



GOVERNMENT OF PAKISTAN  
DIRECTORATE GENERAL OF CUSTOMS VALUATION  
CUSTOM HOUSE KARACHI

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

**DETERMINATION OF CUSTOMS VALUE OF BUTTER (DERIVED FROM MILK/DAIRY) UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969**

(VALUATION RULING NO./050/2017)

No.Misc/76/2016-I

438

Dated: 21-02-2017

In exercise of the powers conferred under Section 25-A of Customs Act, 1969 assessable customs values of imported Butter of various brands are hereby determined as follows:-

2. **Background of the Valuation Issue:** This Directorate General had earlier conducted an audit of the clearance values of imported butter and in comparison with international trading prices and the local market selling prices, the import values were found to be on lower side. As an immediate corrective measure this Directorate General circulated reference values vide National Valuation Data Base letter 163 dated 13-01-2017. However, as per the policy in vogue, Valuation Database Reference values are required to be converted into Valuation Ruling for uniform applicability across the country. In this context, the Directorate General, valuation initiated an exercise for determination of customs values of imported butter under section 25A of Customs Act, 1969.

3. **Stakeholders' Participation in Determination of Customs Values:** A Meeting for determination of customs values of Butter with stakeholders was held on 03-01-2017 which was duly attended by the importing stakeholders. Importers strongly contended and requested that the said Valuation Data Base values may be reviewed in the light of prevailing international and local market prices. The importers, were of the view that actual prices of Butter were lower than that determined vide VDB letter No. 163 and that their costs of selling have not been correctly accounted for. Further, to determine veracity of their stance, the stakeholders insisted that a fresh market surveys be conducted from local market for determination of customs values of Butter and that their extra selling costs like refrigeration and allied caution in logistics and handling (due to sensitive nature of goods) may be duly accounted for. They also insisted to bring on record that the subject goods are perishable items and therefore have got limited shelf life, consequently, near the expiry dates, these perishable items are sold on sale and discounted prices. It was further contended by the traders that since the subject goods are mainly being sold on super and general stores, therefore, a lot more expenses (shelf rent, marketing expenses, refrigeration cost etc.) are contributed at retail level which cannot be managed without adding extra value to the subject goods. The importers contended that all these factors may also be considered in fixing value of subject goods. Prices are also verified on the basis of location of market in the city and date of expiry of the product in question.



4. **Method Adapted to Determine Customs Values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were duly followed and applied sequentially to address the valuation issue at hand. Transaction value method provided in Sub-Section (1) of Section 25 was found inapplicable because the requisite information under the law was not available to arrive at the correct transaction value as the goods were found to be highly under invoiced when compared to international trading prices and also in terms of local selling prices. Furthermore, no invoices found from inside import-containers are reported by clearance Collectorates. 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 same importers provide misleading description while declaring goods, as other types and varieties of similar goods to avoid the application of actual trading values. 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 utilize all the above so gathered information, to arrive at assessable customs values of various brands of imported Butter.

5. **Customs Values for Butter:** Butter *hereinafter* specified shall be assessed to duty /taxes @ following Customs Values:-

Sr. No.	Description of goods	H.S.Code Code	PCTfor WEBOC	Origin	Customs Values (C&F) USS/KG (On net weight basis)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Lurpak Butter Salted /Unsalted	0405.1000	0405.1000.1000	Denmark	3.50
2.	Lurpak Butter Organic Salted	0405.1000	0405.1000.1100	Denmark	4.45



	/Unsalted				
3.	Emborg Butter Salted /Unsalted	0405.1000	0405.1000.1200	European Union	3.10
4.	Kerry Gold Butter Salted /Unsalted	0405.1000	0405.1000.1300	Ireland	3.05
5.	Aseel Pur Butter	0405.1000	0405.1000.1400	U.A.E	3.00
6.	Indulge Butter	0405.1000	0405.1000.1500	France	3.25
7.	Familia Butter	0405.1000	0405.1000.1600	Turkey	2.90
8.	Ancher Butter	0405.1000	0405.1000.1700	Netherland	3.16
9.	Almarai Butter	0405.1000	0405.1000.1800	Saudi Arabia	3.25
10.	Al Rawabi Butter	0405.1000	0405.1000.1900	Saudi Arabia	3.05
11.	All Other Imported Brands	0405.1000	0405.1000.2000	Europe / Australia / New Zealand / USA	3.60
				All Other Origins	3.30

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. Furthermore, if subject goods are imported but do not specifically fall under the above provided description then the Collectorate may assess the same under section 25 of the Customs Act, 1969 or may invoke section 81 of 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.

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 (4) of Section 25-A of the Customs Act, 1969.

8. **Revision of the value determined vide this Valuation Ruling:** A revision petition may be filed against this Ruling, as provided 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, 7<sup>th</sup> 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. Customs values determined in the ruling are for the description and specification as mentioned herein. PCT Codes are mentioned for illustrative purpose so that valuation ruling values are made accessible to the assessing officer. The assessment shall be finalized on the basis of correct classification after fulfilling requisite formalities related to importability or any other certification required thereon. In addition to this, it is further necessary to verify that there is no mis-declaration of any sort or violation of Import Policy Order or Section 15 of the Customs Act, 1969 or any other law in vogue therein.

10. *This Valuation Ruling is issued in supersession of Valuation Database (VDB) Letter No. 163 dated 13.01.2017.*

(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), 1<sup>st</sup> 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 & WeBOC database system and deleting Valuation Data Base No. 163, dated 13-01-2017 from the system on the date of issue of this ruling.
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, 7<sup>th</sup> Floor, Custom House, Karachi.
17. Review Section, Customs Valuation, 7<sup>th</sup> Floor, Custom House, Karachi.
18. Karachi Customs Agents Group, Bohri Road, Karachi.
19. CHO, Customs Valuation, Custom House, Karachi.
20. Notice Board, Customs Valuation 7<sup>th</sup> Floor, Custom House, Karachi / MCC, Appraisalment, 1<sup>st</sup> Floor, Custom House, Karachi.
21. Webmaster Federal Board of Revenue, Islamabad.
22. Guard File