



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

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

DETERMINATION OF CUSTOM VALUES OF COFFEE IN RETAIL PACKING (HS CODE 2101.1120) UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. 957/2016)

No. Misc//18/2013-1/1358

Dated: 28.10.2016

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

2. **Background of the valuation issue:** Valuation Ruling No.845/2016 dated 05-05-2016 was determined under section 25(A) of the Customs Act, 1969. M/s. Shiraz Corporation requested for revision of subject ruling. Therefore, in order to rationalize the values of subject goods, an exercise was undertaken by the Directorate General of Customs Valuation, Karachi to determine the Customs Values of Coffee in terms of Section 25-A of the Customs Act, 1969.

3. **Stakeholders' participation in determination of Customs values:** Meetings were held on 03-10-2016 & 10-10-2016 with the stakeholders of subject goods and representatives of clearance Collectorate who participated in the meetings. All the stakeholders strongly contended and requested that the said valuation Ruling may be reviewed in the light of prevailing international and local market prices. It was also highlighted that the subject goods are perishable items and therefore have got limited shelf life, consequently, near the expiry dates, these perishable items are sold on sale and discounted prices. It was further contended by the traders that since the subject goods are mainly being sold on super and general stores, therefore, a lot more expenses (shelf rent, marketing expenses etc.) are contributed at retail level which cannot be managed without adding extra value to the subject goods. The importers contended that all these factors may also be considered in fixing value of subject goods. During market enquiry it was found that prices of the similar product i.e., Nestle 3 in 1 sachet manufactured locally are available at lower price as compared to similar imported goods. Prices are also verified on the basis of location of market in the city, date of expiry and being seasonal item. While determining the prices the factors like mode and nature of essential packing have also been taken into account.



4. **Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were duly followed and applied sequentially to address the valuation issue at hand. Transaction value method provided in Sub-Section (1) of Section 25 was found inapplicable because it is generally known to all that majority of invoices produced at import stage are manipulated/fabricated and hence the requisite information required under the law was not available to arrive at the correct transaction value. Identical / similar goods value method provided in Sub-Sections (5) & (6) of Section 25 ibid were examined for applicability to determine Customs value of subject goods, this data provided some references, however, it was found that the same cannot be solely relied upon due to the absence of absolute demonstrable evidence of qualities, and quantities of commercial level etc., and also it was observed that same importers provide misleading description while declaring goods, as other types and varieties of similar goods to avoid the application of valuation ruling. Information available was, hence, found inappropriate. In line with the statutory sequential order of Section 25, this office then conducted a market inquiry using Deductive Value Method under Sub-Section (7) of the Section 25 of the Customs Act, 1969, however, it was found that the determination of Customs value could not be based solely upon this method either. Therefore, valuation method provided vide Section 25 (8) of Customs Act 1969, could not be applied as the conversion cost from constituent materials and allied expenses, at country of export were are not available. Finally, Pral database, market information and international prices through Web were examined thoroughly. All the information so gathered was analyzed for determination of Customs Value of the subject good. Consequently, the Fall Back Method as provided under section 25(9) of the Customs Act, 1969 was applied to arrive at assessable customs values of Coffee.

5. **Customs values for Coffee In Retail Packing: Coffee In Retail Packing hereinafter specified** shall be assessed to duty/ taxes at the following Customs Values :-

Sr. No.	Description of goods	Specification	PCT Code	Proposed PCT for WeBOC	Origin	Customs Values (C&F) US\$ per Kg
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Nescafe Matinal Coffee	Upto 200 gram	2101.1120	2101.1120.1000	All origins	8.00
		Above 200 gram	2101.1120	2101.1120.1100	All origins	7.00
2.	Nescafe Classic Coffee	Upto 200 gram	2101.1120	2101.1120.1200	All origins	11.00
		Above 200 gram	2101.1120	2101.1120.1300	All origins	10.00
3.	Nescafe Gold/ Nestle Nescafe Gold Blend Decaff Coffee	Upto 200 gram	2101.1120	2101.1120.1400	All origins	15 .00
		Above 200 gram	2101.1120	2101.1120.1500	All origins	14.00



4.	Nescafe Coffee 3 in 1	(Net content 480 gram approx)	2101.1120	2101.1120.1600	All origins	4.00
5.	Nescafe Classic (60*2gsm)	120 grams Sachet Packing	2101.1120	2101.1120.1700	All origins	9.00
6.	Maxwell House Coffee	Upto 200 gram	2101.1120	2101.1120.1800	All origins	10.50
		Above 200 gram	2101.1120	2101.1120.1900	All origins	9.50
7.	Maxwell House Selection Coffee	Upto 200 gram	2101.1120	2101.1120.2000	All origins	20.00
		Above 200 gram	2101.1120	2101.1120.2100	All origins	18.00
8.	Davidoff Café Coffee/ Davidoff Coffee Rich Aroma/ Davidoff Coffee Fine Aroma	Upto 200 gram	2101.1120	2101.1120.2200	All origins	20.00
		Above 200 gram	2101.1120	2101.1120.2300	All origins	18.50
9.	Coffee Break Instant Coffee	Upto 200 gram	2101.1120	2101.1120.2400	Egypt	7.00
		Above 200 gram	2101.1120	2101.1120.2500	Egypt	6.00
		3 in 1 Sachet	2101.1120	2101.1120.2600	Egypt	3.00
10.	Other Brands (3 in 1 Sachet)	3 in 1 Sachet	2101.1120	2101.1120.2700	All origins	3.50
11.	Nescafe Red Mug Coffee/Nescafe Mug for Coffee Lovers/Nescafe Classic Jar with Mug	Upto 200 gram	2101.1120	2101.1120.2800	All origins	12.00
		Above 200 gram	2101.1120	2101.1120.2900	All origins	10.00
12.	Nescafe Gold Blend Instant Coffee	Upto 200 gram	2101.1120	2101.1120.3000	All origins	23.00
		Above 200 gram	2101.1120	2101.1120.3100	All origins	21.00
13.	Bon Aroma Gold Blend	Upto 200 gram	2101.1120	2101.1120.3200	All origins	20.00
		Above 200 gram	2101.1120	2101.1120.3300	All origins	18.50
14.	Nestle Coffee Mate (Various Flavours)	425gram	2101.1120	2101.1120.3400	All origins	4.00
15.	Nestle Coffee Mate (Various Flavours) Sugar Free	425gram	2101.1120	2101.1120.3500	All origins	5.50
16.	Nestle Nescafe Mocha/Latte/Cappuccino/ Espresso (Various Flavours)	180gram/Sachet Packing	2101.1120	2101.1120.3600	All origins	10.00
17.	Nestle Nescafe Gold Blend Decaff/ Nestle Nescafe Espresso/ Nestle Nescafe Blend/Nestle Nescafe Green Blend/ Nestle Nescafe Alta Rica/ Nestle Nescafe Colombie	100gram	2101.1120	2101.1120.3700	All origins	30.00
18.	Nestle Nescafe Latte Caramel	136gram	2101.1120	2101.1120.3800	All origins	13.00
19.	Kenco Rich Coffee	100gram	2101.1120	2101.1120.3900	All origins	13.00
20.	Good Day Coffee Cappuccin (30*25 g)	750 gram	2101.1120	2101.1120.4000	All origins	2.70



21.	Starbucks Coffee (Various Flavours)	1000 gram	2101.1120	2101.1120.4100	All origins	25.00
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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. The Custom values determined in the Valuation Ruling are for the descriptions and specifications as mentioned herein, HS Codes are mentioned for illustrative purposes so that Valuation Ruling values are made accessible to the assessing officers. The assessment shall be finalized in the correct classifications after fulfilling request formalities relating to importability or other certifications required thereon.

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: This Valuation Ruling is appealable under the law and** a revision petition may be filed against this Ruling, 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 Directorate General immediately.

10. *This ruling supersedes Valuation Ruling No.845/2016 Dated,05-05-2016.*

(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.
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.