



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

DETERMINATION OF CUSTOMS VALUES OF CARBON STEEL SEAMLESS PIPE
UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. 785/2015)

No. Misc/01/2009-VIA-Part-II

17529

Dated: December 31, 2015

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Carbon Steel Seamless Pipes are determined as follows: -

2. **Background of the valuation issue:** Recently importers of carbon steel seamless pipes have agitated against the customs values of 'Carbon Steel Seamless Pipe ASTM A106 Assorted Sizes' determined vide Valuation Ruling No. 303/2011 dated March 22, 2011 mainly on the ground that the values of subject goods are traded in the international market at much lower values. The issue was also agitated before Honorable High Court of Sindh, Karachi and in C.P.No.D-6447/2015 filed by M/s. Usman Enterprises, the Honorable High Court has ordered for revision of the Valuation Ruling and determining its fair value.

3. **Stakeholders' participation in determination of Customs values:** In pursuance of the Honorable High Court's order, meetings with stakeholders were held on 22-12-2015 and 30-12-2015. All participants were requested to submit the following documents so that a correct customs values could be determined:

- (i) Invoices of imports during last three months showing factual values
- (ii) Websites, names and email addresses of known foreign manufacturers / suppliers of the item in question through which the actual current value can be ascertained
- (iii) Copies of contracts made/ LCs opened during the last three months showing the value of items in question



- (iv) 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 the difference in price is passed on to the local buyers.

4. Both meetings were attended by commercial importers as well as a local manufacturer. The aforementioned documents were not submitted by all present in the meeting save a few participants who provided partial and scanty record. On scrutiny these were found incomplete and not reflective of all the imports of carbon steel seamless pipes ASTM A-106. Since they did not provide all the relevant documents, the data of import of Carbon Steel Seamless Pipes ASTM A-106 available with the Directorate was shared with them which showed wide variety in values being declared with big differences and it was inquired from them to clarify the reasons of such big difference in price. The participants had no solid and concrete explanation about such variety / difference in price. They simply stated that some pipes are of special specifications and imported in small quantity but they did not support their arguments with any literature / material or evidences. Importers were of the view that international prices of commodities in general and of iron and steel products in particular have decreased significantly in the recent past and that keeping value at such high level was not reasonable. On the other hand the sole local manufacturer argued that the value as mentioned in the Ruling is correct and reflective of international market prices. During the discussion it was also emphasized that value of carbon steel seamless pipes other than the one Standard ASTM A-106 do not significantly differ from this standard and there is no need to mention this standard alone, therefore, it was decided to mention the description as 'Carbon Steel Seamless Pipes of assorted sizes' in the upcoming Ruling.

5. **Method adopted to determine Customs values:** After detailed discussion and deliberation valuation methods given in Section 25 of the Customs Act, 1969 were followed to arrive at fair value of Carbon Steel Seamless Pipe. Transaction value method provided in Section 25 (1) was found inapplicable because the requisite information was not available and the importers also did not provide the same. 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 variation in declared value of subject goods from same origins and of same goods. It was also observed that the major quantum of import of the subject goods was from China, whereas import from other origins mostly being declared at higher price than the ones mentioned in the existing



Valuation Ruling. Thereafter, market enquiry as envisaged under Section 25(7) of the Customs Act, 1969, was conducted. The prices of different types of Carbon Steel Seamless Pipe in the market varied significantly and were heavily dependent on quality and sizes of the Carbon Steel Seamless Pipe and the location of the selling point or shop in the city. The computed value method as provided in Section 25(8) of the Customs Act, 1969, could not be applied as the conversion costs from constituent material at the country of export were not available. Online value of the subject goods were also examined. All the information so gathered was evaluated and analyzed for the purpose of determination of customs value. Consequently, the Customs value of Carbon Steel Seamless Pipes have been determined under Section 25(9) of the Customs Act, 1969.

6. **Customs value of Carbon Steel Seamless Pipe:** Customs Value of Carbon Steel Seamless Pipes *hereinafter specified are* proposed as under: -

Description of goods	PC Heading	Proposed PCT for WeBOC	Origin	Customs Value (C&F) USS / Kg
(2)	(3)	(4)	(5)	(6)
Carbon Steel Seamless Pipes, assorted sizes	7304.3900	7304.3900.1000	China	0.69

7. In cases where declared/ transaction value is higher than the Customs value determined in this Ruling, the assessing officers shall apply that value 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 while applying the Customs value determined in this Ruling.

8. **Validity of this Valuation Ruling:** The value 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 value given in the 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.

11. *This ruling supersedes Valuation Ruling No.303 / 2011, dated 22-03-2011.*


(Manzoor Hussain 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 (Appraisal), 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 Valuation Ruling No.303/2011, dated 22-03.2011.
14. Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
15. Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & 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, Appraisal, 1st Floor, Custom House, Karachi.
21. Guard File.