



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 / Export (Karachi/Port Qasim)/ Preventive, Karachi / Lahore ( Appraisement / Preventive) / Sambrial (Sialkot) / Faisalabad / Multan / Islamabad /Hyderabad/ Quetta / Peshawar/ Gawadar/ Gilgit-Baltistan.

**DETERMINATION OF CUSTOMS VALUE OF IMPORTED POP CORN UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969**

(VALUATION RULING NO. 1107/2017)

No. Misc/6/2017-I

893

Dated: 22-03-2017

In exercise of powers conferred under Section 25-A of Customs Act, 1969 assessable customs values of imported Pop Corn of various brands are hereby determined as follows:-

2. **Background of the Valuation Issue:** This Directorate General had earlier conducted an audit of clearance values of subject goods and during the course of perusal of import clearance data, it was observed that imported Pop Corn were being assessed at lower values compared to the international selling prices and local market prices. As a stop-gap arrangement and to sensitize the clearance Collectorates, this Directorate General issued database values vide VDB letter 58 dated 20-10-2016 of imported Pop Corn. Thereafter, as per policy in vogue, Valuation Database Reference values are required to be converted into Valuation Ruling for uniform applicability across the country. In this context, the Directorate General, valuation initiated an exercise for determination of customs values of imported Pop Corn under section 25A of Customs Act, 1969.

3. **Stakeholders' Participation in Determination of Customs Values:** Meetings for determination of customs values of Pop Corn were held with stakeholders held on 02-03-2017 & 15-03-2017 which were duly attended by stakeholders. Importers strongly contended and requested that the said Valuation Data Base values may be reviewed downwards. The importers, were of the view that actual prices of imported Pop Corn were lower than that determined vide VDB letter No. 58 and that their costs of selling have not been correctly accounted for. Further, to determine veracity of their stance, the stakeholders insisted that a fresh market surveys be conducted from local market for determination of customs values of imported Pop Corn and that their extra selling costs like allied expenses in shape of logistics and handling (due to perishable nature of goods) may be duly accounted for. Furthermore, due to limited shelf life of the subject goods, near expiry dates these perishable items are sold on sale and discounted prices, hence adding to their cost of selling. It was further contended by the traders that since the subject goods are mainly being sold on super and retail markets, therefore, a lot more expenses (shelf rent, marketing expenses etc.) are contributed at retail level which cannot be managed without taking extra profit margins. The importers contended that all these factors may also be considered in fixing value of subject goods. Prices are also verified on the basis of location of market in the city and date of expiry of the product in question.



**4. Method Adapted to Determine Customs Values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were duly followed and applied sequentially to address the valuation issue at hand. Transaction value method provided in Sub-Section (1) of Section 25 was found inapplicable because the requisite information under the law was not available to arrive at the correct transaction value as the goods were found to be highly under invoiced when compared to international trading prices and also in terms of local selling prices. Furthermore, no invoices found from inside import-containers are reported by clearance Collectorates. Identical / similar goods value method provided in Sub-Sections (5) & (6) of Section 25 ibid 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 some importers provide misleading description while declaring goods, as other types and varieties of similar goods to avoid the application of actual trading values. 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 good. Consequently, the Fall Back Method as provided under section 25(9) of the Customs Act, 1969 was applied to utilize all the above so gathered information, to arrive at assessable customs values of various brands of imported Pop Corn.

**5. Customs Values for Pop Corn:** Imported Pop Corn hereinafter specified shall be assessed to duty /taxes @ following Customs Values:-

Sr. No.	Description of goods	H.S.Code Code	PCT for WEBOC	Origin	Customs Values (C&F) USS/KG (On net weight basis)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Pop Corn Brand American Garden (Various Flavours)	2005.9900	2005.9900.1000	United States	2.75
2.	Pop Corn Brand Poppin (Various Flavours)	2005.9900	2005.9900.1100	All origin	2.70



3.	Pop Corn Brand Popitas (Various Flavours)	2005.9900	2005.9900.1200	Europe/Spain	2.60
4.	Pop Corn Brand Crown (Various Flavours)	2005.9900	2005.9900.1300	United States	2.70
5.	Pop Corn Brand Nature's Choice (Various Flavours)	2005.9900	2005.9900.1400	South Africa	2.62
6.	Pop Corn Brand Cypressa (Various Flavours)	2004.1000	2005.9900.1500	United Kingdom	2.70
7.	Pop Corn Brand Act II (Various Flavours)	2004.1000	2005.9900.1600	North America	2.65
8.	Pop Corn Brand Daily Fresh (Various Flavours)	2004.1000	2005.9900.1700	All origin	2.50
9.	Pop Corn Brand Nuts on Clark's (Various Flavours)	2004.1000	2005.9900.1800	United States	2.80
10.	Pop Corn Brand Orville Redenbacher's (Various Flavours)	2004.1000	2005.9900.1900	United States	2.70
11.	Pop Corn Brand Pop Weaver (Various Flavours)	2004.1000	2005.9900.2000	All origin	2.67
12.	Pop Corn Other Brands (Various Flavours)	2004.1000	2005.9900.2100	All origin	2.60

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. Furthermore, if subject goods are imported but do not specifically fall under the above provided description then the Collectorate may assess the same under section 25 of the Customs Act, 1969 or may invoke section 81 of 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.

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 (4) 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, 7<sup>th</sup> 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. 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.

10. *This Valuation Ruling is issued in supersession of Valuation Database (VDB) Letter No. 58 dated 20-10-2016.*

  
(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 (Appraisal), 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 One Customs & WeBOC database system and deleting Valuation Data Base No. 58 dated 20-10-2016 from the system on the date of issue of this ruling.