



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

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

DETERMINATION OF CUSTOMS VALUES OF SKIMMED MILK POWDER
& INSTANT MILK POWDER (H.S.CODE NO.0402-1000, 1902.9020, 1902.9090)
UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. 780/2015)

No.Misc/28/2007-I

17160

Dated: December 09, 2015

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Skimmed Milk Powder and Instant Milk Powder with vegetable fat are determined as follows : -

2. **Background of the valuation issue:** Valuation Ruling No. 708/2015 was issued on 23-01-2015 by revising the values of skimmed milk downwardly as notified earlier vide Valuation Ruling No 696/2014 dated 01-10-2014. The importers through Karachi Chamber of Commerce have been requesting since August, 2015 for further downward revision of value on the plea that international market of the goods in question have further gone down. They were requested to provide the following documents : -

- (i) Invoices of imports during last three months showing factual value
- (ii) Websites, names and email 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 items 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 the difference is price is passed on to the local buyers.



3. Karachi Chamber of Commerce forwarded some invoices as well as internet websites for checking the prices in international markets. On issue of Sales Tax Invoices, they stated that since the milk is exempt from Sales Tax therefore they were not in a position to furnish the same. In view of the said situation, they were requested to furnish the import invoices along with bills showing the price on which they were selling milk in the market. Since they were not forthcoming to furnish the bills, and issue was lingering on, it was decided to hold a meeting with them and it was scheduled on 09-12-2015 requesting each importer to bring the aforementioned documents along with him and furnish the same at the time of the meeting.

4. **Stakeholders' participation in determination of Customs values:** On scheduled meeting a large number of importers appeared and attended it, however none of them submitted the bills showing selling price in the local market on the ground that the Directorate has no authority to call and see the local selling price through bills. It was informed to them that although there might be decline in the price in the international market but to confirm the same and see whether the benefit of the same is transferred to the end consumer, bills were required to judge its effect on common man as Customs Act, 1969 provides method under Section 25(7) of the Customs Act, 1969, to conduct market inquiry and checking market price through bills is an authentic tool. The participants however, declined to submit the bills to prove their contention that the difference in prices has been passed on to the consumers and the prices have gone down in the local market also. It was informed them that the Directorate has authority in terms of Sub-Section (11) of Section 25 of the Customs Act, 1969, to call any documents and satisfy itself about the truthfulness or accuracy of any statement, information or declaration presented for Customs valuation purpose. The participants remained adamant to not submit the bills showing price on which they were selling the goods in question. Therefore the meeting remained inconclusive. Since the matter could not be kept pending for long as the consignments were being assessed provisionally under Section 81 of the Customs Act, 1969, and revenue has got stuck up with this provisional assessment in terms of honorable High Court of Sindh, Karachi, directives in CP No.6918/2015 dated 10-11-2015, therefore, it was decided to issue Valuation Ruling on the basis of available information and data.

5. **Method adopted to determine Customs values:** Non submission of proof of selling price by the importers lead to the conclusion that either there is no downward trend in the international market or they are not transacting their business in legal manner as required under Sales Tax Law or they are not transferring the benefit of decline in price to end consumers and just pocketing the profit themselves. Their request for further decrease in import price indicates that they intend to get further gain of profit for themselves by paying less duty and taxes on reduced prices which is neither ethically nor morally nor legally acceptable. The end consumer is continuously suffering by paying price of goods on higher values and small number of importers are benefitting from downward trend of prices in international market. In view of the aforesaid position, the undersigned is therefore constrained to not follow the sequence of methodology as laid down in section 25 of the Customs Act, 1969, as no sufficient information was presented by the importers to ascertain the truthfulness about the price and hence maintains the prices already notified vide valuation Ruling No.708/2015 dated 23-01-2015 by exercising powers conferred under Sub-Section (10) of Section 25 of the Customs Act, 1969 and determine the values under Sub-Section (9) of the Customs Act, 1969, to save the public exchequer from any loss of revenue.



6. **Customs values for Skimmed Milk Powder & Instant Milk Powder :** Skimmed Milk Powder and Instant Milk Powder with vegetable fat *hereinafter specified* shall be assessed to duty/ taxes at the following Customs values : -

S. No.	Description of goods	PCT Code	Proposed PCT for WeBOC	Origin	Customs Values (C&F) US\$ per Kg
(1)	(2)	(3)	(4)	(5)	(6)
01.	Skimmed Milk Powder (In Bulk Packing)	0402.1000	0402.1000.1000	New Zealand, Australia, West Europe, Canada and USA	US\$ 2.60/Kg
		0402.1000	0402.1000.1100	Iran	US\$ 2.00/Kg
		0402.1000	0402.1000.1200	Other origins	US\$ 2.50/Kg
02.	Skimmed Milk Powder (In Retail Packing Upto 5Kgs/Pack).	0402.1000	0402.1000.1300	New Zealand, Australia, West Europe, Canada and USA	US\$ 2.85/Kg
		0402.1000	0402.1000.1400	Iran	US\$ 2.25/Kg
		0402.1000	0402.1000.1500	Other origins	US\$ 2.75/Kg
03.	Instant Milk Powder with vegetable fat (In Bulk Packing)	1901.9020	1901.9020.1000	All origins	US\$ 1.80/Kg
		1901.9090	1901.9090.1000		
04.	Instant Milk Powder with vegetable fat (In Retail Packing Upto 5Kgs/Pack) .	1901.9020 1901.9090	1901.9020.1100 1901.9090.1100	All origins	US\$ 2.05/Kg

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.
11. **This Ruling supersedes Valuation Ruling No.708 dated 23-01-2015 with respect to Skimmed milk powder and Instant Milk Powder with vegetable fat as amended from time to time.**


(Manzoor Hussain 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 (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), Islamabad.
11. Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta, Peshawar/ Faisalabad.
12. The Project Director, WeBOC, 11th Floor, Custom House, Karachi.
13. Director, Directorate of Customs Valuation (Camp Office), Lahore.
14. Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in WeBOC database and deleting the Valuation Ruling No.708 dated 23-01-2015 with respect to Skimmed milk powder and Instant Milk Powder with vegetable fat as amended from time to time on the date of issue of this Ruling.
15. Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
16. Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
17. Law Section, Customs Valuation, 7th Floor, Custom House, Karachi.
18. Review Section, Customs Valuation, 7th Floor, Custom House, Karachi.
19. Karachi Customs Agents Group, Bohri Road, Karachi.
20. CHO, Customs Valuation, Custom House, Karachi.
21. Notice Board, Customs Valuation 7th Floor, Custom House, Karachi / MCC, Appraisalment, 151floor, Custom House, Karachi.
22. Guard File.