



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

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

Determination of Customs Values of Brake Lining and Friction Material (Clutch Facing)
Under Section 25 –A of the Customs Act 1969.

(VALUATION RULING NO. 1298 / 2017)

C. No. Misc/14/2017-VIII

473

Dated. April 25, 2018

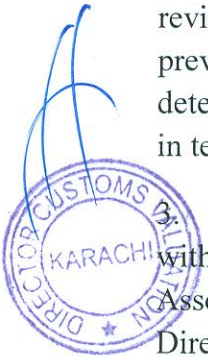
In exercise of the powers conferred under Section 25A of the Customs Act, 1969, custom values of Brake Lining and Friction Material (Clutch Facing) are determined as follows:

2. **Background of the valuation issue:** Earlier the customs values of the Brake Lining and Friction Material (Clutch Facing) were determined vide Valuation Ruling No. 426/2012 dated 08.02.2012. As the existing valuation ruling was more than six year old, therefore, required to be revised in line with the prevailing prices in the international market. Keeping in view the prevailing prices in the international markets this Directorate General initiated an exercise for determination of the Customs Values of the Brake Lining and Friction Material (Clutch Facing) in terms of Section 25-A of the Customs Act, 1969.

Stakeholders' Participation in Determination of Customs Values: Numerous meetings with stakeholders, including importers, Pakistan Auto Spare Parts Importers and Dealers Association (PASPIDA) and representatives of clearance collectorates were held in this Directorate General. The importers had been requested to submit the following documents before or during the course of stakeholders meetings so that customs values could be determined:

- i) Invoices of imports during last three months showing customs 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.

4. The Pakistan Auto Spare Parts Importers and Dealers Association (PASPIDA) contended that the customs values of clutch Facing may not be increased because the item is based on asbestos material which is much cheaper item. They further stated that the clutch facing is mainly imported from China which is not in ready form. They contended that it is furnished on old clutch disc and generate employment. The view point of the representatives of clearance



Collectorates was diagonally opposed to the contention of importers. They contended that values of the subject items is very low and even lower than the raw material prices and also contended that the Pakistan Auto Spare Parts Importers and Dealers Association (PASPIDA) have not substantiated their contentions with any corroborative. They further contended that the subject items is made from phenolic resin, friction dust, copper dust, magnesium oxide etc., which shall be considered to arrive at customs values. They produced the clearance data of relevant period indicating that the customs value in the existing valuation ruling are much on lower side and required to be rationalized upward in accordance with prices in international markets. The view point of all participants was heard in detail and considered to arrive at Customs value for subject goods.

5. **Method adopted to determine Customs Values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were duly applied in their regular sequential order to arrive at customs values of subject goods. The transaction value method as provided in Sub-Section (1) of Section 25 of the Customs Act, 1969 was found inapplicable due to wide variation of values displayed in the import data. Hence requisite information required under law was not available to arrive at the correct transaction value. Therefore, identical / similar goods value method as provided in Sub-Sections (5) & (6) of Section 25 ibid were examined for applicability to the valuation issue in the instant case but due to wide variations in declarations this method could not be relied upon exclusively. In line with the statutory sequential order of Section 25, this office conducted market inquiries under Sub-Section (7) of Section 25 of the Customs Act, 1969. As there were certain differences in prices in different markets therefore, a number of surveys were conducted to arrive at customs values. Finally reliance had to be made on Sub-Section (7) of Section 25 of the Customs Act, 1969 to determine customs values of Brake Lining & Friction Material (Clutch facing).

5. **Customs values for Brake Lining & Friction Material (Clutch facing):** Brake Lining & Friction Material (Clutch facing) *hereinafter specified* shall be assessed to duty/taxes at the following Customs Values:

Description of goods	PCT	Proposed PCT for WeBOC	Origin	Custom Values (C&F) US\$/Kg
(1)	(2)	(4)	(4)	(5)
Brake Lining & Friction Material (Clutch facing)	6813.2020	6813.2020.1000	China	1.60
			Japan	2.10
			Other origin	1.70

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 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 this Valuation 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. Customs values determined in the ruling are for the descriptions and specifications as mentioned in this Valuation Ruling. HS Codes are mentioned for illustrative purposes so that Valuation Ruling values are made accessible to the assessing officers. The assessment shall be finalized on the basis of correct classification after fulfilling requisite formalities related to importability or any other certifications 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.

10. ***This ruling supersedes of Valuation Ruling No.426/2012 dated 08.02.2012.***


(Muhammad Iqbal Muneeb)
Director

Copy for information to:

1. The Member (Customs), F.B.R., Islamabad.
2. The Director General, Customs Valuation, Custom House, Karachi.
3. The Chief Collector of Customs, South (Appraisal), Custom House, Karachi.
4. The Chief Collector of Customs, South (Enforcement), Custom House, Karachi.
5. The Chief Collector of Customs (Central), Lahore.
6. The Chief Collector of Customs (North), Islamabad.
7. The Director General, Intelligence and Investigation-FBR, Islamabad.
8. The Director General, Audit (Customs & Petroleum), 1st Floor, PT&T Audit Building, Mauj-e-Darya Road, Lahore.
09. The Director General, Post Clearance Audit (PCA), Islamabad.
10. The Director General, Internal Audit (Customs), Karachi.
11. The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Multan.
12. The 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. 426/2012 dated 08.02.2012.

14. The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
15. The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta, Gujranwala, Faisalabad, Sialkot, Rawalpindi & Peshawar.
16. Law Section, Customs Valuation, 7th Floor, Custom House, Karachi.
17. Revision 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, Appraisement, 1st Floor, Custom House, Karachi.
21. Webmaster, Federal Board of Revenue, Constitution Avenue, Islamabad, for uploading on FBR Website.
22. Guard File.