



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 VALUE OF SHADE NET (HDPE)
UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969.

(VALUATION RULING NO. 1160/2017)

No. Misc./07/2017-IV

11221

Dated: 12-05-2017

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Shade Net (HDPE) are determined as follows:-

2. **Background of the valuation issue:** Local manufacturer of Shade Net (HDPE) M/s. Kolachee International vide their letter dated 28-03-2017 lodged a complaint of under invoicing regarding import of Shade Net (HDPE) H.S code 5608.1900 and requested for determination of fair values. This prompted the initiation of a detailed exercise for determination of value of said item under section 25-A of Customs Act, 1969.

3. **Stakeholders' participation in determination of Customs values:** Meetings were held on 12-04-2017 & 02-05-2017 with stakeholders including importers and local manufacturer cum complainant. None of the Importers participated in the subject meetings nor was any written reply submitted by them, while local manufacturer M/s. Kolachee International participated in the said meetings and forwarded working comprising manufacturing cost of shade Net. As per the working submitted by M/s Kolachee International, constituent raw materials used for the manufacturing of Shade Net are HDPE (91.50 %), UV (2.50 %) and Master Batch (6%). In this regard, the value of HDPE is taken from Scan Prices (March 16-22 2017), whereas applicable values of UV and Master Batch are taken from Valuation Ruling No.778/2015 dated 07.12.2015 and Valuation Ruling No. 786/2016 dated 01.01.2016 respectively.

4. **Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were duly applied in their regular and sequential order to address the particular valuation issue at hand. The transaction value method as provided in Sub-Section (1) of Section 25, found in applicable in the light of the wide variety of manipulated invoices produced at import stage and as no invoices were reported to be found inside the containers (as per the international trading standards), thus, 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 due to the absence of absolute demonstrable evidence of qualities, and quantities of commercial level etc., and also it was observed that importers usually provided 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 market inquiries, 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. 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 utilized and analyzed for determination of Customs Value of subject goods under the Fall Back Method as provided under section 25(9) of the Customs Act, 1969, applied to arrive assessable customs values of Shade Net (HDPE).

5. **Customs Values for Shade Net (HDPE) of different qualities and various origins:** Shade Net (HDPE) of different qualities and various origins *hereinafter specified* shall be assessed to duty /taxes at following assessable customs values:-

S. No.	Description of Goods	PCT Code	Proposed PCT For WeBOC	Origin	Customs Value (C&F) US \$ /KG
(1)	(2)	(3)	(4)	(5)	(6)
1	Shade Net (HDPE)	5608.1900	5608.1900.1000	China	2.20
			5608.1900.1100	Thailand / Malaysia	2.45
			5608.1900.1200	Other Origins	2.80

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, Mauje-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. Webmaster, Federal Board of Revenue, Islamabad.
22. Guard File.