



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

The Collectors of Customs, Model Customs Collectories, Appraisement (East / West) / Port Qasim, Export (Port Qasim) / Preventive, Karachi / Lahore (Appraisement / Preventive) / Sambrial (Sialkot) / Faisalabad / Multan / Islamabad /Hyderabad/ Quetta / Peshawar/ Gawadar/ Gilgit-Baltistan, Directorate General of Transit Trade, Karachi.

Determination of Customs Values Of Potato Frozen French Fries Under Section 25-A of The Customs Act, 1969

(VALUATION RULING NO. ¹¹⁶⁴ /2017)

No. Misc/18/2016-1/ ¹¹²⁶⁶

Dated: May 19th 2017

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Potato Frozen French Fries are determined as follows:-

2. **Background of the valuation issue:** Customs Values of various types of Potato Frozen French Fries from different origins were determined vide Valuation Ruling No. 976/2016 dated 24.11.2016 Some importers filed applications before the Director Valuation, Karachi, for re-determination of value of Potato Frozen French Fries in the light of orders of the Honourable High Court, Sindh, Karachi in C.P. No. 6918/2015 (M/s Danish Jehangir). Hence an exercise was initiated by this Directorate General to determine the customs values afresh.

3. **Stakeholders' participation in determination of Customs values:** A meeting was scheduled on 19-05-2017 with stakeholders and importers of subject goods. All stakeholders were requested to submit the following documents:

- i. Invoices of imports during last three months showing factual value.
- ii. Websites names and E-mail addresses of known foreign suppliers 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 differences in price (excluding duty and taxes) to substantiate that the benefit of difference in price is passed on to the local buyers.

The importers / stakeholders insisted that subject goods were actually being purchased / imported at much lower values than those determined vide Valuation Ruling No. 976 dated 24-11-2017. It was further contended by the traders that since the subject goods are mainly being sold on super and general stores, therefore, a lot more expenses (self rent, marketing expenses and refrigeration cost shifting from place to place, breakage, expiry,) etc. are incurred thus increasing their retail price. The importer contended that their declarations were correct and their value added plain French fries were being declared at values higher than those determined in the Valuation Ruling. The view point of all stakeholders was considered before arriving at customs values of Potato Frozen French Fries.

4. **Method adopted 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 as the requisite information was not available as per law. Identical / Similar goods value methods provided in Sub-Sections (5) & (6) of Section 25 ibid were



examined for applicability to determine Customs value of the subject goods. This data provided some reference values, however, it was found that the same cannot be solely relied upon due to variation in the same. 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 Section 25 of the Customs Act, 1969. Most of the reference values were obtained from this method. Computed Value Method as provided in Section 25 (8) could not be applied for valuation of the aforementioned goods as the cost of raw material and fabrication charges under clause (a) and amount of profit and general expenses under clause (b) of Section 25 (8) of the Act, in the country of export, could not be ascertained. Finally, clearance data, market information and international prices through the internet were examined thoroughly and the information so gathered was utilized and analyzed for determination of Customs Values of Potato Frozen French Fries under Section 25(9) of the Customs Act, 1969.

5. **Customs values for Potato Frozen French Fries:** Potato Frozen French Fries hereinafter *specified* shall be assessed to duty and taxes at the following Customs Values:-

S.No.	Description of Goods	PCT Code	Proposed PCT for WeBOC	Origin	Customs Values (C&F) US \$/Kg
1.	Potato Frozen French Fries Brands: Lamb Weston, JR Simplot, Aviko, Lutusa, Farm Frites, Payette Farms & McCain	2004.0000	2004.0000.1000	U.S.A	1.20
			2004.0000.1100	European Union & U.K	1.15
2.	Potato Frozen French Fries Brand McCain	2004.0000	2004.0000.1200	India	1.06
3.	Potato Frozen French Fries Brand Farm Frites	2004.0000	2004.0000.1300	Egypt	1.10
4.	Potato Frozen French Fries Brand Pom King/Pom Queen	2004.0000	2004.0000.1400	Turkey	1.05
5.	Potato Frozen French Fries Brand Emborg	2004.0000	2004.0000.1500	All origins	1.00
6.	Potato Frozen French Fries Other Brand	2004.0000	2004.0000.1600	All origins	1.08
7.	McCain Brand Value Added Products Potato Bites, Wedges, Veggie Tandori Nuggets, Mini Roasts, Potato Nuggets, Potato Chees Shotz, Aloo Tikki & Veggie Fingers	2004.0000	2004.0000.1700	All origins	1.75
8.	McCain Brand Spicy Peri Peri Fries/Smile Fries	2004.0000	2004.0000.1800	All origins	2.50



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 Section 25 of the Customs Act, 1969. In case of consignments imported by air, the assessing officer shall take into account the air 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, 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. 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 Ruling supersede Valuation Ruling No.976/2016 dated 24.11.2016.*


 (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), 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), 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