

GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE, KARACHI

No. Misc/19/2006-VA-II-B

Dated 20-08-2011

RULING U/S 25A NO. 369

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Valuation Ruling shall be applicable customs value for assessment of the relevant goods until and unless revised or rescinded by the competent authority.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 Collectorates (Appraisalment/ PaCCS/ Port Qasim/ Preventive), Karachi/ Lahore/ Sambrial (Sialkot) / Faisalabad/ Multan/ Islamabad/ Hyderabad/ Quetta/ Peshawar.

SUBJECT: DETERMINATION OF CUSTOMS VALUE OF UPVC, CPVC & PPR PIPE AND FITTINGS UNDER SECTION 25A OF THE CUSTOMS ACT, 1969



Customs value of UPVC, CPVC & PPR Pipe and Fittings was determined vide Valuation Ruling No.338, dated 14-06-2011, which was contested by the importers before the competent authority in terms of section 25D of the Customs Act, 1969. In consideration of the representation/submissions made by the importers, directions were issued by the Director General of Customs Valuation to determine the customs values afresh under section 25A of the Customs Act, 1969, on merit and in accordance with law.

2. In compliance of the aforesaid directions, the valuation of UPVC, CPVC & PPR Pipe Fittings was taken-up for fresh determination of customs values and accordingly meeting on the subject was held on 16-08-2011, which was attended by the representatives of importers & other stakeholders. During the meeting M/s Poly Products Importers Association of Pakistan stressed that previous valuation was based on unilateral inquiry by the department and depicted exaggerated values since facts on ground and business practices of trade, in instant goods, were not properly considered. The participants of the meeting also pointed out that significant element of discount, openly verifiable from the market, admissible on price list values, was not taken into account at the time of prior value determination and it was this omission which resulted in lopsided values and led to dispute thereon.

3. The data relating to import from various origins of subject goods was retrieved from PRAL/One Custom and was analyzed within the meaning of section 25(5) & (6) of the Customs Act, 1969. Scrutiny of said data revealed that there were hardly any clearances of subject goods after the issuance of earlier Valuation Ruling dated 14-06-2011. Whereas the data prior to that period reflected declared/assessed values in accordance with the previous valuation ruling dated 18-05-2007, which too could not be the case as it is not possible under normal business

circumstances that these value have stayed the same over a period of four years, i.e. since issuance of valuation ruling dated 18-05-2007, especially considering the fact that the international prices of the raw materials, for manufacturing the same, have registered an upward trend. Import data was thus not found to be legally admissible for the determination of fresh values. The next valuation method i.e. Deductive Method, as envisaged under section 25(7) of the Customs Act, 1969, was therefore taken into consideration and calculations were drawn on the basis of values prevailing in the market. It is pertinent to mention that during the market inquiry it has been observed that the price list, as relied upon earlier, during the process of previous Valuation Ruling, happens to be the representative standard price list of the manufacturers which is in vogue. However, the market practice of allowing discount on the price list, which could be as much as 50% of the same, depending upon the quantum of purchase and bargaining skills of the buyer, needed to be considered while applying the values of this price list. For the purpose of instant exercise, while considering the price discounts/quantity discounts work back calculations were drawn after allowing 40% average discount on price list. The values so arrived at were also compared with values based on international prices of raw material, in terms of section 25(8) of the Customs Act, 1969, and found to be almost comparable. Furthermore, it was observed that since the issuance of valuation ruling dated 18-05-2007, prices of raw material in the international market have increased on average by 15%.

4. Based upon these findings, duly considering the submissions of stakeholders, using prevalent international prices of raw material as background parameter, customs values of subject goods have been determined under section 25(7), 25(8) read with section 25(9) of the Customs Act, 1969, as under:

S.No	HS Code	Origin	Description of goods	Customs Value (C&F)
1	2	3	4	5
1			Unplasticized Polyvinyl Chloride (UPVC)	
			i) UPVC Pipe	US\$1.33/kg
			ii) UPVC Fittings	US\$1.45/kg
2	3917.2100 To 3917.4000	All origins.	Chlorinated Polyvinyl Chloride (CPVC)	
			i) CPVC Pipe	US\$1.81/kg
			ii) CPVC Fittings	US\$1.96/kg
3			Polypropylene Random (PPR)	
			i) PPR Pipe	US\$1.96/kg
			ii) PPR Fittings	US\$2.01/kg



5. Accordingly, these values are hereby determined under Section 25A of the Customs Act, 1969. All the Customs Clearance Collectorates are advised to finalize assessment of above subject on the values mentioned above. These values shall remain valid until revised. However, if the invoice value is higher, then such higher value shall be adopted for assessment purpose, in terms of Section 25 of the Customs Act, 1969.


(MUHAMMAD TAHIR)
DIRECTOR

Copy for information to:-

1. S.A. to Chairman, Federal Board of Revenue, Islamabad.
2. Member (Customs), Federal Board of Revenue, Islamabad.
3. Chief Collectors of Customs (North/South), Lahore/Karachi.
4. The Director General of Intelligence Investigation, Islamabad.
5. The Director General of Customs Valuation, Karachi.
6. The Director General of Post Clearance Audit, Islamabad.
7. The Directors of Intelligence Investigation, Karachi/ Lahore/ Islamabad.
8. The Deputy Director (Hqrs.), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & PaCCS database on the date of issue of this ruling.
9. Federation of Pakistan, Chambers of Commerce & Industry (FPCC&I), Karachi.
10. Karachi Chamber of Commerce & Industry (KCC&I), Karachi.
11. Karachi Customs Agents Group (KCAG), Bohri Road, Karachi.
12. Coordinator, WeBOC, RMS Committee,, Karachi.
13. Guard File.

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