



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE, KARACHI

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

Determination of Customs Value of Potato Frozen French Fries under Section 25-A of the Customs Act, 1969.

(VALUATION RULING NO. ¹²⁵⁸ /2018)

No. Misc/08/2014-I/ ¹²⁰⁷

Dated: February 14, 2018

In exercise of 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 Potato Frozen French Fries were earlier determined through Valuation Ruling No.1164/2017 dated 19.05.2017. However, various representations were received from the importers for re-determination of value of Potato Frozen French Fries. Hence, an exercise was initiated by this Directorate General to determine the customs values of Potato Frozen French Fries.
3. **Stakeholders' participation in determination of Customs values:** Meeting with stakeholders, including importers and representatives from field formations, was held on 08.02.2018. The commercial importers contended that the customs values determined vide the impugned Valuation Ruling are high and therefore require fair revision in line with the prevailing prices in the international market. M/s. Quick Food Industries (Pvt.) Limited stated that they are one of the oldest and largest importers of Frozen French Fries, importing French Fries from M/s. McCain Foods since around 15 year and now they are also importing frozen fries from an Indian Company with the brand name 'Monsalwa French Fries' which produce cheaper products than McCain which is an international company. M/s Star Foods requested for the inclusion of their 'Mondelle' Brand frozen fries in the Valuation Ruling. M/s Siza Foods (Pvt.) Limited also requested for the inclusion of McDonald's exclusive product 'Hash Brown' in the Valuation Ruling. The stakeholders were also requested to furnish supporting documents within two days so that their contentions could be considered to arrive at customs values of subject goods.
4. **Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were duly applied in their regular sequential order to address the particular valuation issue at hand. The transaction value method as provided in Sub-Section (1) of Section 25, was found inapplicable in light of the wide variety of invoices submitted at import stage, the veracity of which could not be ascertained fully, hence requisite information required under law was not available to arrive at the correct transaction value. Identical / similar goods value method provided vide Sub-Sections (5) & (6) of Section 25 ibid were examined for applicability to determine Customs value of subject goods. This data provided some references, however, it was found that the same cannot be solely relied upon



due to the absence of absolute demonstrable evidence of qualities, and quantities of commercial level. In line with the statutory sequential order of Section 25, this office then conducted market inquiries using Deductive Value Method under Sub-Section (7) of the Section 25 of the Customs Act, 1969 and determined customs values of Potato Frozen French Fries.

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

| S. No. | Description of goods | PCT | Proposed PCT for WEBOC | Origin | Customs Values (C&F) USS/Kg Net Weight |
|--------|--|----------------|------------------------|---------------------|--|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 1. | Potato Frozen French Fries Brands: Lamb Weston, JR Simplot, Aviko, Lutosa, Country Farm, Farm Frites, Payette Farms & McCain | 2004.1000 | 2004.1000.1000 | U.S.A | 1.15 |
| | | | 2004.1000.1100 | European Union & UK | 1.08 |
| 2. | Potato Frozen French Fries Brand McCain | | 2004.1000.1200 | India | 1.20 |
| 3. | Potato Frozen French Fries Brand Farm Frites | | 2004.1000.1300 | Egypt | 1.08 |
| 4. | Potato Frozen French Fries Brand Pom King/Pom Queen | | 2004.1000.1400 | Turkey | 1.05 |
| 5. | Potato Frozen French Fries Brand Emborg - | | 2004.1000.1500 | All origin | 0.90 |
| 6. | Potato Frozen French Fries Brand Mon Salwa | | 2004.1000.1600 | India | 0.88 |
| 7. | Potato Frozen French Fries Mondelle Brand | | 2004.1000.1700 | Netherland | 0.85 |
| 8. | Potato Frozen French Fries Other Brand | | 2004.1000.1800 | All origin | 1.08 |
| 9. | McCain Brand Value Added Products Potato Bites, Wedges, Veggie Tandori Nuggets, Mini Roats, Potato Nuggets, Potato Chees Shotz, Aloo Tikki, Veggie Fingers, & Smile Fries | | 2004.1000.1900 | All origin | 1.75 |
| 10. | McCain Brand Spicy Peri Peri Fries | | 2004.1000.2000 | All Origin | 2.50 |
| 11. | Hash Brown | 2004.1000.2100 | All Origin | 1.51 | |



8. 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 and the same may be communicated to this Directorate General forthwith. In case of consignments imported by air, the assessing officer shall take into account the element of air freight while assessing the goods.

9. **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.

10. **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.

11. The Collectors of Customs may kindly ensure that the values given in this Valuation 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. Customs values determined in the ruling are for the description and specification as mentioned in the Annexure to this Valuation Ruling. HS Codes are mentioned for illustrative purposes so that valuation ruling values are made accessible to the assessing officers. 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.

12. *This ruling supersedes Valuation Ruling No.1164/2017 dated 19-05-2017.*


(Muhammad Iqbal Muneeb)
Director
15/12/18

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), 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