

The Collectors of Customs, Model Customs Collectorates, Appraisalment and Facilitation (East / West)/ Port Qasim / Enforcement and Compliance, JIAP, Karachi / (Appraisalment and Facilitation/Enforcement and Compliance), MCC 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 IRON AND STEEL SCRAP
(REMELTABLE /HMS SCRAP/ SHREDDDED SCRAP / RE-ROLLABLE SCRAP &
COMPRESSOR SCRAP UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

1455
(VALUATION RULING NO. ____ / 2020)



No. Misc/03/2012-VI/4027.

Dated: 03-07-2020

In exercise of the powers conferred under section 25-A of the Customs Act, 1969, Customs Values of Iron and Steel Scrap (Remeltable /HMS Scrap/ Shredded Scrap / Re-Rollable Scrap) & Compressor Scrap are determined as follows:

2. **Background of the valuation issue:** The Model Collectorate of Customs Appraisalment (PMBQ) Karachi issued VR dated 27-10-2018 for metal scrap of various types under section 25-A of the Customs Act, 1969. Vide Finance Act 2019, an amendment was made in section 25-A ibid whereby the powers to determine Valuation Rulings were withdrawn from the Collectors. Consequently, Collector MCC Appraisalment (PMBQ) Karachi, referred the matter of fixation / determination of values of the said items to this Directorate General. The Pakistan Iron & Steel Melters Association then approached this Directorate General with a number of representations contenting therein that values of subject items have considerably declined in international market and that the Ruling be revised accordingly. The Association also approached the Honourable High Court of Sindh vide C.P No. D-5777 of 2019 on the plea that validity period of 90 days has lapsed since the issuance of last VR issued but the Customs Authorities are charging the duty and taxes on same old values. The Honourable Court vide Order dated 24-02-2020 directed to pass an appropriate order at an early date, preferably, within a period of four weeks from the date of receipt of the order. Therefore, an exercise was initiated to determine customs values of the subject goods under section 25-A of the Customs Act, 1969.

3. **Stakeholders' participation in determination of Customs values:** Meetings with stakeholders, including the importers and the representatives from The Pakistan Iron & Steel Melters Association and field formations were held on 30-12-2019 and 20-2-2020 in this Directorate General to discuss the issue of valuation of the subject goods. The stakeholders were also requested to furnish the following documents before or during the course of above said meetings:

- i. Invoices of imports during last three months showing factual 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. Most of the participants of the meeting contended that as the values of scrap of iron and steel including finished products have declined all over the world, as depicted in London Metal Bulletin (LMB), therefore, values of scrap of iron and steel, being raw material, should also be reduced proportionally as this will help Re-Rolling mills to produce finished goods at low prices for the local markets. Copies of the LMB prices during the period and contracts were also provided by the participants to substantiate their claims.

5. **Method adopted to determine Customs Values:** Custom Valuation methods given in Section 25 of the Customs Act, 1969 were applied in sequential order to address the valuation of Iron and Steel Scrap (Remeltable /HMS Scrap/ Shredded Scrap / Re-Rollable Scrap & Compressor Scrap. Transaction value method under Sub-Section (1) of Section 25 was found inapplicable because requisite information under the law was not provided by the importers. Identical and similar goods valuation methods provided in Sub-Sections (5) and (6) of Section 25 of the Customs Act, 1969 provided some reference values but due to wide variation in the quality of scrap, the same could not be relied upon. In the sequential order, this office then resorted to conduct a market inquiry in terms of Sub-Section (7) of Section 25 of the Customs Act, 1969 but again due to the variety, quality & other aspects of the scrap of iron and steel, the same could not be relied upon. As a result, sub-section (9) of Section 25 of the Customs Act, 1969 was applied to arrive at the assessable Customs values.

6. **Customs values *herein after specified*** shall be assessed to duty/taxes at the following minimum Customs Values:

S. No.	Item Description	PCT	Proposed PCT For WeBOC	Origin	Customs Values (C&F) (Per MT)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Iron & Steel Remeltable Scrap Shredded Scrap, HMS Scrap, Press Bundle Scrap etc.	7204.4100 7204.4990	7204.4100.1000 7204.4990.1000	All Origins	US \$ 301/ MT
2.	Iron & Steel Re-Rollable Scrap	7204.4910	7204.4910.1000	All Origins	US \$ 400/ MT
3.	Compressor Scrap	7204.4940	7204.4940.1000	All Origins	US \$ 580/ MT

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 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-Section (1) or (3) of Section 25-A of the Customs Act, 1969.

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 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 descriptions and specifications as mentioned in 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 certifications required thereon. In addition to this, it is 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 issued by Collectorate of Customs MCC Appraisalment (PMBQ) Karachi vide C. No. Group-V-45-2016-PQ/624 dated 27-10-2018.*


(Shafique Ahmad Latki)

Director

Copy for information to: -

1. Member (Customs Operations / Policy), 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. Chief Collector of Customs (Quetta).
8. Director General, Intelligence and Investigation-FBR, Islamabad.
9. Director General, Post Clearance Audit (PCA) & Internal audit, Karachi.
10. The Director General, IOCO, Karachi.
11. The Directors, Intelligence & Investigation, Karachi/ Lahore /Islamabad/Quetta/ Peshawar / Faisalabad/ Gwadar.
12. The Director, Directorate General of Customs Valuation, Lahore.
13. The Deputy Director (HQ) Directorate General of Customs Valuation, Karachi, for uploading in WeBOC database system and deleting superseded Valuation Ruling.
14. Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
15. Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta, Gujranwala, Faisalabad, Sialkot, Rawalpindi & Peshawar.
16. The Review Section, Customs Valuation, 7th floor, Custom House, Karachi
17. Karachi Customs Agents Group, Bohri Road, Karachi.
18. Webmaster, Federal Board of Revenue, Constitution Avenue, Islamabad, for uploading on FBR website and deleting superseded Valuation Ruling.