



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

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

**DETERMINATION OF CUSTOMS VALUES OF LOW-END BRANDS SHOES,
SLIPPERS, SANDALS, CHAPPALS AND JOGGERS UNDER SECTION 25-A OF THE
CUSTOMS ACT, 1969**

(VALUATION RULING NO. 1466 / 2020)

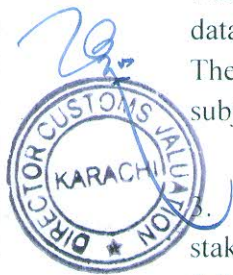
No.Misc/01/2013-V/

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Dated:- 24 08-2020

In exercise of the powers conferred under Section 25A of the Customs Act, 1969, custom values of Low-End Brands Shoes, Slippers, Sandals, Chappals and Joggers are determined as follows:

2. **Background of the Valuation Issue:** Earlier the Customs values of Low-End Brands Shoes, Slippers, Sandals, Chappals and Joggers were determined vide Valuation Ruling No.1405/2019dated 31.10.2019.On examination and analysis of market values of shoes and EDE data received from China, it was observed that the values of shoes need re-determination. Therefore, this Directorate General initiated an exercise for determination of the Customs Values of subject goods in terms of Section 25-A of the Customs Act, 1969.



Stakeholders' Participation in Determination of Customs Values: Meetings with stakeholders were held on 16-06-2020 and 18-08-2020. The participants were requested to submit following documents during and after the meeting.


- 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 / L.Cs opened during the last three months showing the value of items in question.
- iv. Copies of Sales Tax Invoices issued during last three months showing the difference in price (excluding duty and taxes) to substantiate that the benefit of difference in price is passed on to the local buyers.

A number of importers attended the meetings and contented that values of China origin shoes are on higher side and may be reduced. When asked to substantiate their claim with supportive documents, no document, whatsoever, was provided by any participant. The participants also contented that the Chinese exporters, in order to get higher rate of rebate available to them on shoes, inflates the value of their invoice which, then, is reflected in EDE data. No importer,

however, provided any document to substantiate this claim either. It was also contended that retailer's margin, in various markets, ranges from 50% to 100% of the cost of shoes which inflates the value of shoes in local market. No invoice/ record showing this profit margin and its declaration with IRS were provided to this Directorate General.

6. **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 because requisite information was not available as per law. The wide variation of values displayed in the import data as available on record also strengthened the aforementioned fact. Hence requisite information required under law was not available to arrive at the 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. The same provided some reference values but could not be exclusively and solely relied upon. In line with the statutory sequential order of Section 25, this office conducted market inquiries and Deductive Value Method under Sub-Section (7) of Section 25 of the Customs Act, 1969 was applied to arrive at assessable customs values of Low-End Brands Shoes, Slippers, Sandals, Chappals and Joggers.

7. **Customs values for Low-End Brands Shoes, Slippers, Sandals, Chappals and Joggers:** Low-End Brands Shoes, Slippers, Sandals, Chappals and Joggers *hereinafter* specified shall be assessed to duty / taxes at the following minimum Customs Values:-



Sr. No	Description of Goods	P.C.T	Proposed PCT for WEBOC	Origin	Customs Values (C& F) US \$/Pair
(1)	(2)	(3)	(4)		(6)
1.	Baby/Baba (Booty) Artificial Leather (up-to 2 years)	6404.1900	6404.1900.1000	China/ Thailand	1.10
		6405.1000	6405.1000.1000		1.25
		6405.2000	6405.2000.1000		
		6405.9010	6405.9010.1000		
		6405.9090	6405.9090.1000		
2.	Children Shoes Artificial Leather (up-to 5 years)	6404.1900	6404.1900.1100	China/ Thailand	1.20
		6405.1000	6405.1000.1100		1.48
		6405.2000	6405.2000.1100		
		6405.9010	6405.9010.1100		
		6405.9090	6405.9090.1100		
3.	Children Shoes Artificial Leather (6 to 12 years)	6404.1900	6404.1900.1200	China/ Thailand	1.48
		6405.1000	6405.1000.1200		1.99
		6405.2000	6405.2000.1200		
		6405.9010	6405.9010.1200		
		6405.9090	6405.9090.1200		
4.	Children Sandals artificial leather (up-to 5 years)	6404.1900	6404.1900.1300	China/ Thailand	1.03
		6405.1000	6405.1000.1300		1.20
		6405.2000	6405.2000.1300		
		6405.9010	6405.9010.1300		
		6405.9090	6405.9090.1300		

