

**The Collector of Customs**, Model Customs Collectorates, Appraisalment and Facilitation (East / West) / Port Qasim / Enforcement and Compliance, JIAP, Karachi / (Appraisalment and Facilitation / Enforcement and Compliance), AIIA Lahore / Sambrial (Sialkot) / Faisalabad / Multan / Islamabad / Hyderabad / Quetta / Appraisalment and Facilitation / Enforcement and Compliance Peshawar / Gwadar / Gilgit-Baltistan / Exports (Karachi / Port Qasim).

**Determination of Customs Values of Engine Parts (Replacement Auto Parts)**  
**under Section 25-A of the Customs Act, 1969**

**(VALUATION RULING NO. 1446 / 2020)**

No. Misc/22/2009-VIIIA/Part-III/3044

Dated: 12<sup>th</sup> May, 2020

In exercise of the powers conferred under Section 25A of the Customs Act, 1969, Customs values of Engine Parts (Replacement Auto Parts) are determined as follows:

2. **Background of the valuation issue:** Consequent upon issuance of CGO No. 15 /2019 dated 13-09-2019, Unit of Measurement (UoM) of number of Engine Parts (Replacement Auto Parts) was changed from kilogram to per unit and, accordingly, the UOM was revamped vide Valuation Ruling No. 1400/2019 dated 30-10-2019 by resending the earlier Valuation Ruling No. 1285/2018 17-04-2018. However, the importers filed revision petitions before the Director General Customs Valuation against Valuation Ruling No. 1400/2019 who, vide Order-in-Revision No. 01/2020 dated 07-01-2020 remanded the same back with the guidelines to remove certain anomalies pointed by the representative of petitioners which crept with the Ruling at the time of revamping the UoM. Thus, an exercise was initiated in this Directorate General to re-determine value of Replacement Auto Parts in the light of direction given in Order-in-Revision.

3. **Stakeholders' Participation in Determination of Customs Values:** Meeting with all the stakeholders, trade bodies including representatives of clearance Collectorates, was held in this Directorate General on 20-02-2020. The importers/stakeholders were requested to submit their proposals/suggestions as well as 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, it was observed that local manufacturers and importers were of conflicting views regarding valuation of replaceable auto parts. The auto parts manufacturers contended that the values of spare auto parts had significantly increased in the international market and, therefore, the same may be determined accordingly. M/s Indus Motors expressed their concerns mainly on import values of lamps, oil filter, air filter and engine parts. On the other hand, the importers challenged the manufacturers' point of view and submitted that due to number of factors like decreasing trend in the raw material's prices, manufacturing cost, technological advancement, magnitude of import, and after sale demand etc., the import values of replacement auto parts is affected. It was thus, requested that all these factors may be taken into consideration while determining values of subject goods. M/s PASPIDA also highlighted the same issues as stated above. The participants of the meeting mostly agreed that at the time of revamping the UoM the values of most items were properly assessed except few anomalies like criteria of grouping capacity (CC) of the vehicle etc. It was mostly argued that a separate category for vehicles below 800CC be created. The view point of all participants was heard in detail and considered to arrive at Customs values of 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 arrive at Customs values of subject goods. The transaction value method as provided in sub-Section (1) of Section 25 of the Customs Act, 1969 was found inapplicable due to wide variation of values displayed in the import data. Moreover, no participant of meeting submitted documentary evidences to prove that their declared value was true transactional value. Hence, requisite information under law was not available to arrive at the correct transaction value. Therefore, identical / similar goods value methods as provided in sub-Sections (5) & (6) of Section 25 ibid were examined for applicability to the valuation issue in the instant case but due to wide variations in declarations, these methods could not be relied upon exclusively. In line with the statutory sequential order of Section 25, this office conducted a number of inquiries from various markets to arrive at Customs values under sub-Section (7) of Section 25 of the Customs Act, 1969. Finally reliance had to be made on sub-Section (7) of Section 25 of the Customs Act, 1969 to determine Customs values of Engine Parts (Replacement Auto Parts).

6. **Customs Values for Engine Parts (Replacement Auto Parts):** Engine Parts (Replacement Auto Parts) *hereinafter specified* shall be assessed to duty / taxes at minimum Customs values as per attached Annexure-A comprising Sr. No. 1 to 10 and total 3 pages.

7. In cases where declared / transaction values are higher than the Customs value determined in this Ruling or higher evidential data is available of stipulated period 90 days, the assessing officer 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:** This Valuation Ruling is appealable under the law and a revision petition may be filed against this Ruling, under Section

