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

Determination of Customs Values of disposable Foam Cups
under Section 25-A of the Customs Act, 1969

(VALUATION RULING NO/1027/2017)

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Dated 05-01-2017

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969.
Customs values of disposable Foam Cups are determined as follows:

2. Background of the valuation issue: Customs values of disposable Foam Cups were
earlier determined through Valuation Ruling No. 433/2012 dated, 17.02.2012. The Valuation
Ruling No. 433/2012 dated, 17.02.2012 was more than 04 years old therefore an exercise was
undertaken to re-determine the Customs Values of disposable Foam Cups in terms of Section
25-A of the Customs Act, 1969 with a view to reflect the current prices of these items
prevailing in the international market.

3. Stakeholders’ participation in determination of Customs values: Meetings with all
the stakeholders including commercial importers was held on 08.11.2016, 23.11.2016 and
06.12.2016 to discuss the current international prices of the subject item. The commercial
importers stated that the prices of subject items are showing downward trend in the
international markets. The view point of all participants was heard in detail and considered to
arrive at Customs value of disposable Foam Cups.

4. 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, found inapplicable in light of the wide variety of invoices
submitted at import stage the veracity of which could not be ascertained fully, hence requisite
information required under law was not available to arrive at the correct transaction value.
Identical / similar goods value method provided vide Sub-Sections (5) & (6) of Section 25
and were examined for applicability to determine Customs value of subject goods, this data
provided some references, however, it was found that the same cannot be solely relied upon
due to the absence of absolute demonstrable evidence of qualities, and quantities of
commercial level etc., and also it was observed that importers usually provided misleading
description while declaring goods, as other types and varieties of similar goods to avoid the
application of valuation ruling. Information available was, hence, found inappropriate. In line
with the statutory sequential order of Section 25, this office then conducted a market inquiry
using Deductive Value Method under Sub-Section (7) of the Section 25 of the Customs Act.
1969, however, it was found that the determination of Customs value could not be based solely upon this method either. Therefore, valuation method provided vide Section 25 (8) of Customs Act 1969, could not be applied as the conversion cost from constituent materials and allied expenses, at country of export were are not available. Finally, PRAL database, market information and international prices through Web were examined thoroughly. All the information so gathered was analyzed for determination of Customs Value of the subject items. Consequently, the Fall Back Method as provided under section 25(9) of the Customs Act, 1969 was applied to arrive assessable customs values of disposable Foam Cups.

5. **Customs values of for disposable Foam Cups:** Disposable Foam Cups hereinafter specified shall be assessed to duty/taxes at the following Customs Values :-

<table>
<thead>
<tr>
<th>S. No</th>
<th>Description of goods</th>
<th>PCT Code</th>
<th>Proposed PCT for WEOC</th>
<th>Origin</th>
<th>Customs Values (C&amp;F) US$/kG</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Disposable Foam Cups</td>
<td>3924.1000</td>
<td>3924.1000.1000</td>
<td>China, UAE, Kuwait, Saudi Arabia</td>
<td>3.15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3924.1000</td>
<td>3924.1000.1100</td>
<td>Malaysia, Indonesia, Thai land</td>
<td>3.60</td>
</tr>
<tr>
<td></td>
<td></td>
<td>39240.1000</td>
<td>39240.1000.1200</td>
<td>All other origin</td>
<td>3.85</td>
</tr>
</tbody>
</table>

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 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.

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:** This Valuation Ruling is appealable under the law and a revision petition may be filed against this Ruling, 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 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.

10. This Ruling supersedes Valuation RulingNos. 433/2012 dated 17.02.2012.

(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), 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 &We BOC data base system and deleting Valuation Ruling Nos. 433/2012 dated 17.02.2012.
14. Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
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, Appraisement, 1st Floor, Custom House, Karachi.

(Dr. Wasif Ali Memon)
Director