



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

The Collectors of Customs, Model Customs Collectorate, 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 Butter (Derived From Milk/ Dairy)

Under Section 25-A of the Customs Act, 1969

(VALUATION RULING NO. 1370 / 2019)

No. Misc/38/2016-1 / 1988

Dated: May 6, 2019

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Butter (Derived from Milk/Dairy) are determined as follows:

2. **Background of the Valuation Issue:** The customs values of Butter (Derived from Milk/Dairy) were earlier notified vide Valuation Ruling No. 1050/2017 dated 21-02-2017 read with subsequent modification dated 12-10-2017 under Section 25-A of the Customs Act 1969. Representations were received from stake holders for re-determination of the customs value of subject item on the ground that the existing valuation ruling is more than two years old and is not in accordance with the prices prevailing in the international markets. Keeping in view the prevailing prices in the international markets, this Directorate General initiated an exercise for re-determination of the Customs Values of Butter in terms of Section 25-A of the Customs Act, 1969.

3. **Stakeholders' Participation in Determination of Customs Values:** Several meetings with stakeholders, including importers and representatives from field formations, were held to discuss the current international price of the subject goods. The importers / stakeholders were requested to submit the following documents before or during the course of stakeholders meetings so that customs values could be determined:

- 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 the stakeholders stated that the prices of subject item in the international markets are declining and requested for downward revision of customs value. They pointed out that upward revision of customs values may promote the trade through illegal channels. The stakeholders further stated that the subject goods are being sold mainly on super markets and general stores, therefore, expenses of shelf rent, marketing, and refrigeration also added at retail stage. All these expenses add extra value to the subject goods at retail stage may also be considered. On the other hand, M/s Intrachem Karachi contended that prices of Butter, especially of France origin, have increased in international market therefore customs values of subject item may be revised upward. The view point of all participants was heard in detail and considered to arrive at Customs value for 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 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 variations in declared values at import stage. Identical / similar goods value methods 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. Finally using Deductive Value Method, customs values of Butter (Derived from Milk/Dairy) have been determined under section 25(7) of the Customs Act, 1969 accordingly.

6. **Butter** (Derived from Milk/Dairy) *hereinafter specified* shall be assessed to duty / taxes at the following Customs Values:

Sr. No.	Description of goods	H.S. Code	PCT for WEOC	Origin	Customs Values (C&F) USS/KG (On net weight basis)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Lurpak Butter Salted /Unsalted	0405.1000	0405.1000.1000	Denmark	3.85
2.	Lurpak Butter Organic Salted /Unsalted	0405.1000	0405.1000.1100	Denmark	4.75
3.	Emborg Butter Salted /Unsalted	0405.1000	0405.1000.1200	European Union	3.05
4.	Kerry Gold Butter Salted /Unsalted	0405.1000	0405.1000.1300	Ireland	3.35
5.	Aseel Pure Butter	0405.1000	0405.1000.1400	U.A.E	3.30
6.	Indulge Butter	0405.1000	0405.1000.1500	France	3.50
7.	Familia Butter	0405.1000	0405.1000.1600	Turkey	3.15
8.	Ancher Butter	0405.1000	0405.1000.1700	Netherland	3.45
9.	Almarai Butter	0405.1000	0405.1000.1800	Saudi Arabia	3.55
10.	Al Rawabi Butter	0405.1000	0405.1000.1900	Saudi Arabia	3.35
11.	All Other Brands	0405.1000	0405.1000.2000	EU / America	3.90
				All other origins	3.60



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.

11. *This ruling supersedes Valuation Ruling No.1050/2017 dated 21-02-2017.*


(Shafique Ahmad Latki)
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), Karachi.
11. Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta Peshawar/ Faisalabad.
12. Director, Directorate of Customs Valuation (Camp Office), Lahore.