vi) | Amount of Research and Development Support claimed. | ➤ _____ |

We further enclose the following documents in support of our claim:

(a) Triplicate /Duplicate copy of E-Form duly endorsed.	(b) Copy of Goods Declaration Form (containing examiner's report and MR date) prescribed under the Customs Act, 1969.
(c) Copy of certified invoice.	(d) Copy of B/L / Airway Bill.
(e) Bank's Export Proceeds Realization Certificate (Annexure-III).	(f) Research and Development Certification from concerned Association (Annexure-IV).

Yours faithfully,

(Stamp & Signature of Exporter)

Annexure II

[See paragraph 2 (d)]

We, _____, the banker of M/s. _____,
(Name of the Bank) (Name of the Exporter)

undertake that we have verified the above particulars and found in order. Research and Development Support works out to Rs. _____ (Rupees _____ only) on the above shipments which may please be credited to our account for payment to M/s. _____).
(name of Exporter)

If any discrepancy is detected subsequently, the SBP may debit the amount involved to our account along with penal interest @ 4 % above the inter-bank rate.

Yours faithfully,

(Stamp & Signature of the Authorized Dealer)

Export Proceeds Realization Certificate

This is to certify that the following export bill(s) drawn by
M/s _____ has/have been negotiated
and collected by us and the proceeds will be repatriated / has been repatriated to Pakistan:

- (i) Bill No. _____
- (ii) E-Form No. _____
- (iii) Date of Realization: _____
- (iv) Amount Realized: _____
- (v) Exchange Rate

The triplicate copy of E-Form has been / will be sent to the State Bank of Pakistan
with our Monthly Returns _____ for the period ended on _____.

(Stamp & Signature of Authorized Dealer)

Annexure IV
*[See paragraph 2 (c) and
Annexure I (f)]*

RESEARCH AND DEVELOPMENT CERTIFICATION

This is to certify that the claim of M/s. _____ for an amount of Rs. _____ against the E-Form No. _____ is verified on the basis of this expenditure on Research and Development in the following areas:

- (i) product development;
- (ii) skill development and training of staff and workers;
- (iii) upgradation of information technology; and
- (iv) professional consultancy.

(Name & Signature of Authorized Official)

(Stamp/Seal of Association containing date)

[No.13(8)/2006-Exp-II]

(Azher Ali Chaudhry)
Joint Secretary (Export)