



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

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 STAINLESS STEEL PIPES
(WELDED AND SEAMLESS) / FITTINGS UNDER SECTION 25-A OF THE
CUSTOMS ACT, 1969

(VALUATION RULING NO. ¹¹⁵⁵ / 2017)

No. Misc/01/2017-VI

11276

Dated May 09th, 2017

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, customs values of Stainless Steel Pipes (welded and seamless) / fittings (joints) are determined as follows:-

2. **Description of the valuation issue:** At the moment there is no Valuation ruling of subject items in-field. The Customs clearance data revealed that stainless steel pipes (welded and seamless) were being declared at low values when compared to local and international selling prices. Furthermore, a representation was received from MCC Appraisement (West) vide No.SI/Misc/194/2016-V dated 26-01-2017 whereby proposed formulas for deriving at values of subject goods were shared with this Directorate General. The Collectorate had constituted a specialized departmental committee to examine various aspects affecting the value of subject goods and the same were considered while determination of value under Section 25A of Customs Act, 1969. Directorate General Valuation examined the matter thoroughly in the light of above proposals, PRAL data, LMB prices, local market survey as well as information from online international sources and consultation with stakeholders for determining the subject values under Section 25A of Customs Act, 1969, to ensure uniform assessment of subject goods across the country. The manufacturing / conversion cost to convert stainless steel sheets of 300 series (available in LMB), to stainless steel sheets of 200 series (not available in LMB), the Collectorate had proposed a deduction of 40% from value of sheets of 300 series, however, this Directorate General has worked-out this conversion cost to be 37%. Furthermore, the Collectorate proposals regarding conversion cost from Stainless Steel Sheets to Stainless Steel pipe joints and fittings was US\$ 500/MT, however, the same has been determined to be not less than US\$ 600/MT keeping in view the extra working for manufacturing of joints and in light of the local and international selling prices of Stainless Steel Fitting and Joints

3. **Stakeholders' participation in determination of customs values:** Meetings with the stakeholders and representatives of MCC Appraisement (West), Karachi were scheduled on 21-02-2017 and 02-03-2017. Importers were requested to submit the following documents so that correct customs values could be determined:-

- i) Invoices of imports during last three months showing factual 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 that the benefit of difference in price is passed on to the local buyers.



4. The importers during the meeting were of the view that seamless pipes are made from scrap therefore criteria from LMB of stainless steel sheets is not rational and prices of stainless steel pipes and fittings be adjusted in accordance with the actual selling prices. In this conduct they were confronted that for production of seamless pipes the heating process is increased and first the scrap is melted then the molding and rolling more heating is required therefore these add to the cost. However, the importers could not substantiate their declarations and failed to submit the aforementioned documents in support of their contention for determination of customs values of Stainless Steel Pipes/Fittings. The officers/officials from MCC Appraisement (West) were of the view that values of stainless steel 300 series are only available in Metal Bulletin and it is more appropriate method to determine the values of stainless steel pipes and fittings of 300 and 200 series. Manufacturing/ conversion cost is accordingly adjusted after meetings with stakeholders. The reduction of 40% regarding conversion of 300 to 200 series of stainless steel pipes and fittings has been derived from the valuation ruling No. 773/2015 dated: 27.11.2015 of stainless steel sheets, coils/ circles (secondary quality which was arrived after deliberations with All Pakistan Stainless Steel importers Association.

5. **Method adopted to determine customs values:** Valuation methods given in Section 25 of the Customs Act, 1969 were applied sequentially to address the valuation issue at hand. Transaction Value Method under sub-section (1) of Section 25 of the Act *ibid* was found inapplicable because required information under the law was not available. Identical and Similar Goods valuation methods provided in sub-sections (5) and (6) of Section 25 of the Customs Act, 1969 provided some reference values but due to wide variations in the declarations the same could not be relied upon exclusively. In the sequential order this office also conducted market inquiries in terms of sub-section (7) of Section 25 of the Customs Act, 1969. Input and feed back by the Stakeholders during meetings and MCC Appraisement (West) exercises was also considered. Online prices were also obtained. All the available information was analyzed and evaluated. Keeping all the above in view, customs values of Stainless Steel Pipes (welded/seamless) / Fittings are determined under sub-section (9) of Section 25 of the Customs Act, 1969.

6. **Customs values for Stainless Steel Pipes/Fittings:** Stainless Steel Pipes/Fittings *hereinafter specified* shall be assessed to duty / taxes at the following customs values:-

S.N o.	Description	H.S. Code	Proposed PCT for WEBOC	Origin	Customs Value C&F US\$ / kg
(1)	(2)	(3)	(4)	(5)	(6)
01	Stainless Steel Welded Pipes of 300 Series	7306.4000 7306.6100 7306.6900	7306.4000.1000 7306.6100.1000 7306.6900.1000	China	LME value of Stainless Steel Sheets 300 series (+) add US\$ 300/MT (for manufacturing / conversion cost to pipes) (+) add US\$ 40/MT (as freight charges)
02	Stainless Steel Welded Pipes of 200 Series	7306.4000 7306.6100 7306.6900	7306.4000.1100 7306.6100.1100 7306.6900.1100	China	LME value of Stainless Steel Sheets 300 series (-) less @37% (for converting 300 to 200 series), (+) add US\$ 300/MT (Manufacturing /conversion cost to pipe) (+) US\$ 40/MT (as freight charges)



03.	Stainless Steel Seamless pipes of 300 Series	7304.4100 7304.4900	7304.4100.1000 7304.4900.1000	China	LME value of Stainless Steel Sheets 300 series (+) add US\$ 400/MT (Manufacturing / conversion cost to pipe) + US\$ 40/MT (as freight charges)
04.	Stainless Steel Seamless Pipes for (200 Series)	7304.4100 7304.4900	7304.4100.1100 7304.4900.1100	China	LME value of Stainless Steel Sheets 300 series (-) less @37% (for converting 300 to 200 series), (+) add US\$ 400/MT (Manufacturing / conversion cost to pipes) (+) add US\$ 40/MT (as freight charges)
05.	Stainless Steel Pipe Fittings (200 Series)	7307.2100 7307.2200 7307.2900	7307.2100.1200 7307.2200.1200 7307.2900.1200	China	LME value of Stainless Steel Sheets 300 series (-) less @37% (for converting 300 to 200 series), (+) add US\$ 600/MT (Manufacturing / conversion cost to pipe-joints and fittings), (+) add US\$ 40/MT (as freight charges)
06.	Stainless Steel Pipe Fittings (300 Series)	7307.2100 7307.2200 7307.2900	7307.2100.1300 7307.2200.1300 7307.2900.1300	China	LME value of Stainless Steel Sheets of 300 series (+) add US\$ 600/MT (Manufacturing / conversion cost to pipe-joints and fittings), (+) add US\$ 40/MT (freight charges)

Note: - The above determined values do not cover imports of oil well or other specialized equipment which are usually higher than the import values of similar items as manifested from clearance data.

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. 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.

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 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.

(Dr. Wasif Ali Memon)
Director

Copy for information to:-

1. Member (Customs), FBR, Islamabad.
2. Director General, Customs Valuation, Custom House, Karachi.
3. Chief Collector of Customs, South (Appraisalment), 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.
09. Director General, Post Clearance Audit (PCA), Islamabad.
10. Director General, Internal Audit (Customs), Lahore.
11. Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta Peshawar/ Faisalabad.
12. Director, Directorate of Customs Valuation (Regional Office), Lahore.
13. Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WeBOC database system
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, 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, Appraisalment, 1st Floor, Custom House, Karachi.
21. Guard File.

(Dr. Wasif Ali Memon)
Director