



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/Port Qasim)/Director Transit.

Determination of Customs Values of Stationery Items-II (Pencils/Ball points/Pens of all sorts) Under Section 25-A of the Customs Act, 1969

(VALUATION RULING NO.1182/ 2017)

No. Misc/06/2009-IX.Part-III /1427

Dated: **June 16, 2017.**

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Stationery Items-II (Pencils/Ball points/Pens of all sorts) are determined as follows: -

2. **Background of the valuation issue:** Customs Values of Stationery Items were earlier determined vide Valuation Ruling No.961/2016, dated 11-11-2016. The customs values of some items were revised by the Director General of Customs Valuation vide Order-in-Revision No. 275/2016, dated 20-12-2016. Many importers filed appeals under Section 194-A of the Customs Act, 1969, against the Order-in-Revision, before the honourable Customs Appellate Tribunal, Karachi. The Tribunal set aside the Order-in-Revision vide order dated 21-01-2017. Meanwhile, some importers approached this Directorate General with the request for provisional clearances under Section 81 of the Customs Act, 1969, in the light of honourable High Court of Sindh, Karachi's judgment in C.P.No.6918/2015, dated 14-11-2015, read with honourable Supreme Court of Pakistan's order, dated 04-08-2016. As the previous Valuation Ruling needed revision in the light of above situation, an exercise was initiated to determine the customs values of Stationery Items, with a view to reflect the current prices prevailing in the international market.

3. **Stakeholders' participation in determination of Customs Values:** Meetings with stakeholders were held on 18-05-2017 and 25-05-2017. The stakeholders were requested to bring following documents to make the meeting fruitful.

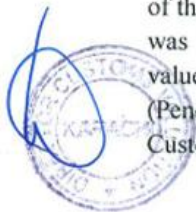
- A. Invoices of imports during last three months showing factual value.
- B. Websites, names and E-mail addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained.
- C. Copies of Contracts made / LCs opened during the last three months 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. The meetings were attended by different stakeholders. The stakeholders proposed that owing to differences in points of view of importers vis-à-vis local manufacturers, the ruling was being challenged by different stakeholders at various fora. They prayed that Raw materials notified vide Valuation Ruling No.961/2016, dated 11-11-2016 needed to be notified separately. Similarly separate Valuation Ruling for Pencils/Ball points/Pens of all sorts be issued and other miscellaneous items might be notified through a third Valuation Ruling, so that litigation in case of one item may not stall imports of all 57 items notified vide one Valuation Ruling. This proposal was found reasonable and hence was accepted. There were contrasting views and extreme difference of opinion amongst local manufacturers and importers regarding assessable values of Lead Pencils. Whereas a few manufacturers and all importers stated that Customs Values of Lead Pencils of China origin had, in recent past, gone down owing to two reasons, one, shifting from Linden wood to poplar wood and two, Devaluation of RMB currency. But other manufacturers, led by Writing Instruments Manufacturers Group of Pakistan, opined that owing to raise in labour costs most of that effect was balanced. The stakeholders also produced ITC Customs Export Values of lead pencils to suggest that the Customs Values of Exports were actually much less than what was being claimed by the manufacturers. However, when they were asked that market survey conducted by the department do not reflect that selling prices in local market had gone down, they could not properly justify their contention. The department carried out its investigation, which inter alia included, market surveys, retrieval of Export prices, checking online prices and taking quotations etc.

5. **Method adopted to determine Customs values:** Valuation methods given in Section 25 of the Customs Act, 1969 were followed to arrive at values of Stationery Items-II (Pencils/Ball points/Pens of all sorts). Transaction value method provided in Section 25 (1) was found inapplicable due 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 variations in declared values of subject goods. Thereafter, market enquiry as envisaged under Section 25 (7) of the Customs Act, 1969, was conducted; therefore different markets were surveyed for this purpose. Online prices were also obtained to corroborate the findings of the market surveys. Computed Value Method as provided in Section 25 (8) could not be applied for valuation of the aforementioned goods as the cost of raw material and fabrication charges under clause (a) and amount of profit and general expenses under clause (b) of Section 25 (8) of the Act, in the country of export, could not be ascertained. All the information so gathered was evaluated and analyzed for the purpose of determination of customs values. Online values were also obtained. Consequently, the Customs values of Stationery Items-II (Pencils/Ball points/Pens of all sorts) have been determined under Section 25 (9) of the Customs Act, 1969.



6. Customs Values for Stationery Items-II (Pencils/Ball points/Pens of all sorts): Stationery Items-II (Pencils/Ball points/Pens of all sorts), hereinafter specified, shall be assessed to duty/taxes at the following Customs Values: -

S. No	Description of goods	PCT	Proposed PCT for WeBOC	Origin	Customs Values (C&F) USS
(1)	(2)	(4)	(5)	(6)	(7)
1.	Ball Point Pens (Excluding Gel Pen and Roller Pen)	9608.1000	9608.1000.1000	China	0.11/Pc
			9608.1000.1100	Europe/ Japan/ USA/ Canada	0.15/Pc
			9608.1000.1200	Other Origins	0.12/Pc
2.	Markers all types (Except paint and drawing markers)	9608.2000	9608.2000.1000	China	0.19/Pc
			9608.2000.1100	Europe/ Japan/ USA/ Canada	0.36/Pc
			9608.2000.1200	Other Origins	0.28/Pc
3.	Paint & Drawing Marker	9608.2000	9608.2000.1300	China	0.34/Pc
			9608.2000.1400	Europe/ Japan/ USA/ Canada	0.65/Pc
			9608.2000.1500	Other Origins	0.50/Pc
4.	Highlighters	9608.2000	9608.2000.1600	China	0.18/Pc
			9608.2000.1700	Europe/ Japan/ USA/ Canada	0.30/Pc
			9608.2000.1800	Other Origins	0.25/Pc
5.	Fine Liner Pens (Low end/ Unknown brands)	9608.2000	9608.2000.1900	China	0.18/Pc
			9608.2000.2000	Europe/ Japan/ USA/ Canada	0.30/Pc
			9608.2000.2100	Other Origins	0.20/Pc
6.	Fountain Pen with Plastic Cap (Low end/ unknown brands)	9608.2000	9608.2000.2200	China	0.20/Pc
			9608.2000.2300	Europe/ Japan/ USA/ Canada	0.50/Pc
			9608.2000.2400	Other Origins	0.30/Pc
7.	Roller Pen (Low end/ Unknown brands)	9608.2000	9608.2000.2500	China	0.28/Pc
			9608.2000.2600	Europe/ Japan/ USA/ Canada	0.43/Pc
			9608.2000.2700	Other Origins	0.36/Pc
8.	Gel Pen (Low end/unknown brands)	9608.2000	9608.2000.2800	China	0.18/Pc
			9608.2000.2900	Europe/ Japan/ USA/ Canada	0.30/Pc
			9608.2000.3000	Other Origins	0.25/Pc
9.	Fiber Tip Coloring Pen with water base ink for student use excluding Fine Liner Pen, Permanent Markers, White Board Markers, Highlighters & Gel Pen etc. (Low end/unknown brands)	9608.2000	9608.2000.3100	China	0.09/Pc
			9608.2000.3200	Europe/ Japan/ USA/ Canada	0.15/Pc
			9608.2000.3300	Other Origins	0.12/Pc



10.	Pen with Tips on Both Sides (Low end/unknown brands)	9608.2000	9608.2000.3400	China	0.19/Pc
			9608.2000.3500	Europe/ Japan/ USA/ Canada	0.34/Pc
			9608.2000.3600	Other Origins	0.28/Pc
11.	Fountain Pen with Metal cap (Low end/unknown brands)	9608.3000	9608.3000.1000	China	0.26/Pc
			9608.3000.1100	Europe/ Japan/ USA/ Canada	0.60/Pc
			9608.3000.1200	Other Origins	0.40/Pc
12.	Colour Pencils (Half/Full size)	9609.1000	9609.1000.1000	China	6.10/kg
13.	Black Lead pencils with or without Rubber Tip		9609.1000.1100	Other Origins	8.95/Kg
			9609.1000.1200	China	5.40/Kg
14.	Crayons		9609.1000.1300	Other Origins	8.10/Kg
			9609.1000.1400	China	2.65/Kg
15.	Oil Pastels		9609.1000.1500	Other Origins	3.65/Kg
			9609.1000.1600	China	2.60/Kg
16.	Raw Pencil (Black Lead) without polish/paint		9609.1000.1700	Other Origins	3.60/Kg
			9609.1000.1800	All Origins	5.20/Kg
17.	Writing/Drawing Board (Black/White)		9616.0000	9616.0000.1000	China
		9616.0000.1100		Other Origins	2.50/Kg

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 differential between air freight and sea freight or in case of import through Land Customs Stations, the differential amount between the Sea freight and land transport charges while applying the Customs values determined in this Ruling.

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 the tables above of this 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 Serials Nos: 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 52, 53, 54, 55, and 56 of annexure to the Valuation Ruling No.961/2016, dated 11-11-2016 and VDB No.241/2017, dated 06-03-2017.*


(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), 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 *the Serials Nos: 35, 36, 37, 38, 39, 40, 41, 42, 43,44, 45, 52, 53, 54, 55, and 56 of annexure to the Valuation Ruling No.961/2016, dated 11-11-2016 and VDB No.241/2017, dated 06-03-2017*
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. Guard File.