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DETERMINATION OF CUSTOMS VALUES OF GUM BASE PCT (3824.9910)
UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. 1474/2020)

C. No. Misc/10/2019-II/ 15170

Dated: 25-09-2020

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, the Customs values of Gum Base PCT (3824.9910) are determined as follows: -

2. **Background of the valuation issue:** Earlier the customs values of Gum Base were determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No.1435/2019 dated 13-12-2019. The importers filed review petition under section 25-D of the Customs Act, 1969. The Director General Customs Valuation remanded back the valuation ruling vide Order-in-Revision No. 12/2020 dated 01-04-2020 with the observation to re-determine the values after consulting all the stakeholders in order to address their concerns. Therefore, an exercise was undertaken by the Directorate General of Customs Valuation to determine the Customs Values of subject goods in terms of Section 25-A of Customs Act, 1969.

3. **Stakeholders' participation in determination of values:** Meeting was scheduled and held on 18-08-2020 which was attended by different stakeholders. The participants were requested to submit following documents before or during the course of meeting 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 the last four months showing the difference in price (excluding duty and taxes) to substantiate their contentions.

During the meeting, the importers from Europe did not show any dissent and agreed that values from European countries were fair and need not any amendment. For China origin, some of the participants were of the view that it is mostly the European manufacturers who have established

their factories in China and selling the product at slightly lower rate. The importers of Chinese origin gum base argued that they buy products for lower income people and is lower in quality. They, however, did not produce any document to prove their view point or to indicate the values of gum base. The documents submitted by the importers were examined and it was observed that there is a vast variation in declared invoice values, therefore, the importers failed to provide substantial documents to establish the correct transactional values of the subject goods.

4. Method adopted to determine Customs values: Valuation methods given in Section 25 of the Customs Act, 1969 were duly applied in their sequential order to arrive at customs values of subject goods. The transaction value method under Sub-Section (1) of Section 25 of the Customs Act, 1969 was found inapplicable due to wide variations of values displayed in the import data. Moreover, the importers did not provide substantial documents to establish the correct transaction value of the goods. Thereafter, identical / similar goods value methods as provided in Sub-Sections (5) and (6) of Section 25 ibid were examined for applicability to the provided some reference values but due to wide variation and suppressed declarations, 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 as the goods are for industrial consumption and not available in the local market, therefore, sub-section (7) of Section 25 could not be applied. Then, valuation method vide Section 25(8) of the Customs Act, 1969 was examined but the subject goods being raw material and used for the preparation of Chewing Gum could not be applied either. Finally, clearance data, market information and international prices through internet were examined thoroughly and the information so gathered were utilized and analyzed for determination of Customs Values of Gum Base under Section 25(9) of the Customs Act 1969.

5. Customs values for Gum Base: Gum Base here in after specified shall be assessed to duty/taxes on the minimum Custom values given against them in the Table below: -



Sl. No.	Item Description	H.S Code	Proposed PCT for WeBOC	Origin	Custom Values C&F (US\$/Kg)
(1)	(2)	(3)	(4)	(5)	(6)
1	Gum Base	3824.9910	3824.9910.1000	Brazil	1.45
2			3824.9910.1100	China	1.68
3			3824.9910.1200	European Union	2.31
4			3824.9910.1300	Turkey	1.46

6. In cases where declared / transaction values are higher than the Customs values determined in this Ruling or higher evidential data is available of stipulated period of 90 days, the assessing officer shall apply those values in terms of Sub-Section 25(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.

