



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 Conventional and Inverter Type Air Conditioners (HS Code 8415.1020) Under Section 25-A of the Customs Act, 1969

(VALUATION RULING NO. 840/2016)

No. Misc/11/2015-VII

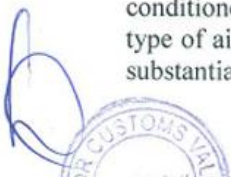
Dated: April 21, 2016

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Conventional and Inverter Type Air Conditioners are determined as follows :

2. **Background of the valuation issue:** The Customs values of Conventional and Inverter Type Air Conditioners were determined under Section 25-A of the Customs Act, 1969 vide Valuation Ruling No.744/2015 dated 10.06.2015. The importers of split air conditioners, conventional as well inverter type have been agitating that values in the international market have considerably gone down and that existing valuation ruling does not reflect correct values. Therefore an exercise to determine customs values of Conventional and Inverter Type Air Conditioners afresh in terms of Section 25-A of the Customs Act, 1969 was initiated.

3. **Stakeholders' participation in determination of Customs values:** A meeting for the determination of customs values of Conventional and Inverter Type Air Conditioners with stakeholders was scheduled on 13-04-2016. The meeting was attended by a number of importers, including representatives of M/s Dawlance Pvt Ltd, M/s. Haier Pakistan Private Ltd, M/s Humak Engineering Pvt Ltd, M/s Orient Electronics, M/s Cool Industries Pvt Ltd.

4. During the course of meeting, the local assemblers as well as commercial importers were of the view that currently due to global recession and economic slowdown, especially in China and Far East the prices of Conventional and Inverter Type Air Conditioners are consistently showing downward trend, therefore it is imperative to review the values of Conventional and Inverter Type Air Conditioners keeping in view the international prices of this commodity. The importers contended that at the time of determination of values which were notified vide valuation ruling 744/2015 no consideration was given to the then existing downward trend in the conventional type split air conditioners; the values of inverter type air conditioners were added to the existing values and notified. They contended that their values can be verified from the source. They also contended that due to unreasonable values the burden of duties and taxes is very high which is making their products uncompetitive in the price sensitive market of air conditioners. Certain local manufacturers of split air conditioners, present during the meeting, who are also importers of the said item contended that values determined are much higher than the existing values in the international market. Regarding values of inverter type split air conditioners, the importers contended that this new technology is gaining ground, and that this type of air conditioners save energy therefore the prices of inverter type air conditioner shall be substantially reduced and brought in consonance with international prices.



4. **Method adopted to determine Customs values:** Valuation methods given in Section 25 of the Customs Act, 1969 were followed to arrive at customs value of Conventional and Inverter Type Air Conditioners. Transaction value method provided in Section 25 (1) was found inapplicable because the requisite information was not available. 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 values of subject goods. Thereafter, market enquiry as envisaged under section 25(7) of the Customs Act, 1969, was conducted. 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 values of subject goods were also obtained. All the information so gathered was evaluated and analyzed for the purpose of determination of customs values. Consequently, the Customs values of Conventional and Inverter Type Air Conditioners have been determined under Section 25(9) of the Customs Act, 1969.

5. **Customs values for Conventional and Inverter Type Air Conditioners (Wall mounted /Floor Standing):** Customs Values of Conventional and Inverter Type Air Conditioners (Wall mounted / Floor Standing *hereinafter specified*) are proposed as under:-

S.No.	Description of goods	PCT Code	Proposed PCT for WeBOC	Origin	Customs Values (C&F) USS/unit	Customs Values (C&F) USS/unit
					Conventional	Inverter
1	2	3	4	5	6	7
1	Split Air-conditioner (Inverter) Wall Mounted 12000BTU	8415.1020	8415.1020.1000	China	192	240
2	Split Air-conditioner (Inverter) Wall Mounted 18000BTU	8415.1020	8415.1020.1100	China	223	278
3	Split Air-conditioner (Inverter) Wall Mounted 24000BTU	8415.1020	8415.1020.1200	China	276	345
4	Split Air-conditioner (Inverter) floor standing 24000BTU	8415.1020	8415.1020.1300	China	439	549
5	Split Air-conditioner (Inverter) floor standing 48000BTU	8415.1020	8415.1020.1400	China	635	794
6	Split Air-conditioner (Inverter) floor standing 60000BTU	8415.1020	8415.1020.1500	China	756	945
7	Split Air-conditioner (Inverter) Wall Mounted 12000BTU	8415.1020	8415.1020.1600	Far East excluding Japan	207	259
8	Split Air-conditioner (Inverter) Wall Mounted 18000BTU	8415.1020	8415.1020.1700	Far East excluding Japan	268	335



9	Split Air-conditioner (Inverter) Wall Mounted 24000BTU	8415.1020	8415.1020.1800	Far East excluding Japan	313	391
10	Split Air-conditioner (Inverter) floor standing 24000BTU	8415.1020	8415.1020.1900	Far East excluding Japan	491	614
11	Split Air-conditioner (Inverter) floor standing 48000BTU	8415.1020	8415.1020.2000	Far East excluding Japan	751	938
12	Split Air-conditioner (Inverter) floor standing 60000BTU	8415.1020	8415.1020.2100	Far East excluding Japan	936	1,170

Note: Indoor units if imported separately shall be assessed @US\$ 40% of the value of CBU Air Conditioners and outdoor units if imported separately, shall be assessed 60% of the value of CBU Air conditioners as notified above in all categories.

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 this 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 of this ruling, 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 this Directorate General immediately.

10. ***This ruling supersedes Valuation Ruling No.744/ 2015, dated 10-06-2015.***


 (Dr. Wasif Ali 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.