



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

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RULING U/S 25A NO: 388

No.Misc-11/2009-III

Dated/8-10-2011.

Note

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this Valuation Ruling shall be applicable, customs value for assessment of relevant goods until and unless revised or rescinded by the competent authority.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

The Collectors of Customs, Model Customs Collectorate
(Appraisal/PaCCS/Port Muhammad Bin Qasim & Preventive),
Karachi/Lahore/Sambrial(Silakot)/Faisalabad/Multan/Islamabd/
Hyderabad/Queta/Peshawar.

SUBJECT: DETERMINATION OF CUSTOMS VALUES "INSOLE BOARD"
UNDER SECTION 25A OF THE CUSTOMS ACT, 1969.



In the wake of Directorate General of Customs Valuation office note vide No.DG (V)Misc-01/2011, dated 19-07-2011, regarding implementation and legal issues arising on account of using the phrase "Made from recycled material" in the valuation ruling.No.343/2011, dated 23-06-2011, and further in the light of representation made by Chairman, Valuation Committee, Pakistan Hardware Merchants Association, dated 24-08-2011; an extensive exercise to determine the correct description and fair value of "Insole Board" and "Inner Sheet" under Section 25A of the Customs Act, 1969, was undertaken.

2. Meetings with all stakeholders were fixed for 25-08-2011, 12-09-2011 and 27-09-2011. Importers, representatives, vice Chairman, FPCCI and Chairman (Valuation Committee), Pakistan Hardware Merchants Association attended the meeting and contended that goods falling under P.C.T 4811.5990 and 4811.6090 are essentially the same, with same end use and sold in market as "Insole Board" and not "Inner Sheet". Moreover, the observation of Director General of Customs Valuation regarding "Recycled Material" are true and correct and they also supported the same. In order to strengthen the above observations, market inquiry was also conducted in presence of stakeholders, which resulted the same conclusion that goods in the market are sold as "Insole Board". It was also observed that Taiwan origin goods are superior than Chinese origin goods of different brands i.e. Worldtax, Winnertax, Eletex and Bonny.

3. Import data was also examined as envisaged under section 25 (1), (5) & (6) of the Customs Act, 1969, which indicated that Taiwan imported goods reflected the prices on higher side than Chinese import values.

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4. The issue was examined, keeping in view the Pakistan Custom tariff, which indicates only the specifications of the Goods, falling under these H.S. Codes 4811.5990, 4811.6090. Neither of the H.S. Codes describe the goods as Insole Board or Inner Sheet Board. Moreover, as interpretative note to Article 1 of the Agreement of GATT Valuation Agreement, certain exclusions to price actually paid or payable have been given. However, these exclusions do not refer allowing discount in value on account of goods manufacturer from "Recycled raw Material". Similarly Notes to Article 3 prescribes adjustment due to quantity and commercial level factors, and not on account of use of recycled raw material. Furthermore, import data and market inquiry both do not cater for providing information about attributes like made of "recycled raw material".

5. After having considered all facts of the issue. Accordingly, values have been determined under Section 25 (1), (5), (6) and (7) read with Section 25 (9) of the Customs Act, 1969, as under:-

| S.No. | Description | H.S.Code | Origin | Assessable values (C&F) |
|-------|--------------|------------------------|---------|-------------------------|
| (1) | (2) | (3) | (4) | (5) |
| 1. | Insole Board | 4811.5990 4811.6090 | China | US\$0.75/kg |
| 2. | -do- | -do- | Taiwan | US\$0.87/kg |
| 3. | -do- | -do- | Germany | US\$2.11/kg |
| 4. | -do- | -do- | Other | US\$2.11/kg |

6. The above customs values are hereby determined under Section 25A of the Customs Act, 1969. All Collectorates are advised to finalize the assessment of the subject goods accordingly. These values shall remain valid until revised. However, if declared/invoice value is higher than instant prices then such higher value shall be applied for assessment purpose Under Section 25 of the Customs Act, 1969.

Muhammad Tahir
Muhammad Tahir
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-FBR, Islamabad.
5. The Director General of Customs Valuation, Karachi.
6. The Director General of Post Clearance Audit, Karachi.
7. The Directors of Intelligence Investigation-FBR, Karachi/ Lahore/ Islamabad.
8. The Commissioner, I.P. Division, RTO-I, (Coordinator, WeBOC RMS (Development Team) Kamal Atta Turk Road, Income Tax Building, Karachi.
9. 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.
10. Chairman (Valuation Committee), FPCC&I, Federation House, Karachi.
11. Chairman (Valuation Committee), KCC&I, Aiwan-e-Tijarat Road, Karachi.
12. Karachi Customs Agents Group (KCAG), Bohri Road, Karachi
13. Guard File.

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