



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

The Collectors of Customs, Model Customs Collectorate, 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 Food Supplements (Drinking Powder Milo, Nesquick, Bournvita, Ovaltine, Complan, Horlicks Under Section 25-A Of The Customs Act, 1969

(VALUATION RULING NO. 792/2016)

No. Misc/30/2013-I/

17685

Dated: January 11th, 2016

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Food Supplements (Drinking Powder) are determined as follows :-

2. Background of the valuation issue: It was brought to the notice of Directorate General of Customs Valuation by field formations that Food Supplements were being imported at under invoiced values, causing loss of revenue to Government exchequer. This prompted an exercise to determine the fair Customs values for imported Food Supplements. After detailed investigation this Directorate General determined the Customs values and Valuation Ruling No. 640/2014 issued on 27-02-2014. However an importer filed a revision petition before the Honorable Directorate General of Customs Valuation against the Ruling of Ovaltine. Director General Valuation passed Revision Order No. 63/2014 vide file No. DG(V)/Val.Rev/45/2014/7149, dated 18-07-2014 and order that:-

i) That the goods are imported in various packing materials i.e. Glass Bottles, Plastic Jars, Plastic Bags, Paper Boxes and Soft Sachet. But the Respondent has determined uniform prices for all sort of packing and disregarding the element of packing difference and ignoring the aspect of their shelf life limitation.

ii) That the value of imported goods namely Ovaltine of all origins can never be one and the same.

iii) That the declared/assessed import value has been enhanced without any valid evidence of higher value.

Accordingly values were revised on the basis of different packing and corrigendum issued on 23-07-2014 on downward trend. However M/s. Muhammad Junaid Muhammad Shah filed an appeal before Honorable Customs Appellate Tribunal Bench-III the against the Revision Order No. 63/2014 vide file No. DG(V)/Val.Rev/45/2014/7149, dated 18-07-2014 which was issued under section 25D of the Customs Act, 1969. The Honorable Customs Appellate Tribunal Bench-III, issued order in Custom Appeal No. K-855/2014/6606 dated 05-10-2015 against Valuation Ruling No. 640/2014 dated 27-02-2014. The Honorable Customs Appellate Tribunal ordered that:-



"We direct that the Director of Customs Valuation will look into the values given in the impugned order afresh with particular emphasis on the variation of prices emanating from various packing modes, as contended by the appellants, in the light of relevant and valid data so that there is no discrimination vis-à-vis the goods of similar category in similar packing, by mentioning details of such goods/products with reasoning and justification and after due consultation with the importers /stakeholders including the appellants"

3. Stakeholders' participation in determination of Customs values: As per orders of Honorable Appellate Tribunal hearing opportunity was provided to the importers/stakeholders and Appellant M/s. Muhammad Junid Muhammad Shafi. Meeting with stakeholders including importers, and representatives of trade bodies was held on 06.01.2016 to discuss the current international prices of the subject goods. The Appellant did not appear for meeting despite twice notice for meeting. However the representatives of FPCC&I, KCC&I, including representatives of MCC, Appraisement, (West) participated in the meeting. The view point of all participants was heard in detail and considered to arrive at fair value. M/s. United Brand Limited, importer of Ovaltine, submitted their import invoices and stated that Valuation Ruling of Ovaltine on their declared value are fair and based on actual transactions. The participants were informed by them that the sales prices of ovaltine in glass bottle is 20% higher than the paper bags and it is 10% higher than the ovaltins of plastic bottle. It was decided in the meeting that the above mentioned difference may be considered between the Paper Bags packing and Plastic Bottle packing.

4. 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 1969, was found inapplicable because required information under the law was not available due to multiple sources and difference in quality of the goods depending upon the source country. Identical and Similar Goods valuation methods provided in Sub-Sections (5) and (6) of Section 25 ibid were also found inapplicable owing to huge variation in declarations and the fact that is presence of Valuation Ruling No. 640/2014 dated 27-02-2014 most of the declarations were influenced by that Valuation Ruling. Extensive market enquiries were conducted and Deductive Value Method under Sub-Section (7) but could not be wholly relied upon as values varied too much for different markets. The computed value method as provided in Section 25(8) of the Customs Act, 1969, could not be applied as conversion costs from constituent material at the country of export were not available. On line value of the subject goods were also examined and could not be solely relied upon due to non availability of complete information and variety of sources. All the information so gathered was evaluated and analyzed for the purpose of determination of Customs value. Consequently, the Customs value of Drinking Powder Milo, Nesquick, Bournvita, Ovaltine, Complan, Horlicks have been determined under Section 25(9) of the Customs Act, 1969.

5. Customs values for Food Supplements (Drinking Powder Milo, Nesquick, Bournvita, Ovaltine, Complan, Horlicks): Food Supplements (Drinking Powder Milo, Nesquick, Bournvita, Ovaltine, Complan, Horlicks) *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) USS/KG
(1)	(2)	(3)	(4)	(5)	(6)
1.	Drinking Powder "Ovaltine" in Glass Bottle	1901.9090 2106.9090	1901.9090.1000 2106.9090.1000	All origins	3.10
2.	Drinking Powder "Ovaltine" in Plastic Bottle		1901.9090.1100 2106.9090.1100		2.79
3.	Drinking Powder "Ovaltine" in Plastic Bags		1901.9090.1200 2106.9090.1200		2.62
4.	Drinking Powder "Ovaltine" in Paper Bags		1901.9090.1300 2106.9090.1300		2.50
5.	Drinking Powder Milo, Bournvita and Complan Plastic Bottle.		1901.9090.1400 2106.9090.1400		3.40
6.	Drinking Powder Milo, Bournvita and Complan in Plastic Bags		1901.9090.1500 2106.9090.1500		3.35
7.	Drinking Powder Milo, Bournvita and Complan in Paper Bags.		1901.9090.1600 2106.9090.1600		3.10
8.	Drinking Powder "Milo" in Tin Pack		1901.9090.1700 2106.9090.1700		3.45
9.	Drinking Powder "Nesquick" in Plastic Bottle		1901.9090.1800 2106.9090.1800		4.58
10.	Drinking Powder "Nesquick" in Paper Bags		1901.9090.1900 2106.9090.1900		4.00
11.	Drinking Powder "Horlicks" in Plastic Bottle		1901.9090.2000 2106.9090.2000		4.71
12.	Drinking Powder "Horlicks" in Paper Bags		1901.9090.2100 2106.9090.2100		4.20

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. 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 (1) or (3) of Section 25-A or section 25-D 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 issuance 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 this Directorate General immediately for redressal.

10. *This Ruling supersedes Valuation Ruling No. 640/2014 dated 27-02-2014 and its Corrigendum No. DG(V)/Val.Rev/45/2014/7179 dated 23-07-2014.*


(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 (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.
9. 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. Director, Directorate of Customs Valuation (Camp Office), Lahore.
13. Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, to replace the old Valuation Ruling No. 640/2014 dated 27-02-2014 and its Corrigendum No. DG(V)/Val.Rev/45/2014/7179 dated 23-07-2014 and for uploading this Ruling in the 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, Appraisal, 1st floor, Custom House, Karachi.
21. Guard File.