



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

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

Determination of Customs Values of Chocolate Spread Under Section 25-A of the Customs Act, 1969

(VALUATION RULING NO. 1361 / 2019)

No. Misc/04/2018-I

1905

Dated: April 09, 2019

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Chocolate Spread are determined as follows:

2. **Background of the Valuation Issue:** It was brought to the notice of this Directorate General that the values of various brands of Chocolate Spread are being declared to Customs at much lower prices than their current international values. Verifications by this Directorate General re-affirmed this stance. Keeping in view the prevailing prices of the subject item, this Directorate General initiated an exercise for the determination of customs values of various brands of Chocolate Spread in terms of Section 25-A of the Customs Act, 1969.



Stakeholders' Participation in Determination of Customs Values: Several meetings with stakeholders including importers and representatives from field formations were held in this Directorate General to discuss the prices of the subject goods. The importers / stakeholders were requested to submit the following documents before or during the course of stakeholders meetings:

- i. Invoices of imports during last three months showing customs value.
- ii. Websites, names and E-mail 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 item in question.
- iv. Copies of Sales Tax Invoices issued during last four months showing the difference in price (excluding duty and taxes) to substantiate their contentions.

4. During the meetings, it was pointed out by some of the stakeholders that Chocolate Spread is not only under-invoiced but also being declared in a wrong PCT; whereas it's actual PCT is 1806.9000. They requested to issue Valuation Ruling in the light of prevailing international and local market prices for uniformity of assessment. Some importers of Chocolate Spread however, stated that their declared value is fair and may be accepted for transactional value. However, they did not produce substantial supporting documents in support of their contentions. The view point of all participants was heard in detail and considered to arrive at Customs Value of the subject goods.

5. **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 valuation issue at hand. The transaction value method as provided in Sub-Section (1) of Section 25, was found inapplicable due to wide variation of values displayed in the import data, hence requisite information 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 wide variations in declarations. Information available was hence, found inappropriate. In line with the statutory sequential order of Section 25, this office then conducted market inquiries under Sub-Section (7) of the Section 25 of the Customs Act, 1969 and determined customs values of Chocolate Spread under section 25(7) of the Customs Act, 1969 accordingly.

6. **Customs Values for Chocolate Spread:** Chocolate Spread *hereinafter specified* shall be assessed to duty / taxes at the following Customs Values:

S. No	Description of goods	H.S. Code	Proposed PCT for WeBOC	Origin	Customs Values (C&F) USS/KG
(1)	(2)	(3)	(4)	(5)	(6)
1.	Chocolate Spread Brands: Nutella, Hershey's, Maltesers, Galaxy	1806.9000	1806.9000.1000	All origins	3.15
2.	Chocolate Spread Brands: Cebe Nussa, Cadbury Crunchy, Tesco, Nutcity, apella, Bital, Orbital	1806.9000	1806.9000.1100	All origins	2.50
3.	Other Brands	1806.9000	1806.9000.1200	All origins	2.60



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. In case imported items are not specifically fall under any of above mentioned brands, the same may be assessed under Section 25-A, otherwise if appropriate the same may be referred to Directorate of Customs Valuation for necessary action at their end.

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. In case imported items are not specifically fall under any of above mentioned brands, the same may be assessed under Section 25-A, otherwise if appropriate the same may be referred to Directorate of Customs Valuation for necessary action at their end.

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. 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.


(Shafique Ahmad Lafki)
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 (Appraisement), 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 in One Customs & WeBOC database 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, Appraisement, 1st Floor, Custom House, Karachi.
21. Webmaster Federal Board of Revenue, Islamabad.
22. Guard File