



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

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

Determination of Customs Values of Bearings Under Section 25-A of the

Customs Act, 1969 1135

(VALUATION RULING NO. / 2017)

No. Misc/01/2009-VII (Part-III)

Dated: April 18, 2017

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Bearings are determined as follows: -

2. **Background of the valuation issue:** Customs values of Bearings were determined under Section 25A of the Customs Act, 1969, vide Valuation Ruling No.953/2016, dated 14-10-2016. The Valuation Ruling was challenged by different importers through Revision petitions before the Director General Customs Valuation. The Director General disposed of the petitions vide Order-in-Revision No. 284/2016 dated 04-01-2017, observing that, " The market inquiry of mostly imported brands was also conducted.....The market inquiry also revealed that the values have been fixed correctly by the Director Customs Valuation.". The aforesaid Valuation Ruling and Order-in-Revision were challenged before the Honourable Appellate Tribunal, Karachi vide Customs Appeal No. K-35/2017 and 56 others. One of the importers, M/s. Asghar Enterprises, filed a Complaint before the Honourable Federal Tax Ombudsman, Karachi vide Complaint No. 000078/2017. The Bearing Trade Group also approached the Chairman, Federal Board of Revenue Islamabad through a letter of Pakistan Automobile Spare Parts Importers & Dealers Association dated 02-03-2017. Meanwhile on expiry of 90days the importers approached this office with the request to re-determine Customs Values, claiming that the values determined vide Valuation Ruling No.953/2016, dated 14-10-2016 became irrelevant, in light of honourable Sindh High Court's judgements. The Honourable Customs Appellate Tribunal, Karachi remanded the case to Director Valuation, with certain observations for redetermination of Customs Values, after giving the opportunity of being heard to all stakeholders, within one month. Honourable Federal Tax Ombudsman required an under-taking by the Directorate General Customs Valuation to issue fresh Valuation Ruling within the time limit specified by the Honourable Appellate Tribunal. Therefore, this Directorate General initiated an exercise for determination of customs values of Bearings.

3 **Stakeholders' participation in determination of Customs values:** Different meetings with stakeholders were held on 07-03-2017 and 12-04-2017. Importers had been requested to furnish the following documents before or during the course of meeting:

- A. Invoices of imports during last three months showing factual value.
- B. Websites, names and E-mail addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained.
- C. Copies of Contracts made / LCs opened during the last three months showing the value of item in question.
- D. Copies of Sales Tax Invoices issued during last four months showing the difference in price (excluding duty and taxes) to substantiate that the benefit of difference in price is passed on to the local buyers.

4. During the course of the meeting, Bearing Trade Group and the importers were of the view that the values of bearings in the existing valuation ruling were much higher than the prevailing LME prices of raw material in international markets. They stated that industrial bearings, which were produced in smaller quantity, with high quality, were relatively expensive but all other bearings were much cheaper. They agitated that such bearings import of which is insignificant, cannot be made basis for determination of Customs Values. They stated that major imported bearings were for automotive & general application, mostly used



for cars, trucks, motorcycles, three wheelers, tractors, trolleys, agriculture implements, electric motor, and water pumps. They also claimed that higher values would mean shifting of legal import business to smuggling. A number of other importers present during the meetings voiced similar concerns. The Bearing Trade Group also submitted their proposal in respect of categorization vis-à-vis origins, brands on the basis of local market selling prices. They also proposed values, but it was agreed during the meeting on 12.04.2017 that their proposals would be considered, however, the values would be finalized by the department in light of its own working. Resultantly numerous market surveys were conducted for determination of the customs values.

5. Method adopted to determine Customs values: Valuation methods given in Section 25 of the Customs Act, 1969 were followed to arrive at customs values of different types of Bearings. Transaction value method provided in Section 25 (1) was found inapplicable owing to wide variation in the values being declared to the customs. Identical / similar goods value methods provided in Section 25 (5) & (6) were examined for applicability to the valuation issue in the instant case which provided some reference values of the subject goods but the same could not be exclusively relied on due to wide variation in declared values of subject goods. Stakeholder's meetings were also scheduled but during the meetings very divergent point of regarding international market prices was presented. Thereafter, market enquiry as envisaged under section 25(7) of the Customs Act, 1969, was conducted which gave most of the Bearings bought and sold in the local market. The Bearings of Industrial use were not readily available in the market; therefore, different markets were surveyed repeatedly. The computed value method as provided in Section 25(8) of the Customs Act, 1969, could not be applied as the conversion costs from constituent material at the country of export were not available. Online values of subject goods were also obtained. All the information so gathered was evaluated and analyzed for the purpose of determination of customs values. Consequently, the Customs values of Bearings have been determined under Section 25(9) of the Customs Act, 1969.

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

| S. No. | Description | PCT | Proposed PCT for WeBOC | Origin | Customs Value USS/Kg | |
|--------|---------------------|------------------------|----------------------------------|---|----------------------|-------------------|
| | | | | | (6) Category-A | (7) Category-B |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Ball/ Taper Bearing | 8482.1000 8482.2000 | 8482.1000.1000 8482.2000.1000 | China | 5.15 | 3.3 |
| 2 | | | 8482.1000.1100 8482.2000.1100 | India | 5.3 | 3.45 |
| 3 | | | 8482.1000.1200 8482.2000.1200 | Romania, Poland, Slovakia, Bulgaria, Hungary, Russia, Thailand, Taiwan, Korea | 6.6 | 4.3 |
| 4 | | | 8482.1000.1300 8482.2000.1300 | Japan | 10.8 | 8.5 |
| 5 | | | 8482.1000.1400 8482.2000.1400 | Other Origins | 7.7 | 5.9 |



| | | | | | | |
|---|--|--|--|---|-----|-----|
| 6 | | | 8482.3000.1000 8482.4000.1000 8482.5000.1000 8482.6000.1000 8482.7000.1000 8482.8000.1000 | China | 6.2 | 4 |
| 7 | | | 8482.3000.1100 8482.4000.1100 8482.5000.1100 8482.6000.1100 8482.7000.1100 8482.8000.1100 | India | 6.3 | 4.1 |
| 8 | Needle, Spherical, Cylindrical Bearings etc. | 8482.3000 8482.4000 8482.5000 8482.6000 8482.7000 8482.8000 | 8482.3000.1200 8482.4000.1200 8482.5000.1200 8482.6000.1200 8482.7000.1200 8482.8000.1200 | Romania, Poland, Slovakia, Bulgaria, Hungary, Russia, Thailand, Taiwan, Korea | 8 | 5.2 |
| 9 | | | 8482.3000.1300 8482.4000.1300 8482.5000.1300 8482.6000.1300 8482.7000.1300 8482.8000.1300 | Japan | 12 | 9.9 |
| 10 | | | 8482.3000.1400 8482.4000.1400 8482.5000.1400 8482.6000.1400 8482.7000.1400 8482.8000.1400 | Other Origins | 9 | 6.9 |
| Category-A: NSK / SKF / NTN / NACHI / KOYO / IKO / ZWZ | | | | | | |
| Category-B: Bear Max / Osaka / Kaka/ Tr-Fk/ NBN/ NIN/ LYC/ Zimco/ Black Fox/ NSB & Juf/DPI/ TPS/ DYZV/ Supernin/ Europower/ D-tech/ Hi-tech/ super/ Vector/ Fas-M & Ningold | | | | | | |
| Note: The Collectorates may assess Bearings of different specifications/types/brands under Section 25 of the Customs Act 1969. Alternatively they may provisionally assess GDs under Section 81 and refer the case to this Directorate General for a suitable advice | | | | | | |

7. 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 element of air freight while assessing the goods.

8. **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.

9. **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, 7th Floor, Custom House, Karachi.

10. The Collectors of Customs may kindly ensure that the values given in this Valuation 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 this Directorate General immediately. Customs values determined in the ruling are for the description and specification as mentioned in this Valuation Ruling. HS Codes are mentioned for illustrative purposes so that valuation ruling values are made accessible to the assessing officers. 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 ruling supersedes Valuation Ruling No.953/2016 dated 14-10-2016.*

(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 WeBOC database system and deleting Valuation Ruling No.953/2016 dated 14-10-2016.
14. Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
15. Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta, Gujranwala, Faisalabad, Sialkot, Rawalpindi & 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, Custom House, Karachi / MCC, Appraisalment (East/West), Custom House, Karachi.
21. Webmaster, Federal Board of Revenue, Constitution Avenue, Islamabad, for uploading at FBR website and deleting Valuation Ruling No.953/2016 dated 14-10-2016.
22. Guard File.