

**TERMS & CONDITIONS FOR CESS COLLECTION CONTRACT OF KHYBER**  
**PAKHTUNKHWA (2019-20) ON BEHALF OF PAKISTAN TOBACCO BOARD**

1. The “Contract” shall be for 12 months w.e.f. 1<sup>st</sup> July, 2019 upto 30<sup>th</sup> June, 2020.
2. The highest bidder shall deposit 15% of his bid money as advance payment immediately after closing of auction proceedings on the same day. In case of the failure of the 1<sup>st</sup> bidder to deposit the amount on the day of the auction his call deposit shall be forfeited and the 2<sup>nd</sup> highest bidder shall be offered to deposit 15% of his bid amount as advance payment. The call deposit of the 2<sup>nd</sup> highest bidder shall also be forfeited if he fails to deposit 15% of his bid amount on the day of the auction.
3. The remaining 85% of the bid amount will be paid by the successful Contractor in three equal installments after every two months period after issuance of work order as per schedule given below:

1<sup>st</sup> installment on 1<sup>st</sup> September, 2019  
2<sup>nd</sup> installment on 1<sup>st</sup> November, 2019  
3<sup>rd</sup> installment on 1<sup>st</sup> January, 2020

In case of holiday on the due date, next day will be allowed as grace period.

4. Furthermore, the cess contractor shall furnish 3 post dated-cheques equal to the contractual amount payable on date of realization of installments as per schedule of payment of installments given above in order to avoid any delay in payment of installments.
5. 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 Performance Guarantee.
6. The Contractor shall undertake the cess collection drive by establishing cess collection posts from the date of commencement of contract.
7. The Contractor and his representatives will carry out their operations in a peaceful manner ensuring a harmonious relationship with the growers, dealers and all other cognate groups and taking care that no law and order situation arises because of their dealings.

8. 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 of 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 which shall not be challengeable in any court of law.

9. 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.

10. In case of failure of the Contractor to deposit an installment on due date, the Chairman, PTB reserves the right to cancel the contract, with immediate effect or impose penalty equivalent to 10% of the contractual amount or outstanding amount as he may deem appropriate besides recovering the amount from the Performance Guarantee.

11. 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.

12. 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 of three times of cess applicable.

13. The Contractor shall collect cess on green tobaccos at the gates of GLTs of tobacco companies and maintain complete record with supported proof, various documents of green tobacco to monitor the quota allotted to them for the tobacco crop 2019. 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 duly informed, to the Contractor by the PTB. In case the Contractor charges cess twice and it is proved that he has violated the terms and conditions of this agreement, penalty double to the cess charged in excess shall be imposed upon the Contractor.

14. 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 which cannot be challenged in any Court.

15. In case of any litigation with PTB during cess collection drive by the Contractor the legal expenses and other costs will be payable by the contractor and not by PTB.

16. That the Contractor shall indemnify the Board if subjected to any loss for any ill action, or un-called for litigation.

17. All the Government Taxes, as per rules shall be paid by the Contractor.

18. Conditional bids and bids received after the fall of hammer shall not be entertained by the Auction Committee.

19. The successful bidder will charge cess according to the following schedule at his own expenses:

I.	FCV Tobacco	....	Rs. 4.64 per kg
II.	Burley	....	Rs. 3.67 per kg
III.	Rustica Tobacco/WP	....	Rs. 2.21 per kg
IV.	Naswar/Snuff	....	Rs. 2.21 per kg

In light of Supreme court of Pakistan's judgment dated 23-05-2015, cess shall not be levied on stem, Khaka, Kara and Rorh.

20. The Contractor shall be authorized to charge cess for different types of tobacco and their by-products in the Districts of Swabi, Mardan, Charsada, Nowshera, Mansehra, Buner and Malakand Division, Khyber Pakhtunkhwa transported by the Dealers/ Agents/ Mandiwalas and also from those Tobacco Companies, which have not indicated their Tobacco requirements for 2017-2018 crop, have not registered their correct Tobacco stock position and those Tobacco Companies/Dealers who have declared their requirement but are not involved in manufacturing of cigarettes or transport Tobacco in excess of their indicated requirements. The Board shall provide the Contractor the requirement indicated/registered by the tobacco companies, additional, quota allotted by this Board, allotment of surplus quota and valid previous stocks of the companies and list of those tobacco companies/ dealers who have declared their requirements but are not involved in manufacturing of cigarettes.

21. The Contractor shall not charge cess on Tobacco and its products transported for export within allocated quota for 2019 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. Any company

/dealers transporting tobacco for export purposes without obtaining the permit from PTB shall be liable to pay cess to the Contractor.

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

23. The successful bidder shall provide Performance Guarantee in favour of PTB as per PPRA rules within fifteen (15) days of the signing of the agreement which shall be encashable by the PTB in case of violation of any clause of the agreement on the part of the Contractor. The call deposit/security of the successful bidder shall be returned on his furnishing of the Performance Guarantee.

24. The Competent Authority 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.

25. **Verified Stock**

PTB has verified stock positions with all Tobacco Companies and Tobacco Dealers as of May 2019, details of which are available with Deputy Director Marketing PTB. Cess will not be levied on the verified stock which is available with to Tobacco Companies and dealers and which has been declared with PTB.

26. In addition to collecting cess on tobacco, the contractor will also be responsible for collecting advance tax from tobacco purchasers in pursuance of section 236X of the income tax ordinance, 2001 of Pakistan.

27. Fulfillment of such other activities related to tobacco as directed by the Federal Government from time to time.

28. Cess will be collected on Net weight basis. The weight of package will be as under:-

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

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