



GOVERNMENT OF PAKISTAN

DIRECTORATE GENERAL OF CUSTOMS VALUATION

CUSTOM HOUSE, KARACHI

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**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) / Transit Trade (Karachi).

**DETERMINATION OF CUSTOMS VALUES OF CAM SHAFT, CRANK SHAFT, SPARK PLUGS, LAMP LIGHT LENSES, SEALED BEAM AND RUBBER PARTS (REPLACEMENT AUTO PARTS) UNDER SECTION 25-A OF THE CUSTOMS ACT,1969.**

**(VALUATION RULING NO 1470 /2020)**

No. Misc/22/2019-VIII-A/Part-1 (A)/5124.

Dated: 11 -09-2020

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, the Customs values of 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 Measurements (UoMs) of number of Replacement Auto Parts were changed from Kilogram to per unit and accordingly, the Valuation Ruling No. 1401/2019 dated 30<sup>th</sup> October 2019 was revamped to bring the items falling therein in line with the new UoMs. However, the importers filed review petitions before the Director General Customs Valuation who, vide Order-in-Revision No. 02/2020, dated 7<sup>th</sup> January 2020 remanded the same back with the guidelines to remove certain anomalies pointed out by the representatives of petitioners. Thus, an exercise was initiated in this Directorate General to re-determine value of Replacement Auto Parts in the light of directions given in the aforementioned Order-in-Revision.

3. **Stakeholders' participation in determination of Customs values:** Meeting with all stakeholders, trade bodies including representatives of clearance Collectrates was held in this Directorate General on 23-06-2020. The importers/stakeholders were requested to submit their proposals/suggestions as well as following documents before or during the course of stakeholders' meeting so that Customs values could be determined:

- i. Copies of invoices of imports (including GDs, ER, PL, BL, & all related imported documents each GD-wise) during last one year (Prior to VR 1448/2020 dated 02-06-2020) 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 one year (Prior to VR 1448/2020 dated 02-06-2020) showing the value of item in question, each GD-wise.
- iv. Copies of Sales Tax Invoices issued during last one year (Prior to VR 1448/2020 dated 02-06-2020) 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, each GD-wise.
- v. Latest price catalogue issued from manufacturer.
- vi. Manufacturer's discount schedule if any.
- vii. Copies of export GDs of manufacturer.

4. During the meeting, it was observed that local manufacturer 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 value of spark plugs, lamp light lenses and rubber parts. On the other hand, the importers challenged the manufacturers' point of view and submitted that factors like decreasing trend in raw materials prices, manufacturing cost, technological advancement, magnitude of import, and after sale demand etc., affect the import value of replacement auto parts. 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 issue 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 determined except few anomalies while categorizing the items. The view point of all the participants was heard in detail and considered to arrive at Customs Values of subject goods.

5. **Methods 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 value 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 variations of values displayed in import data. Moreover, no participant of the 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 correct transaction value. Therefore, Identical/similar goods value methods provided in Sections 25 (5) & (6) ibid were examined for applicability to determine customs values in the instant case. The data provided some references; however, it was found that the same could not be solely relied upon due to absence of absolute demonstrable evidence of qualities and quantities of commercial level etc. Information available hence found inappropriate. In line

