



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

The Collectors of Customs, Model Customs Collectorates, Appraisement (East/ West) / Port Qasim / Preventive), Karachi / Lahore (Appraisement/Preventive) / Multan / Islamabad / Sambrial(Sialkot) / Faisalabad / Hyderabad / Quetta/ Peshawar/ Gawadar/ Gilgit-Baltistan.

DETERMINATION OF CUSTOMS VALUES OF CHEMICALS
UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO.794 / 2016)

No. Misc/29 /2012 (Part-II)

Dated : 15th January 2016

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, the Customs values of Chemicals shown in the Table given below are determined as follows:-

2. **Background of the valuation issue:** Customs values of Chemicals were determined vide Valuation Ruling No.609/2013 dated 11-11-2013. The trade community was demanding revision in prices of chemicals, owing to downward trend in their prices in international market. Accordingly to ascertain the current prices prevailing in the international market, an exercise to determine the customs values of Chemicals in were under taken by this Directorate General.

3. **Stakeholder's participation in determination of Customs values:** Meeting with the stakeholders was held on 12-01-2016. It was attended by commercial importers as well as local manufacturers of chemical industries and office bearers/representatives of Pakistan Chemical Dyes Merchants Association (PCDMA). Though the participants as well as the Association, namely, Pakistan Chemicals & Dyes Merchants Association, were requested to provide documents like Copies of contracts made/LC's, Sales Tax Invoices, to substantiate their contention of decrease in market prices, yet they did not provide required documents before the meeting. Again during the meeting the participants were requested to (i) submit Invoices of imports made during last three months showing factual value.(ii) Websites, names and E-mail addresses of known foreign manufacturers 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 item in question and (iv) Copies of Sales Tax Invoices issued during last four months showing the difference in prices to substantiate that the benefit of difference in price was passed on to the local buyers. Instead of furnishing any documentary



evidence about downfall in prices in international market they relied upon their rhetoric of decline in international prices. They were informed that in the absence of authentic documentary evidence of prices in the international market of the chemicals in question, they were being requested to furnish their Sales Tax Invoices along with their monthly Sales Tax Returns filed with Inland Revenue Department. The purpose of asking for Sales Tax Invoices was to assist the Directorate to work out the correct C&F value under work-back method in terms of Sub-Section (7) of Section 25 of the Customs Act, 1969 as Sales Tax Invoice is authentic document to ascertain local market price. They were also informed that maintenance of Sales Tax Invoices and monthly returns is mandatory under the Sales Tax Law on each taxpayer, therefore, they should not hesitate to submit them to the Customs Department as the Customs has authority in terms of Sub-section (11) of Section 25 of the Customs Act, 1969, to call any documents to satisfy about the truthfulness of accuracy of any information or declaration made to Customs for Valuation purpose. None of them, submitted Sales Tax invoices along with monthly Sales Tax returns, on one excuse or the other. This attitude on the part of importers indicates that they are not passing on the benefit of the downward trend in previous and current price of Chemical in international market to the end consumers / buyers and pocketing it with them which is neither legally nor ethically and morally justifiable, as the common man is suffering from price hike despite downward trend in prices of goods in international market and on the other hand importers only are reaping its benefit and the Government is being abused by the public on price hike. Since they were not forthcoming to furnish the complete Sales Tax documents on one excuse or the other and the matter was lingering on, it was decided to proceed on merit in the light of available record as well as local market inquiry conducted by the Department.

4. **Method adopted to determine customs values:** Valuation methods given in Section 25 of the Customs Act, 1969 were applied sequentially to address the valuation issue in hand. Transaction value method under Sub-Section (1) of Section 25 of the Act, 1969, was found inapplicable because it is generally known that most of the invoices are manipulated/fabricated locally hence reliance thereon cannot be made to ascertain the correct transactional value. Identical / similar goods value methods provided in Sub-Sections (5) & (6) of Section 25 *ibid* were also not found applicable in view of the reason mentioned above in the case of Sub-Section (1) Market enquiry, as envisaged under Section 25(7) of the Customs Act, 1969, was conducted to determine Customs values for Chemicals of various types/brands/grades and origins, but could not be solely relied upon owing to variety of market/ location and types of these items. The computed method as provided under 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. Finally, import data obtained from PRAL was analyzed and international prices from various sources on internet were also checked. All the information so gathered was evaluated and analyzed for the purpose of determination of customs values. Consequently, the Customs Values of chemicals have been determined under Section 25 (9) of the Customs Act, 1969.

5. **Customs Values of Chemicals :** Customs values of Chemicals *hereinafter specified*, shall be assessed to duty/taxes on the Customs values mentioned against them in the Tables below :-



S.No.	Description of goods	Origin	PCT Heading	Proposed PCT for WeBOC	Customs Values (C&F) USS/ Kg
(1)	(2)	(3)	(4)	(5)	(6)
1.	BORIC ACID	All origins	2810.0020	2810.0020.1000	0.84
2.	ALUMINIUM OXIDE	All origins except China	2818.2000	2818.2000.1000	1.40
3	ALUMINIUM OXIDE	China	2818.2000	2818.2000.2000	1.20
4.	CHROMIC ACID/ CHROMIUM TRIOXIDE (ALL GRADES)	China	2819.1000	2819.1000.1000	1.90
5.	CHROMIC ACID/ CHROMIUM TRIOXIDE (ALL GRADES)	All origins except China	2819.1000	2819.1000.1000	3.20
6.	BARIUM CHLORIDE	China	2827.3900	2827.3900.1000	0.47
7.	SODIUM META BISULPHITE	China	2832.1090	2832.1090.1000	0.322
8.	SODIUM HEXA META PHOSPHATE (40% AND BELOW)	China	2835.3900	2832.1090.1000	0.75
9.	SODIUM HEXA META PHOSPHATE (41% AND ABOVE)	China	2835.3900	2832.1090.2000	1.00
10.	SODIUM HEXA META PHOSPHATE (FOOD GRADE)	Thailand	2835.3900	2832.1090.3000	1.20
11.	BORAX DECAHYDRATE	All Origins	2840.1900	2840.1900.1000	0.50
12.	BROWN ALUMINIUM OXIDE	China	2818.2000	2818.2000.1000	0.88
13.	SODIUM ACID PYROPHOSPHATE (FOOD GRADE)	China	2835.3900	2835.3900.1000	0.80
14.	SODIUM ACID PYROPHOSPHATE (FOOD GRADE)	Thailand	2835.3900	2835.3900.2000	0.90



15.	DIPENTENE/URINONENE/ LIMOMENE/TERPODIENE	China	2902.1920	2902.1920.1000	1.60
16.	CHLOROFORM (TRICHLOROMETHANE)	Russia	2903.1300	2903.1300.2000	0.40
17.	STEARIC ACID (SINGLE PRESSED)	All Origins	3823.1100	3823.1100.1000	0.85
18.	STEARIC ACID (TRIPPLE PRESSED)	All Origins	3823.1100	3823.1100.2000	1.05
19.	MONO ETHYLENE GLYCOL (MEG)	All Origins except Iran	2905.3100	2905.3100.1000	0.850
20.	MONO ETHYLENE GLYCOL (MEG)	Iran	2905.3100	2905.3100.2000	0.80
21.	DI ETHYLENE GLYCOL (DEG)	All Origins	2905.4100	2905.4100.1000	0.856
22.	PERCHLORO ETHYLENE (TETRA CHLORO ETHYLENE)	Japan	2903.2300	2903.2300.1000	0.85

6. In cases where declared / transaction values are higher than the Customs values determined in this Ruling, the assessing officers shall apply those values 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 values determined in this Ruling.
7. **Validity of Valuation Ruling:** The values 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.
8. **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, before the Director General, Directorate General of Customs Valuation, 7th Floor, Custom House, Karachi.
9. The Collectors of Customs may kindly ensure that the values 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 Directorate General immediately for redressal.
10. *This Valuation Ruling supersedes Valuation Ruling No.609/2013 dated 11/11/2013 and Valuation Ruling No.534/2013 dated 08-01-2013.*


 (Manzoor Hussain Memon)
 Director