



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 Rear Engine Intercity Buses
under Section 25-A of the Customs Act, 1969

(VALUATION RULING NO. 1230/2017)

No. Misc/19/2017-VIIIA

Dated: December 08, 2017

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

2. **Background of the valuation issue:** A representation was received from M/s Master Motor Corporation Pvt. Ltd wherein they requested for determination of customs values for Rear Engine Intercity Buses imported from China as the phenomenon of under invoicing has been prevalent in the import of the afore-mentioned buses. Therefore an exercise was initiated in this Directorate General for determination of customs values of the subject vehicles under Section 25 A of the Customs Act, 1969.

3. **Stakeholders' participation in determination of Customs values:** Meeting was held on 14.09.2017 with different stakeholders including the representatives of M/s Master Motors Corporation Pvt. Ltd., Karachi, M/s Hino Pak Motors Pvt. Ltd. Karachi, M/s Al Haj Hyundai Pvt. Ltd. Karachi, M/s Gandhara Motors Pvt. Ltd. Karachi, and M/s Universal Auto Engineering Pvt. Ltd. Karachi. They were requested to submit the following documents so that 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 their contentions on customs values.


4. Another meeting was convened on 09.11.2017 as the stakeholders did not provide the above-mentioned documents except M/s Master Motor Corporation Pvt. Ltd and M/s Universal Auto Engineering Pvt. Ltd who provided certain documents in support of their claims.

5. During the meetings, local manufacturer M/s Master Motors Corporation Pvt. Ltd contended that no customs value of intercity rear engine buses has been determined by the Directorate General, Customs Valuation and the intercity rear engine buses having length ranging from 11.70 to 13 Meters are of high value and have been imported at under invoiced values. Furthermore, their price vary on the basis of available features with these buses like LCD fitted seats, ZF transmission, luxury seats, availability of bath room. On the other hand importers argued that the assessed values of intercity rear engine buses are fair and the prices provided by the local manufacturer are of ultra-luxury buses with additional features, therefore, these prices cannot be made basis for determining the customs values of the subject buses. However, the importers did not submit any corroborating documents in favour of their contentions.

6. As for as additional features like luxury seats, ZF transmission , LCD fitted seats etc are concerned, stakeholders agreed on rates of value which could be increased for different features.

7. **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 at hand. Transaction value method provided in Section 25(1) of the Act *ibid* was found inapplicable because the required information under the law was not available. Identical and Similar goods valuation methods provided in Sub-Sections (5) and (6) of Section 25 of the Customs Act, 1969, were examined for applicability to the 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 the subject goods. As the market of the subject goods is asymmetrical as only few specific sellers and buyers are engaged in the transaction of the goods. However, market enquiries as envisaged under section 25(7) of the customs act, 1969 were conducted as well. Computed method as provided in Section 25(8) could not be applied for valuation of the aforementioned goods as the cost of raw material and fabrication charges under Clause (a) and amount of profit and general expenses under Clause (b) of Section 25(8) of the Customs Act, 1969, in the country of exportation could not be ascertained. Input and feedback by the importers and manufacturers in the meetings was also considered. Online prices 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 Rear Engine Intercity CBU Buses are determined under Sub-Section (9) of Section 25 of the Customs Act, 1969.

8. **Customs values for Rear Engine Intercity CBU Buses:** Rear Engine Intercity CBU Buses of Chinese origin **hereinafter specified** shall be assessed to duty /taxes at the following Customs Values :-



Description of Goods	PCT Code	Proposed PCT for WeBOC	Origin	Customs Values C&F US\$/Pc
(2)	(3)	(4)	(5)	(6)
Rear Engine Intercity CBU Bus with standard seats/ accessories Length: 11.80 Meter to 13 Meters	8702.1090	8702.1090.1000	China	82,000
Rear Engine Intercity CBU Bus with Standard seats / accessories Length 10.81 meter but not exceeding 11.79 meter	8702.1090	8702.1090.1100	China	80,000

Note:

- If imported with luxury seats without LCD on each seats up to 35 seats per bus, value to be enhanced by 06% of assessed value.
- If imported with installed LCD on each seat, value to be enhanced by another 06% of the assessed value.
- If imported with bathroom fitted in the bus further 03% may be added in the assessed value.

9. 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.

10. **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 Section 25-A of the Customs Act, 1969.

11. **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.

12. 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.


(Muhammad Iqbal Muneeb)
Director

Copy for information to:

01. Member (Customs), F.B.R., Islamabad.
02. Director General, Customs Valuation, Custom House, Karachi.
03. Chief Collector of Customs, South (Appraisalment), Custom House, Karachi.
04. Chief Collector of Customs, South (Enforcement), Custom House, Karachi.
05. Chief Collector of Customs (Central), Lahore.
06. Chief Collector of Customs (North), Islamabad.
07. Director General, Intelligence and Investigation-FBR, Islamabad.
08. 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/Multan.
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 databases 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 Association, Bohri Road, Karachi.
19. CHO, Customs Valuation, Custom House, Karachi.
20. Notice Board, Customs Valuation 7th Floor, Custom House, Karachi / MCC, Appraisalment, 1st Floor, Custom House, Karachi.
21. Guard File.