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GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

RULING U/S 25A NO. 374

No. Misc/25/2009-VI

Dated: 17-09-2011

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Valuation Ruling shall be applicable customs value for assessment of the relevant goods until and unless revised or rescinded by the competent authority.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

Subject : Determination of Customs Value of Unbranded Mobile Battery and Mobile Battery Charger of China origin under Section 25A of the Customs Act, 1969.



Earlier Valuation Ruling on the subject goods was issued on 30-12-2009. Since earlier ruling was quite old and meanwhile international prices of instant items have registered a change, therefore, this Directorate General initiated an exercise for fresh determination of customs values of the same.

02. Accordingly meeting with all the stakeholders was convened on 15-03-2011. Mr. Muhammad Shafeel of M/s First World Traders, Mr. Muhammad Yameed of M/s. Murad Electronics, Mr. Santoos Kumar of M/s Rempex Trading, Mr. Jawwad of M/s Wasaa Enterprises, Mr. Muhammad Imran of M/s A.R.Mobile, Mr. Abdul Aziz of M/s A.Aziz & Brothers and Mr. Rizwan of M/s A2Z Traders, Karachi, participated in the meeting. It was emphasized by the participants that while determining the fresh values, firstly, their declared values should be considered for acceptance since the prices of instant goods have come down drastically due to bulk manufacturing in China, secondly these items are very low tech and do not require high quality raw materials i.e. plastic and wire, due to which prices are quite low viza-a-viz those determined vide earlier valuation ruling. They further insisted that if custom department feels that their declared values do not merit consideration for whatever reasons, then the department can easily obtain market prices and work back the values but in that case "the customs value of the

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Imported goods shall be based on the unit price at which the imported goods or identical or similar imported goods are so sold in the greatest aggregate quantity, at or about the time of the importation of the goods being valued, to persons who are not related to the persons from whom they buy such goods" should be made the criteria as has been clearly stipulated vide subsection (7) of Section 25 of the Customs Act, 1969, and the actual margins of profit, as per market practice rather than some supposed percentage, should be allowed in work back exercise. They pleaded that the present Valuation Ruling lacks the legal framework of valuation methods especially in view of clear judgment of the Honourable High Court of Sindh in CP 2673/2009, relating to the methodology of executing various provisions of section 25 of the Act. Further that if aforesaid points are followed it will become obvious that the values of unbranded mobile battery and charger, currently prevailing in the market are far lower than those determined vide earlier valuation ruling due to which genuine importers are facing undue hardship and legal import of these items is decreasing day by day while unscrupulous traders are encroaching upon in the market. Hence, they concluded that the earlier valuation ruling needs revision as per current & actual international market price trend. The importers also stated that since international prices of raw materials i.e. plastic and copper, are available with the department therefore for comparison purpose values can also be computed, atleast for charger, by the department which will further substantiate their plea that currently determined values are far higher. On importers' request the meeting was further adjourned to 05-05-2011, since, they wanted some further stakeholders to be taken on board before new determination. On the said date Mr. Abdul Aziz of M/s Abdul Aziz & Brothers, Mr. Shoaib of M/s Asia Mobile Accessories and Mr. Imran Qazi of M/s A.R. Mobile, appeared and reiterated, more or less, the same arguments as detailed above. However, they added that if the values determined vide earlier ruling are fair, as per department's view, then how come that even after payment of duty and taxes, on current ruling's value, and loading their profit & other import related expenses thereon, these legally imported goods are being sold in the market at a price that is still lower than that of the earlier ruling. This factual position, which can be easily verified by the department, is only possible due to the fact that even, after paying duty and taxes on a higher i.e. ruling value, their total (C&F +duty/taxes+import related expenses+profit) selling price remains below the earlier determined values because the factual value of these goods is far lower than earlier determined one. It is, therefore, obvious that the earlier determined values are exaggerated. They also offered to sell these goods after legal import to any buyer at a total price lower than that of the earlier ruling.



2. The above contentions of the participants have been examined in the light of Section 25(1) and sub-section (5), (6) & (7) of Section 25 of the Customs Act, 1969. As far as import data of identical / similar goods is concerned, the declared values indicate fluctuation and at times description of goods vary, while assessments are being made in terms of valuation ruling, however, import data was not found sound enough to be adopted for value determination. Therefore, the subsequent method, i.e. deductive valuation method, as stipulated under sub-section (7) of section 25 of the Act was resorted to and based on the results of the market enquiry, values of instant un-branded goods have been determined. Taking abundant precaution the values of charges was also computed, as a background check, based on the prices of raw materials available in the SCAN (for plastic) and LMB (for prime copper), which too corroborated the values arrived at via work back method of valuation under section 25(7) as detailed in the Table below:

S.No.	Description of Goods	H.S.Code	Origin	C&F Value
(1)	(2)	(3)	(4)	(5)
01.	Mobile Battery (Unbranded)	8506.8000	China	US\$0.26/pc
02.	Mobile Battery Charger (Unbranded)	8504.4020	China	US\$0.16/pc

3. The aforesaid values are determined under Section 25A of the Customs Act, 1969, for implementation. All the clearance Collectories are advised to assess the aforesaid goods as per above determined values while ensuring correct description and PCTs of these goods. However, if the declared/ invoice value is higher, the same shall be applied for assessment purpose.



MUHAMMAD FAHIM
DIRECTOR

Distribution

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-F.B.I., Islamabad.
5. The Director General of Customs Valuation, Karachi.
6. The Director General of Post Clearance Audit, Islamabad.
7. The Directors of Intelligence Investigation-FBI, Karachi/ Lahore/ Islamabad.
8. The Deputy Director (Hqrs), Directorate General of Customs Valuation, Karachi, for uploading in Our Customs & PACCIS database on the date of issue of this ruling.
9. Chairman (Valuation Committee), FPC&I, Federation House, Karachi.
10. Chairman (Valuation Committee), KCC&I, Ajwan-e-Tijarat Road, Karachi.
11. Karachi Customs Agents Group (KCAQ), Bohri Road, Karachi.
12. Guard File.