

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

Determination of Customs Values of Kitchen Cabinets in CKD/SKD/CBU Condition and Accessories Thereof Under Section 25-A of the Customs Act, 1969

(VALUATION RULING NO. 1340 / 2018)

No. Misc/01/2018-IX/ 11457

Dated: November 08, 2018

In exercise of powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Kitchen Cabinets in CKD/SKD/CBU Condition and accessories thereof are determined as follows:

2. **Background of the Valuation Issue:** It was brought to the notice of this Directorate General that values of Kitchen Cabinet in CKD/SKD/CBU condition and accessories thereof, are being declared to customs at much lower values than the current international values. It was also observed that certain importers were also declaring incorrect and incomplete description of the goods. Verifications by this Directorate General reaffirmed this position. Keeping this in view, the Directorate General initiated an exercise for determination of the Customs Values of the Kitchen Cabinets in CKD/SKD/CBU condition and accessories thereof in terms of Section 25-A of the Customs Act, 1969.

3. **Stakeholders' participation in determination of Customs values:** A number of meetings with stakeholders, including importers and representatives from field formations, were held to discuss the current international prices of the subject goods. The importers / stakeholders were requested to submit the following documents before or during the course of stakeholders' meetings so that customs values could be determined:

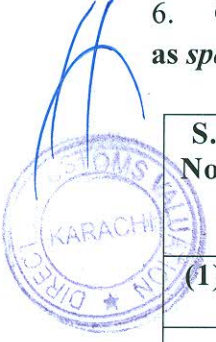
- i. Invoices of imports during last three months showing customs value.
- ii. Websites, names and E-mail addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained.
- iii. Copies of Contracts made / LCs opened during the last three months 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. M/s Prestige Kitchens stated that they are regular importers of Kitchen Cabinets of Italy origin. They stated that the Kitchen Cabinets of other European origins are being cleared on much lower prices than the prices prevailing in international markets. They contended that the prices of the Kitchen Cabinets of Western Europe origin, in the international as well as local markets, are almost same whereas, at clearance stage vast difference in values of similar goods of these origins is observed. Some importers also pointed out that some unscrupulous elements are manipulating quantity of their goods and evade legitimate duty and taxes, as they clear appliances in the garb of accessories. They

desired to clarify that accessories with kitchen sets include only essential hardware and not appliances like microwave, oven and refrigerator. Other importers of the subject items including M/s Nolte and M/s Creative Concept contended that the price of items being imported by them is much cheaper than the goods of Italy origin; however they did not produce the requisite documents including copies of Sales Tax Invoices to substantiate their view point. The stakeholders requested to rationalize the same and determine customs value for uniform application throughout the country. 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 address the particular valuation issue at hand. The transaction value method as provided in Sub-Section (1) of Section 25, was found inapplicable in light of the wide variations in declarations and incomplete description and specifications at import stage. Hence requisite information required under law was not available. Identical / similar goods value method provided vide Sub-Sections (5) & (6) of Section 25 *ibid* provided some reference values but due to wide variations in the declarations the same could not be relied upon exclusively. In line with the statutory sequential order of Section 25, this office then conducted market inquiries under Sub-Section (7) of the Section 25 of the Customs Act, 1969 and determined customs values of Kitchen Cabinet in CKD/SKD/CBU condition and accessories under section 25(7) of the Customs Act, 1969 accordingly.

6. **Customs values for Kitchen Cabinet in CKD/SKD/ CBU condition and accessories thereof, as specified herein,** shall be assessed to duty / taxes at the following Customs Values:



S. No.	Description of goods	PCT Code	Proposed PCT for WBOC	Origin	Customs Values (C&F) US\$/ KG
(1)	(2)	(3)	(4)	(5)	(6)
1.	Kitchen Cabinet in CKD/SKD/CBU condition and accessories thereof	9403.4000 9403.8900 9403.9000	9403.4000.1100 9403.8900.1100 9403.9000.1100	China	3.30
				Europe/ USA	4.50
				Other Origins	3.70
2.	<i>Note: The Customs value determined above are for Kitchen Cabinets in CKD/SKD/ CBU Condition and accessories thereof of a kind used in the Kitchens. It does not cover the Kitchen appliances like Microwave Oven, Refrigerators, Deep Freezers, Hoods, etc.</i>				

7. 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 and the same may be communicated to this Directorate General forthwith. In case of consignments imported by air, the assessing officer shall take into account the element of air freight while assessing the goods.

8. **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.

9. **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.

10. 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 description and specification 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 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:

1. The Member (Customs), F.B.R., Islamabad.
2. The Director General, Customs Valuation, Custom House, Karachi.
3. The Chief Collector of Customs, South (Appraisement), 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.
9. 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/ Faisalabad.
12. The Director, Directorate of Customs Valuation (Camp Office), Lahore.
13. The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in WeBOC database system.
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. Review Section, Customs Valuation, 7th Floor, Custom House, Karachi.
18. Karachi Customs Agents Group, Bohri Road, Karachi.
19. The CHO, Customs Valuation, Custom House, Karachi.
20. Notice Board, Customs Valuation 7th Floor, Custom House, Karachi / MCC, Appraisement (East/West), Custom House, Karachi.
21. Webmaster, Federal Board of Revenue, Constitution Avenue, Islamabad, for uploading on FBR website.
22. Guard File.