



GOVERNMENT OF PAKISTAN  
DIRECTORATE GENERAL OF CUSTOMS VALUATION  
CUSTOM HOUSE KARACHI

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**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 Soap Noodles  
(HS Code 3401.2000) Under Section 25-A of the Customs Act, 1969

(VALUATION RULING NO. <sup>1216</sup>/2017)

No. Misc/34/2007-II/1970

Dated: October 10, 2017

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

2. **Background of the valuation issue:** The Customs values of Soap Noodles were determined under Section 25-D of the Customs Act, 1969 vide Order in Revision No. 217/2016 dated 02-08-2016. However, it has been challenged before the Appellate Tribunal and Honourable High Court of Sindh at Karachi. The value of soap noodles were linked with ICIS prices vide this Order-in-Revision. Moreover, it has been observed that ICIS prices are not readily available to the assessing officers which hinders the process of assessment. Moreover, several representations have also been received in this Directorate General to determine the customs values afresh in the light of existing international market prices. M/s. Nimir Industrial Chemicals Limited, Lahore also filed a complaint in Board highlighting the malpractices of under-invoicing in values of Soap Noodles. Therefore an exercise to determine customs values of Soap Noodles afresh in terms of Section 25-A of the Customs Act, 1969 was initiated.

3. **Stakeholders' participation in determination of Customs values:** A meeting for the determination of customs values of Soap Noodles with stakeholders was scheduled on 26-09-2017. The meeting was attended by a number of importers, including representatives of M/s. Pakistan Soap Manufacturers Association, Karachi and M/s. Nimir Industrial Chemicals Limited, Karachi.

4. During the course of meeting, the importers were of the view that the values of Soap Noodles were determined under Section 25-D of the Customs Act, 1969 by the Director General without any representation by the importers. While, previously no valuation ruling of the Soap Noodles was in field. During the meeting, fair chance and ample time was granted to the Importers and the local manufacturers to develop consensus for determination of customs value of soap noodles and send a mutually agreed proposal. However, despite enough time and opportunity given to the stakeholders, they have failed to furnish the same. But both the stakeholders submitted their respective proposals separately. In this regard, Importers submitted their sales tax invoices and the local manufacturers submitted ICIS Magazine showing prices of Soap Noodles from July, 2017 to September, 2017. No documents were submitted by other importers/manufacturers for Soap Noodles, Waste/Broken/Lumps and powders in this Directorate General on or even after the said scheduled meeting. Resultantly, numerous surveys were conducted for determination of the customs values. MCC-Appraisement (West), who was represented in the meeting by the officers were also consulted from time to time, while finalizing this valuation ruling. They have number of cases stuck up in provisional assessment and some



importers have abstain to file Good declaration in anticipation of resolution of valuation issue, it is also observed that cases of Soap noodle valuation can be solved through proper physical examination or intervention of laboratory reports.

5. **Method adopted to determine Customs values:** Valuation methods given in Section 25 of the Customs Act, 1969 were followed to arrive at customs values of Soap Noodles. Transaction value method provided in Section 25 (1) was found inapplicable because the requisite information 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. Thereafter, market enquiry as envisaged under section 25(7) of the Customs Act, 1969, was conducted. 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. Online values of subject goods 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 Soap Noodles have been determined under Section 25(9) of the Customs Act, 1969.

6. **Customs values for Soap Noodles:** Customs Values of Soap Noodles *hereinafter specified* are proposed as under:-

S.No.	Description	PCT	Proposed PCT for WeBOC	Origin	Customs value USS/Per Kg
1.	Soap Noodles (with 73% TFM and above)	3401.2000	3401.2000.1000	All Origins	0.825
2.	Soap Noodles (with 72% TFM and below)	3401.2000	3401.2000.1010	All Origins	0.600
3.	Soap Noodles - Waste/Broken/Lumps pieces & Powder	3401.2000	3401.2000.1020	All Origins	0.425

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. Since, this sector is wide and varied any product other than mentioned in ruling be either assessed by Clearance Collectrates under Section 25 of the Customs Act, 1969 or sent to Valuation Directorate under section 81 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. 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 requisite formalities relating to importability or other certifications required thereon.

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, 7<sup>th</sup> Floor, Custom House, Karachi.

10. 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 this Directorate General immediately.

  
(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 (Appraisement), 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), 1<sup>st</sup> 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/ Faisalabad.
12. Director, Directorate of Customs Valuation (Camp Office), Lahore.
13. Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in WeBOC database system and deleting Order-in-Revision No. 217/2016 dated 02-08-2016.
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, 7<sup>th</sup> Floor, Custom House, Karachi.
17. Review Section, Customs Valuation, 7<sup>th</sup> Floor, Custom House, Karachi.
18. Karachi Customs Agents Group, Bohri Road, Karachi.
19. CHO, Customs Valuation, Custom House, Karachi.
20. Notice Board, Customs Valuation 7<sup>th</sup> Floor, Custom House, Karachi / MCC, Appraisement, 1<sup>st</sup> Floor, Custom House, Karachi.
21. Guard File.