



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 Zinc Ingots of PCT Heading 7901.1100
under Section 25-A of the Customs Act, 1969**

(VALUATION RULING NO. 1154/2017)

No.Misc/14/2017-VI

Dated May 09th, 2017

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

- 2. Background of the valuation issue:** Directorate General of Customs Valuation conducted an audit of clearance values of subject goods and found the same to be varying between US\$1.513/Kg to US\$2.90/Kg in previous 90 days import data. The variation observed in the import data was abnormal as the subject goods are of 99.99% purity. The international trading prices were examined and accordingly an exercise was undertaken to determine the Customs Values of Zinc Ingots containing 99.99% Zinc content, in terms of Section 25-A of the Customs Act, 1969.
- 3. Stakeholders' participation in determination of Customs values:** During hearing proceedings, the stakeholders pointed out that base-metals like Zinc Ingot of 99.9% purity are traded against LME cash official settlement prices, from LME-registered warehouses, with varying premium charges. Meetings were held on 19-04-2017 with all the stakeholders including local manufacturers and importers, of subject goods participated in the meetings. All aspects affecting the clearance values were discussed in detail and accordingly, keeping the nature of the goods i.e. 99.99% purity, it was agreed that the LMB values of the relevant dates shall be the criterion for valuation and the allied freight / logistic charges shall be included. ("Premium" defined in LME weekly base metal premiums report extract as acquisition and delivery charges on base metals, paid on top of LMB prices, to the supplier for transfer of ownership to importer).
- 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 issue at hand. The transaction value method as provided in Sub-Section (1) of Section 25, found inapt in light of the wide variety of import declarations contrary to the international selling prices. Hence requisite information required under law was not available to arrive at the correct transaction value. Identical / similar goods value method provided vide 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 and unexplained variation in values declared by the importers was observed. Information available was, hence, found inappropriate for purpose of Sub-Sections (5) & (6) of Section 25 *ibid*, for making sole basis of the determination. In line with 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 since the goods are of industrial use only therefore, were not available in open market therefore this method could not be applied. 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 and international prices via LME publications etc. were examined thoroughly. All the information so gathered *vide* above methods was utilized and 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 assessable customs values of subject Zinc Ingots.

5. Customs values for subject Zinc Ingots: *Zinc Ingots of PCT Heading 7901.1100 hereinafter specified* shall be: -

S. No.	Description of goods	PCT	Proposed PCT for WEOC	Origin	Customs Values (C&F) USS/MT
(1)	(2)	(3)	(4)	(5)	(6)
01.	Zinc Ingots	7901.1100	7901.1100.1000	U.A.E. / Iran / India / Singapore/ Malaysia	LMB prices plus USS110/MT (on account of premium and freight charges)
			7901.1100.1100	Korea / China	LMB prices plus USS130/MT (on account of premium and freight charges)
			7901.1100.1200	Australia / Brazil / Europe / USA	LMB prices plus USS140/MT (on account of premium and freight charges)

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.

(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 & WeBOC database system.
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, Custom House, Karachi / MCC, Appraisalment, 1st Floor, Custom House, Karachi.
21. Guard File.

(Dr. Wasif Ali Memon)
Director