

TERMS & CONDITIONS OF OPEN AUCTION FOR AWARD OF CESS COLLECTION
RIGHTS OF KHYBER PAKHTUNKHWA (2023-24)

1. The auction proceedings will commence at 11:00 a.m. in the committee room under the supervision of the auction committee dully notified.
2. Every participant of bidding has to provide copy of his CNIC & NTN certificate and a call deposit of rupees two million in the name of Chairman, Pakistan Tobacco Board on or before 4th July, 2023 at 10:30 a.m.
3. The call deposit will be returned to every bidder after completion of bidding except the highest & 2nd highest bidder.
4. In case a participant of bidding is representative of a company or individual will provide Authority Letter from the company or individual in this regard in addition to other required documents.
5. Conditional bids and bids received after the fall of hammer shall not be entertained by the Auction Committee.
6. The Chairman, PTB reserves the right to reject all bids and annul the auction process at any stage and call for fresh bids before approval of bids offered.
7. The highest bidder shall deposit 25% of his bid money plus 10% income tax advance payment immediately after closing of auction proceedings. In case of the failure of the 1st bidder to deposit the amount on the day of the auction his call deposit shall be forfeited and the 2nd highest bidder shall be offered to deposit 25% of his bid amount plus 10% income tax as advance payment. The call deposit of the 2nd highest bidder shall also be forfeited if he fails to deposit 25% of his bid amount plus 10% income tax within one day.
8. The remaining 75% of the bid amount plus 10% income tax will be paid by the successful bidder in three equal installments after every two months period after issuance of work order as per schedule given below:
 - 1st installment on 1st September, 2023
 - 2nd installment on 1st November, 2023
 - 3rd installment on 1st January, 2024(In case of holiday on the due date, next day will be allowed as grace period)
9. Furthermore, the successful bidder shall furnish a Bank Guarantee equal to 25% of the bid amount plus 10% advance income tax or Insurance Coverage from a well reputed insurance company equal to 75% of bid amount plus 10% advance income tax before signing the contract agreement and issuance of work order. The Bank Guarantee or Insurance Coverage shall be encashed by the Board in case of any delay in payment of contractual installments by the

contractor. In case the Bank Guarantee or Insurance Coverage is encashed by the Board on account of delay in payment of a contractual installment, the contractor shall have to furnish another Bank Guarantee equal to 25% of the contract amount plus 10% Income Tax or Insurance Coverage equal to 75% plus 10% advance income tax of the remaining amount within fifteen days.

10. Call deposit/Earnest Money amounting to Rupees Two Million of the successful bidder as mentioned in the auction notice will be returned upon his furnishing of the Bank Guarantee or Insurance Coverage.

11. The "Contract" shall be for 12 months w.e.f. 1st July, 2023 upto 30th June, 2024. The Contractor shall undertake the cess collection drive by establishing cess collection posts from the date of commencement of contract.

12. The Contractor shall be authorized to charge cess on

- i. tobacco and its by-products in Khyber Pakhtunkhwa transported by the Dealers/Agents/Mandiwalas.
- ii. from those Tobacco Companies which have not indicated their Tobacco requirements for 2023 crop.
- iii. from those Tobacco Companies which have not registered their correct Tobacco stock position.
- iv. those Tobacco Companies/Dealers who have declared their requirements but are not involved in manufacturing of cigarettes or transport Tobacco in excess of their indicated requirements.

13. The Contractor shall not charge cess on Tobacco and its products transported for export within allocated quota for 2023 crop. Every exporter shall obtain a permit for export from PTB and a copy of such permit will be handed over to the Contractor at check-post.

14. Tobacco companies /dealers /exporters transporting tobacco for export over and above their indicated requirement/demand shall be liable to pay cess to the Contractor.

15. Tobacco companies/ dealers/ exporters transporting tobacco for export without any indicated requirement/demand shall be liable to pay cess to the contractor.

16. The contractor, however, shall not charge any cess from companies /dealers /exporters exporting tobacco from previous years' crop.

17. The Contractor shall maintain complete record of green tobaccos at the gates of GLTs of tobacco companies and monitor the quota allotted to them for the tobacco crop 2023. In the event of completion of quota of company, he shall, immediately, intimate to the Board as well as the concerned Tobacco Company and shall start charging cess on the quantity exceeding the notified requirements.

18. The Board will provide the Contractor the requirement indicated/registered by the tobacco companies, additional quota allotted by the Board, allotment of surplus quota and valid previous stocks of the companies.

19. Tobacco cess will not be charged on previous/old stock of tobacco companies on which cess has already been paid.

20. PTB will verify stock positions with all Tobacco Companies and Dealers by the end of June 2023, details of which will be available with concerned sections of PTB. Cess will not be levied on the verified stock which is available with Tobacco Companies and dealers and which has been declared with PTB.

21. Any person(s) carrying/transporting tobacco or its products, who crosses the check post without declaring the same to the Contractor shall be deemed to be a defaulter and shall be liable to a penalty three times of cess applicable.

22. In case the Contractor charges cess twice and it is proved that he has violated the terms and conditions of the agreement, penalty three times of the cess charged in excess shall be imposed upon the Contractor.

23. The contractor will charge cess according to the following schedule at his own expenses:

i.	FCV Tobacco	....	Rs. 6.00 per kg	Rs. 9.30 per kg (proposed)
ii.	DAC	....	Rs. 3.60 per kg	Rs. 5.70 per kg (proposed)
iii.	Burley	....	Rs. 5.00 per kg	Rs. 6.69 per kg (proposed)
iv.	Rustica Tobacco/WP	....	Rs. 3.00 per kg	Rs. 4.38 per kg (proposed)
v.	Naswar/Snuff/Huqqa	....	Rs. 3.00 per kg	Rs. 4.38 per kg (proposed)
vi.	SCV Tobacco	-		Rs. 6.00 per kg (proposed)

Note: In light of Supreme court of Pakistan's judgment dated 27-04-2015, cess shall not be levied on *Dandi* and its by-products i.e. *Khaka*, *Kara* and *Rorh*.

24. The Contractual amount of this contract will be enhanced for the remaining period according to increased cess rates as per notification by Federal Government. Pakistan Tobacco Board will intimate the contractor in this regard.

25. The Contractor and his representatives will carry out their operations in a peaceful manner ensuring a harmonious relationship with all stake holders and taking care that no law and order situation arises due to their dealings.

26. If the Contractor commits or indulges in any act or creates a situation himself or through his representatives against the interest of the Board, growers, dealers or industry during cess collection, the Chairman PTB will have the power to cancel the contract and the contractor will have no right to file a suit in any court of law, except to invoke the arbitration clause under this contract.

27. In case of any litigation related to cess collection drive by the Contractor, the legal expenses and other costs will be payable by the contractor and not by PTB.
28. That the Contractor shall indemnify the Board if subjected to any loss for any ill action, or un-called for litigation.
29. That in case the Contractor fails to collect the cess within the stipulated period the Board shall not be liable to issue any exceptions or make repayments and the entire responsibility shall rest with the Contractor. He shall have no claim, whatsoever, for any compensation for loss, from the Board. Such failure on the part of the Contractor shall not be a reason for non-payment of contractual amount as per schedule to the Board.
30. That any dispute, regarding the present contract, including also the cess collection or the rates and amount of the cess, or the applicability or otherwise of the cess regarding the existing agreed cess and any subsequent change due to application of law or for any other reason, shall be referred to a “**Standing Committee**”, comprising one representative from the Contractor’s side, one representative from the company or party concerned and the Auction Committee of the Board. In case of disagreement, the matter shall be referred to the Chairman PTB as Sole Arbitrator and his decision shall be final and not be challengeable in any court of law except under the Arbitration Act.
- 31. In case the Contractor fails to deposit an installment on due date, the matter will be placed before the Board of Directors of PTB to consider reasons of delayed payment. The BoD reserves the right to cancel the contract, with immediate effect or impose penalty or condone delayed payment by the contractor if sufficient grounds are available in this regard.**
32. The Board officials nominated by the Chairman, PTB can inspect the Contractor’s office/check posts as and when required and can also check the required record. The contractor shall also be duty bound to hand over the relevant record without any hesitation or any complaint to the Board’s officials appointed in this respect.
33. All the Government Taxes, as per rules shall be paid by the Contractor.
34. Fulfillment of such other activities related to tobacco as directed by the Federal Government from time to time.
35. Cess will be collected on Net weight basis. The weight of package will be as under:-

		<u>Weight</u>
Bora/Bhog	....	2kgs
Bill Board	....	10kgs
Boree	....	1kg
