



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 MOTORCYCLE PARTS
UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. ~~967~~ 2016)

No.Reg.Misc/31/2007-VIII

19865

Dated 16-11-2016

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

2. **Background of the valuation issue:** Customs values of motorcycle parts were earlier determined vide Valuation Ruling No.685/2014, dated 15-09-2014. M/s.Memon Motors (Pvt) Ltd., M/s. Razzy Motors (Pvt) Ltd., and M/s.D.S.Motors (Pvt) Ltd., inter alia , challenged the said valuation ruling vide Suit No. 2556/2014, 2557/2014 and 2558/2014 before the Honourable High Court of Sindh.. The Honourable High Court suspended the said valuation ruling vide order dated: 22.12.2014. The aforementioned motorcycle manufacturers also filed another suit No. 166/2015 before the Honourable Sindh High Court and challenged the values of OEM brand / genuine auto parts of impugned valuation ruling No. 685/2014 dated: 15.09.2014 referred to above. The Honourable High Court allowed interim release of the consignments and the cases are still sub judice . Since the valuation ruling was suspended by the Honourable High Court, therefore, this Directorate General filed an urgent application before the Honourable High Court of Sindh with prayer to allow the revision of V.R 685/2014 dated: 15.09.2014 to reflect current price trend prevailing in the international market and on the grounds that the said ruling was more than two years old. The urgent application was granted and the Honourable High Court modified the Court's order dated: 22.12.2014 in Suit No. 2556/2014, 2557/2014 and 2558/2014 and directed that the Directorate of valuation may proceed with the revision of valuation ruling in accordance with law but suspended the applicability of valuation ruling No. 685/2014 dated:15.09.2014 to the extent of aforementioned petitioners only . Therefore, an exercise was initiated to re-determine the custom values of motorcycle parts afresh in the light of existing international market prices in terms of Section 25A of the Custom Act, 1969.

3. **Stakeholders' participation in determination of Customs values:** Meetings were held with stakeholders on 15-07-2016, 03-10-2016 and 20.10.2016. These were attended by representatives of KCCI, All Pakistan Motorcycle Parts Importers and Dealers Association (APMSPIDA), Pakistan Automotive Manufacturers Association (PAMA), Pakistan



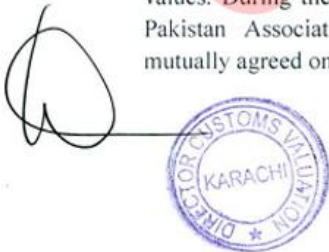
Automotive Auto parts Manufacturer Association (PAAPAM), Association of Pakistan Motorcycle Assemblers (APMA) , representatives from local motorcycle assemblers including M/s Memon Motor Pvt Ltd and Raazy Motor Pvt Ltd, M/s.D.S.Motors (Pvt) Ltd and officers from field formations . The stakeholders were requested to submit the following documents so that correct customs values could be determined: -

- i) Invoices of imports 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.
- 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 difference in price is passed on to the local buyers.

4. The stakeholders during the meeting were of the different views and submitted the following contentions

- (a) The manufacturers-cum-assemblers were of the opinion that there is a huge difference between values of genuine and non genuine parts and that may be reduced to 10-15% and that values may be determined in unit piece instead of both weight and piece which is resulting in confusion during clearance .They further submitted that the values of non genuine parts may be increased as the manufacturers are hurt by existing values of non genuine parts and the prices of raw material have currently increased in international market They further submitted that the commercial importers are importing the goods from OEM suppliers and the goods are assessed at values of non-genuine/commercial OEM spare parts determined in the valuation ruling
- (b) The importers were of the view that price of spare parts have drastically reduced in international market due to decrease in prices of raw material of spare parts in international market. They further submitted that commercial importers are subjected to higher rate of duty and taxes, whereas concessionary regime is extended to manufacturer only. They also submitted that the genuine parts are of high quality, market value, specifications and to equate OEM parts with replacement spare parts from China is injustice to the normal trading practice of accepting transactional values and costing principle of the non branded replacement parts of low quality in after sale market.

5. Despite lapse of considerable time, none of the stakeholders submitted the above-mentioned requisite documents or corroboratory evidences in support of their contentions however; different proposals for determination of custom values were submitted by importer and manufacturer associations which were duly examined before determination of custom values. During the meetings representatives from Importers and Dealers Association and Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM) mutually agreed on some values



6. **Method adopted to determine Customs values:** Valuation methods given in Section 25 of the Customs Act, 1969 were followed to arrive at fair value of motorcycle parts. Transaction value method provided in Section 25 (1) was found inapplicable because the requisite information as mentioned in section 25 sub section (1) to (4) 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 which are undervalued / under invoiced. Thereafter, a detailed market enquiry as envisaged under Section 25(7) of the Customs Act, 1969, was conducted. The proposals forwarded by the stakeholders were also examined. Online prices were also obtained to corroborate the findings of the market surveys. 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. All the information so gathered was evaluated and analyzed for the purpose of determination of customs values of motorcycle parts. Consequently, findings of market enquiry as envisaged under section 25(7) of the Customs Act, 1969 were adopted to determine the custom values of motorcycle parts read with fall back method under section 25(9) ibid

7. **Customs values for Motorcycle Parts :** Motorcycle Parts *hereinafter specified* shall be assessed to duty / taxes at the following Customs Values :-

S. No.	Description of Goods	H. S. Code	Proposed PCT for WeBOC	Origin	Customs Values (C&F) USS OEM Brands (Genuine Parts)	Customs Values (C&F) USS (Commercial Brands) (Non genuine parts)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Oil Through	8714.1090	8714.1090.1000	China	25.00/Kg	16.50/kg
2	Spring Clutch Lever	7320.9090	7320.9090.1000	China	0.055/Pc	0.045/pc
3	Cylinder Head Cover (Front & Rear)	8409.9110	8409.9110.1000	China	8.45/Kg	6.50/kg
4	Insulator Carburetor	8409.9140	8409.9140.1000	China	13.60/Kg	5.50/kg
5	Ring for Piston	8409.9130	8409.9130.1000	China	10.00/Kg	5.00/kg
6	Carburetor	8409.9140	8409.9140.1100	China	11.50/Kg	4.77/kg
7	Crank Case (Right & Left)	8409.9110	8409.9110.1100	China	5.70/Kg	4.75/kg
8	Crank Case Cover (Right & Left)	8409.9110	8409.9110.1200	China	5.30/Kg	4.50/kg
9	C.D.I. Unit	8532.3010	8532.3010.1000	China	0.80/Pc	0.25/pc
10	Bolt Flange 6x22	7318.1590	7318.1590.1000	China	3.94/Kg	3.25/kg



11	Bolt A-Cylinder Stud	7318.1590	7318.1590.1100	China	3.68/Kg	3.25/kg
12	Spring Cam Chain	7320.9090	7320.9090.1100	China	0.015/Pc	0.013/pc
13	Spring Valve Inner	7320.9090	7320.9090.1200	China	0.034/Pc	0.031/pc
14	Rectifier Regulator	8714.1020	8714.1020.1000	China	8.00/Kg	3.00/kg
15	Bolt Flange 6x65	7318.1590	7318.1590.1200	China	3.63/Kg	2.95/kg
16	Piston	8409.9110	8409.9110.1300	China	5.74/Kg	2.50/kg
17	Hub (Front & Rear)	8714.1020	8714.1020.1100	China	2.89/Kg	2.55/kg
18	Bolt Flange 6x40	7318.1590	7318.1590.1300	China	3.14/Kg	2.70/kg
19	Valve Inlet / Exhaust	8409.9130	8409.9130.1100	China	10.84/Kg	2.50/kg
20	Cylinder Head	8409.9130	8409.9130.1200	China	5.34/Kg	2.80/kg
21	Key Lock Set	8301.2010	8301.2010.1000	China	3.71/Kg	2.30/kg
22	Drum Gear Shift	8714.1090	8714.1090.1200	China	2.85/Kg	2.30/kg
23	Shock Absorbers (Front and Rear)	8714.1020	8714.1020.1300	China	2.45/Kg	2.30/kg
24	Clutch Assembly	8714.1020	8714.1020.1400	China	3.02/Kg	2.25/kg
25	Crank Shaft (Right)	8483.1012	8483.1012.1000	China	4.52/Kg	4.00/pc
26	Crank Shaft (Left)	8483.1012	8483.1012.1100	China	4.52/Kg	4.00/pc
27	Magneto	8511.2010	8511.2010.1000	China	6.69/Kg	3.15/kg
28	Shock Absorbers Components thereof	8714.1020	8714.1020.1500	China	2.25/Kg	2.10/kg
29	Main Shaft	8483.1012	8483.1012.1200	China	0.98/Pc	0.40/pc
30	Counter Shaft	8483.1012	8483.1012.1300	China	0.98/Pc	0.40/pc
31	Wire Harness	8544.3011	8544.3011.1000	China	2.55/Kg	2.25/kg
32	Gear Counter Shaft	8483.1012	8483.1012.1400	China	0.43/pc	0.36/pc
33	Gear Main Shaft	8483.1012	8483.1012.1800	China	0.43/pc	0.36/pc
34	Spring Gear Shift Return	7320.9090	7320.9090.1300	China	0.033/Pc	0.03/pc
35	Cam Chain	7315.1110	7315.1110.1000	China	2.24/Kg	1.45/kg
36	Spring Valve Outer	7320.9090	7320.9090.1400	China	0.04/Pc	0.03/pc
37	Bolt B-Cylinder Stud	7318.1590	7318.1590.1400	China	1.78/Kg	1.60/kg



38.	Brake Shoe	8714.1020	8714.1020.1600	China	1.55/Kg	1.40/kg
39.	Cylinder Body	8409.9110	8409.9110.1400	China	1.50/Kg	1.45/kg
40.	Ignition Coil	8511.3010	8511.3010.1000	China	0.69/Pc	0.35/pc
41.	Spindle Gear Shaft	8483.1012	8483.1012.1600	China	0.32/Pc	0.30/pc
42.	Spring Kick Starter	7320.9090	7320.9090.1500	China	0.12/Pc	0.11/pc
43.	Roller Chain	7315.1110	7315.1110.1100	China	1.75/Kg	1.26/kg
44.	Chain Kit(Chain with sprocket)	8714.1090	8714.1090.1300	China	1.75/Kg	1.26/kg
45.	Spark Plug	8511.1000	8511.1000.1000	China	0.50/Pc	0.15/pc
46.	Spokes (Chromed)	8714.1020	8714.1020.1700	China	1.90/Kg	1.65/kg
47.	Spokes (Un-Chromed)	8714.1020	8714.1020.1800	China	1.30/Kg	1.10/kg
48.	Axle (Front, Center & Rear)	8714.1020	8714.1020.1900	China	2.40/Kg	2.10/kg
49.	Gear Lever (Gear Shift Pedal)	8714.1020	8714.1020.2000	China	1.76 /kg	1.55/kg
50.	Hub Rubber / Drum Rubber	8714.1090	8714.1090.1400	China	1.75 /kg	1.50 /kg
51.	Sprocket Panel (Buffer Body)	8714.1090	8714.1090.1500	China	2.04/kg	1.70 /kg
52.	Clutch Boss(outer Clutch)	8714.1090	8714.1090.1600	China	3.00 /kg	1.80 /kg
53.	Drive plate	8714.1090	8714.1090.1700	China	2.00 /kg	1.65 /kg
54.	Brake Cam & Lever Shaft Rear & Front	8714.1020	8714.1020.2100	China	1.90 /kg	1.60 /kg

Note (a) If any motorcycle part other than those mentioned in valuation ruling are imported, the Collectorate may assess under Section 25 of the Custom Act, 1969 or if the value dispute is not resolved at Collectorate level then it may be forwarded to the Directorate General of Custom valuation for suitable advice.

(b) The OEM Brands /Genuine Parts imported from OEM suppliers imported by either manufacturer or commercial importer will be assessed at the values mentioned at column No. 6 of the abovementioned table.

8. 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

9. **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.



10. **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.

11. 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. Customs values determined in the ruling are for the description and specification as mentioned herein. PCT Codes are mentioned for illustrative purpose so that valuation ruling values are made accessible to the assessing officer. The assessment shall be finalized on the basis of correct classification after fulfilling requisite formalities related to importability or any other certification required thereon. In addition to this, it is further necessary to verify that there is no mis-declaration of any sort or violation of Import Policy Order or Section 15 of the Customs Act, 1969 or any other law in vogue therein.

12. ***This ruling supersedes Valuation Ruling No.685/2014, dated 15-09-2014.***

(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.
9. 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 One Customs & WeBOC database system and deleting Valuation Ruling No.685/2014, dated 15-09-2014 from the system on the date of issue of this ruling.
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.