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GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

RULING U/S 25-A NO. 367

No. Misc/07/2010-VI-B

Dated 12-08-2011

Note:

- i) The customs value determined under this Valuation Ruling shall be applicable customs value for assessment of the relevant goods until and unless revised or rescinded by the competent authority.
- ii) Review application against this valuation ruling may be filed before the Director-General of Valuation under Section 25D of the Customs Act, 1969, within thirty (30) days from the date of determination of customs value under this ruling.

The Collectors of Customs, Model Customs Collectories (Appraisement/ PaCCS/ Port Qasim/ Preventive), Karachi/ Lahore/ Samrial (Sialkot)/ Faisalabad/ Multan/ Islamabad/ Hyderabad/ Quetta/ Peshawar.

Subject: DETERMINATION OF CUSTOMS VALUE OF IRON & STEEL MADE HAND TOOLS UNDER SECTION 25A OF THE CUSTOMS ACT, 1969.



On a reference received from MCC, Lahore, for determining fair customs value of the subject goods, an exercise was undertaken by this Directorate General under Section 25A of the Customs Act, 1969. Accordingly, meetings were fixed for 17-01-2011, 27-01-2011, 14-06-2011, 29-06-2011, 09-07-2011 & 23-07-2011 and all stakeholders were invited to participate in the same. However, no one turned up for the said meetings except the last one where authorized representative of the importers appeared and submitted his detailed views on the issue. According to the importers, hand tools are made up of ordinary iron & steel whereon very little value addition is needed. Since hand tools are made for simple everyday tasks, therefore there is little need for precision, sophistication or durability as is the case with precision tools which are made of high tensile steel and engineered with high precision. All these low tech-low cost factors plus the need to keep hand tools accessible to ordinary people, value of these goods is quite low and is accordingly being properly declared with customs and merited acceptance in terms of section 25(1) of the Customs Act, 1969. It was also pointed out during the meeting that if London Metal Bulletin (LMB) values for iron and ordinary steel are taken as a benchmark, then

it would become obvious that the values for hand tools, being declared are very much fair. In order to verify this contention iron & carbon steel values, for China origin, were also checked from latest edition of LMB for the relevant period, which indicated that they range between US\$ 582/metric ton (=3740 Yuan) for pig iron to US\$745/metric ton for cold rolled carbon steel; after value addition on account of conversion charges @30%, and freight addition, i.e. US\$45/MT, average value of US\$1013.5/MT is arrived at for the subject goods, which is on the higher side than the general declared values for import of these goods in the relevant period. Hence, the contention of the importers, concerning acceptance of declared values, cannot be accepted, though, the values calculated on the basis of raw materials were used as background benchmark values, while carrying out the instant value determination exercise.

2. Import data for the relevant period was subjected to analysis which indicated abnormal fluctuation for same type of goods from the same origin. These declared values were also found to be rather low when compared to selling prices of subject goods in the local market. The scrutiny of data also revealed that almost all imports of hand tools were being made from China. However, enough infirmities were observed in the import data to render it legally unacceptable as true transaction values in terms of Section 25(1) of the Customs Act, 1969, and hence, the same could not be used with any sort of certitude under identical & similar goods valuation methods as laid down in sub-section (5) & (6) of section 25 of the Customs Act, 1969, for determination of value of said items. Accordingly, next valuation method i.e. Deductive Value Method as envisaged under Section 25(7) of the Customs Act, 1969, was resorted to and market enquiry was accordingly carried out. Based on the results of the same, customs values of hand tools, not fitted with any electric motor and operated only with manual power, have been determined as detailed in the table below:-

S.No.	Description	HS.Code	Origin	Customs Value (C&F) US\$/kg
(1)	(2)	(3)	(4)	(5)
01.	Spades and shovels, Forks, Axes, bill hooks and similar hewing tools; Other hand tools of a kind used in agriculture, horticulture or forestry	8201.1000 8201.2000 8201.4000 8201.9000	China Other countries (excluding Europe & USA)	US\$1.25 US\$1.56



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02.	Pliers	8203.2000	China	US\$ 1.36
			Other countries (excluding Europe & USA)	US\$ 1.70
03.	Hand-operated spanners and wrenches	8204.1100	China	US\$ 1.25
		8204.1200	Other countries (excluding Europe & USA)	US\$ 1.56
		8204.2000		
04.	Hammers and sledge hammers	8205.2000	China	US\$ 1.40
			Other countries (excluding Europe & USA)	US\$ 1.75
05.	Planes, chisels, guages and similar cutting tools for working wood	8205.3000	China	US\$ 1.48
			Other countries (excluding Europe & USA)	US\$ 1.85
06.	Screwdrivers	8205.4000	China	US\$ 1.50
			Other countries (excluding Europe & USA)	US\$ 1.88
07.	Household tools, excluding glaziers' diamonds	8205.5100	China	US\$ 1.50
			Other countries (excluding Europe & USA)	US\$ 1.88

3. All the Collectorates of Customs are, accordingly advised to assess the goods as per above Customs Value determined under Section 25A of the Customs Act, 1969. These values shall remain valid until revised. However, in the event of invoice value / declared value being higher than the determined value, such higher value shall be applied for assessment purpose.

Mohamed Tahir
(MOHAMMAD TAHIR)
DIRECTOR

Copy for information to :

- (i) Member (Customs), Federal Board of Revenue, Islamabad.
- (ii) SA to Chairman, Federal Board of Revenue, Islamabad.
- (iii) Chief Collector of Customs (South/North), Custom House, Karachi/ Lahore.
- (iv) Director General, Intelligence & Investigation, Islamabad.
- (v) Director General of Customs Valuation, Karachi.
- (vi) Director General, Post Clearance Audit, Islamabad.
- (vii) Director, Intelligence & Investigation, Karachi/ Lahore & Islamabad.
- (viii) Chairman (Valuation Committee) FPCC&I, Federation House, Karachi.
- (ix) Chairman (Valuation Committee) KCC&I, Aiwan-e-Tijarat Road, Karachi.
- (x) Karachi Customs Agents Group (KCAG), Karachi.
- (xi) Guard File.