



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE, KARACHI

The Collectors of Customs, Model Customs Collectorates, Appraisalment (East / West) / Port Qasim / Preventive, Exports, Karachi / Lahore (Appraisalment / Preventive) / Sambrial (Sialkot) / Faisalabad / Multan / Islamabad / Hyderabad / Quetta / Peshawar / Gawadar / Gilgit-Baltistan.

**DETERMINATION OF CUSTOMS VALUES OF WHEY POWDER
UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969.**

(VALUATION RULING NO. 1217 / 2017)

No. Misc/18/2010-I/

11992

Dated 12-10-2017

In exercise of powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Whey Powder (H.S. Code: 0404.1010) is determined as follows:

2. **Background of the valuation issue:** Customs values of Whey Powder were earlier determined through Valuation Ruling No.789/2016 dated 08.01.2016. There was representation from the Head of Economics Department, Embassy from French through Federal Board of Revenue Islamabad for re-determination of customs values of Whey Powder France origin a fresh. They claimed that the prices of Whey Powder French origin are lower in the International markets than the customs value determined in the existing valuation ruling, which is over one year old, hence it is required to be revised in the light of honorable High Court of Sind, at Karachi's orders dated 10.11.2015 in Constitutional Petition No. D- 6918/2015. Since 90 days have passed and representation is received regarding values determined in the valuation ruling dated 08.01.2016, hence an exercise was initiated to re-determine the values of subject items.



3. **Stakeholders' participation in determination of Customs values:** Meeting was held on 09-10-2017 with the stakeholders to discuss the current international market prices of the subject goods. All the commercial importers requested that the said valuation ruling may be reviewed in the light of prevailing international market prices. They contended that the Customs Values determined in the valuation ruling dated 08-01-2016 are required to be revised downward.

4. **Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were duly applied in their regular sequential order to address the particular valuation issued at hand. The transaction value method provided in Sub-Section (1) of Section 25, was found inapplicable because it is generally known to all that majority of invoices produced at import stage are manipulated/fabricated and hence the requisite information required under the law was not available to arrive at the correct transaction value. Identical / similar goods value method provided in Sub-Sections (5) & (6) of Section 25 ibid were examined for applicability to determine Customs value of subject goods, this data provided some references, however, it was found that the same cannot be solely relied upon due to the absence of absolute demonstrable evidence of qualities, and quantities of commercial level etc., and also it was observed that some importers provide misleading description while declaring goods, as other types and varieties of similar goods to avoid the application of valuation ruling. Information available was, hence, found inappropriate. In line with the statutory sequential order of Section 25, this office then conducted a market inquiry using Deductive Value Method under Sub-Section (7) of the Section 25 of the Customs Act, 1969, however, it was found that the determination of Customs value could not be based solely upon this method either. Therefore, valuation method provided vide Section 25 (8) of Customs Act 1969, could not be applied as the conversion cost from constituent materials and allied expenses, at country of export were are not available. Finally, PRAL database, market information and international prices through Web were examined thoroughly. All the information so gathered was analyzed for determination of Customs Value of the subject good. Consequently, the Fall Back Method as provided under section 25(9) of the Customs Act, 1969 was applied to arrive at assessable customs values of Whey Powder.



5. **Customs values for Whey Powder hereinafter specified** shall be assessed to duty / taxes at the following Customs Values:-

S. No	Description of goods	PCT	Proposed PCT for WEOC	Origin	Customs Values (C&F) US\$/Kg Net Weight
(1)	(2)	(3)	(4)	(5)	(6)
1	Whey Powder .	0404.1010	0404.1010.1100	USA	0.70
2			0404.1010.1200	Uruguay Argentina	0.64
3			0404.1010.1300	Turkey	0.61
4			0404.1010.1400	Poland	0.66
5			0404.1010.1500	Ukraine	0.64
6			0404.1010.1600	China	0.60
7			0404.1010.1700	Czech Republic	0.73
8			0404.1010.1800	Switzerland/Western Europe	0.71
9			0404.1010.1900	France	1.10
10			0404.1010.2000	Iran (via Sea route)	0.54
11			0404.1010.2100	Iran (via Land route)	0.52
12	Permeate Whey Powder.	0404.1010	0404.1010.2200	Iran (via Sea route)	0.40
13			0404.1010.2300	Iran (via Land route)	0.38

6. In cases where declared/ transaction values are higher than the Customs values determined in this Ruling, the assessing officers shall apply those values in terms of Sub-Section (1) of Section 25 of the Customs Act, 1969. In case of consignments imported by air, the assessing officer shall take into account the differential between air freight and sea freight while applying the Customs values determined in this Ruling. The Custom values determined in the Valuation Ruling are for the descriptions and specifications as mentioned herein, HS Codes are mentioned for illustrative purposes so that Valuation Ruling values are made accessible to the assessing officers. The assessment shall be finalized in the correct classifications after fulfilling request formalities relating to importability or other certifications required thereon.

7. **Validity of this Valuation Ruling:** The values determined vide this Ruling shall be the applicable Customs value for assessment of subject imported goods until and unless it is rescinded or revised by the competent authority in terms of Sub-Sections (1) or (3) of Section 25-A of the Customs Act, 1969.

8. **Revision of the value determined vide this Valuation Ruling: This Valuation Ruling is appealable under the law and** a revision petition may be filed against this Ruling, under Section 25-D of the Customs Act, 1969, within 30 days from the date of issue of this ruling



before the Director General, Directorate General of Customs Valuation, 7th Floor, Custom House, Karachi.

9. The Collectors of Customs may kindly ensure that the values given in the Ruling for the given description of goods are applied by the concerned staff without fail. Any anomaly observed may kindly be brought to the notice of Directorate General immediately.

10. ***This Ruling supersedes Valuation Ruling No.789/2016 dated 08.01.2016.***


(Dr. Wasif Ali Memon)
Director

Copy for information to: -

1. Member (Customs), F.B.R., Islamabad.
2. Director General, Customs Valuation, Custom House, Karachi.
3. Chief Collector of Customs, South (Appraisalment), Custom House, Karachi.
4. Chief Collector of Customs, South (Enforcement), Custom House, Karachi.
5. Chief Collector of Customs (Central), Lahore.
6. Chief Collector of Customs (North), Islamabad.
7. Director General, Intelligence and Investigation-FBR, Islamabad.
8. Director General, Audit (Customs & Petroleum), 1st Floor, PT&T Audit Building, Mauj-e-Darya Road, Lahore.
09. Director General, Post Clearance Audit (PCA), Islamabad.
10. Director General, Internal Audit (Customs), Karachi.
11. Directors, Intelligence & Investigation, Karachi /Lahore /Islamabad/ Quetta/ Peshawar/ Faisalabad.
12. Director, Directorate of Customs Valuation (Camp Office), Lahore.
13. Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & We BOC database system and deleting Valuation Ruling No.789/2016 dated 08.01.2016.
14. Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
15. Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
16. Law Section, Customs Valuation, 7th Floor, Custom House, Karachi.
17. Review Section, Customs Valuation, 7th Floor, Custom House, Karachi.
18. Karachi Customs Agents Group, Bohri Road, Karachi.
19. CHO, Customs Valuation, Custom House, Karachi.
20. Notice Board, Customs Valuation 7th Floor, and / MCC, Appraisalment, 1st Floor, Custom House, Karachi.
21. Guard File.