DETERMINATION OF CUSTOMS VALUE OF "COTTON FABRIC" OF
CHINA ORIGIN, UNDER SECTION 25A OF THE CUSTOMS ACT,
1962

A representation was received for the determination of values of Cotton Fabric
imported from China, and its uniform application at various Customs stations. Accordingly,
the exercise to determine Customs Value of imported Cotton Fabrics was undertaken.

Meeting with all stakeholders was convened on 05-03-2012, which was also
attended by the officers of MCC Appraisal and MCC PaCCS Karachi. According to the
representatives of the Importers there were various steps in the manufacture of Cotton Fabrics
and each step produced different category of Cotton Fabrics of different quality and the same is
sold in the market at different prices. In such a situation, according to them, there was no
need of issuing a Valuation Ruling. It was pointed out by the participants that although the
imported Cotton Cloth has different categories and qualities, yet majority of cloth is of lower
quality and the various categories of imported Cotton Fabrics might be verified from the local
market for the determination of the Customs value. It was also observed that cloth is the
major item which is prone to massive smuggling. Keeping in view the complicated nature of
the matter, the officers of MCC, Appraisal and PaCCS as well as Importers were
.requested to come up with their in-house working on 22.03.2012. In the second meeting, held on 22.03.2012, the importers reiterated the same argument and requested not to issue any Valuation Ruling on the cotton fabric, except one importer, who was of opinion that since one benchmark value for the assessment of imported cotton fabric must be issued so that it is applied across the board in whole of the country. During the meeting, both the aforementioned Collectorates submitted their proposals. The import data under section 25(3) and (4) of the Customs Act, 1969, was also consulted.

3. The proposals submitted by the Collectorates and the importers in the final meeting were examined in the light of physical import data of cotton fabrics imported from China, and consequently the following values are determined in terms of Section 25 (3) and (4) of the Customs Act, 1969:

<table>
<thead>
<tr>
<th>S. No</th>
<th>H.S. Code</th>
<th>Origin</th>
<th>Description</th>
<th>C&amp;F Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5208.11</td>
<td>China</td>
<td>100% Cotton Fabric (Printed/Plain)</td>
<td>US$ 3.00/kg</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td>100% Cotton Fabric (Embroidered)</td>
<td>US$ 3.50/kg</td>
</tr>
</tbody>
</table>

The above value is hereby determined under Section 25A of the Customs Act, 1969. All the Collectorates are advised to finalize the assessment on the values mentioned above. However, if the invoice value is higher than the value given in this ruling, then such higher value shall be adopted for assessment purpose in terms of Section 25 of the Customs Act, 1969.

Distribution:

1. CG to Chairman, Federal Board of Revenue, Islamabad.
2. Member (Customs), Federal Board of Revenue, Islamabad.
3. Chief Collector of Customs, (Field Office), Lahore/Karachi.
4. The Director General of Intelligence Investigation-FBR, Islamabad.
5. The Director General of Customs Valuation, Karachi.
6. The Director General of Post Clearance Audit, Karachi.
7. The Directors of Intelligence Investigations-FBR, Karachi/Abbotabad.
8. The Commissioner, JP Division, RTO-1, Coordination, WEOGC, RMS Development Team, Kamal Anna Road, Income Tax Building, Karachi.
9. The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi for uploading in One Customs Agency CCS database on the date of issue of this ruling.
12. Karachi Customs Agents Group, Bohri Road, Karachi.