



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/Exports (Karachi/PQ)/ Director Transit

Determination of Customs Values of Portable/ Window Type Air conditioners under Section 25-A of the Customs Act, 1969

(Valuation Ruling No. 1176/ 2017)

No. Misc./11/2015-VII /1393

Dated: June 8, 2017

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Portable/ Window Type Air conditioners are determined as follows: -

2. **Background of the valuation issue:** Customs values of Portable/ Window Type Air conditioners were determined, under Section 25A of the Customs Act 1969, vide Valuation Ruling No.1053/2017, dated 23-02-2017 (Annex B). Several importers filed Revision Petitions under section 25-D of the Customs Act, 1969 before the Director General of Customs Valuation. The Director General directed vide Order in Revision No. 343/2017 dated 24-05-2017 that Customs values for Window type and Tropical Multi System/Ductless Air Conditioners be re-determined and notified within three weeks of the issuance of the Revision Order. Therefore, this Directorate General initiated an exercise for determination of customs values of Portable/ Window Type Air conditioners.

3 **Stakeholders' participation in determination of Customs values:** Meeting with stakeholders was held on 06.06.2017. 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 Revision proceedings and during the course of the meeting, the stakeholders agitated that Values determined vide the Valuation Ruling No.1053/2017, dated 23-02-2017 were higher than the transaction values. They submitted some import invoices and sales vouchers in support of their contentions. They presented clearance data wherein they were clearing goods at much lower values (as low as 120\$/1.5 tons and 2 tons) before the issuance of Valuation Ruling No.1053/2017dated 23-02-2017. They were requested to submit more elaborate data including import invoices, sales tax invoices, literature, evidences

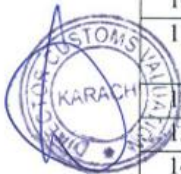


and other relevant requisite import documents in support of their contentions, as few invoices as market reality was different. They could not provide documents to substantiate their contentions. Resultantly Valuation Ruling was processed as per investigations conducted by the department.

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 Portable/ Window Type Air conditioners. 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 upon due to wide variation in declared values of subject goods. Thereafter, market enquiry as envisaged under section 25(7) of the Customs Act, 1969, was conducted. For the purpose, 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 Portable/ Window Type Air conditioners have been determined under Section 25(9) of the Customs Act, 1969.

6. **Customs Values for Portable/ Window Type Air conditioners:** Portable/ Window Type Air conditioners specified herein, shall be assessed to duty / taxes at the Customs values given as under:-

S. No.	Description of goods	PCT Code	Proposed PCT for WeBOC	Origin	Customs Value USS/PC
(1)	(2)	(3)	(4)	(5)	(6)
Window Type Air conditioners					
1	Window type air conditioner (9000BTU)	8415.1010	8415.1010.1000	China	115
2			8415.1010.1100	Far East	135
3			8415.1010.1200	Japan/Europe/ USA	165
4	8415.1010.1300		Other Origins	145	
5	Window type air conditioner 1 ton (12000BTU)		8415.1010.1400	China	146
6			8415.1010.1500	Far East	165
7			8415.1010.1600	Japan/Europe/ USA	215
8	Window type air conditioner 2 ton (18000BTU)		8415.1010.1700	Other Origins	170
9			8415.1010.1800	China	175
10			8415.1010.1900	Far East	210
11			8415.1010.2000	Japan/Europe/ USA	250
12	Window type air conditioner 2 ton (24000BTU)		8415.1010.2100	Other Origins	220
13			8415.1010.2200	China	220
14			8415.1010.2300	Far East	250
15			8415.1010.2400	Japan/Europe/ USA	290
16			8415.1010.2500	Other Origins	270



Portable Air conditioner					
17	Portable Air Conditioner (12000BTU)	8415.1020	8415.1020.3400	China	170
18			8415.1020.3500	Far East	195
19			8415.1020.3600	Japan/Europe/ USA	225
20			8415.1020.3700	Other Origins	205

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.

11. *This Valuation Ruling supersedes Annex B to the Valuation Ruling No.1053/2017, dated 23-02-2016.*


(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,