



GOVERNMENT OF PAKISTAN  
DIRECTORATE GENERAL OF CUSTOMS VALUATION  
CUSTOM HOUSE KARACHI

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

**DETERMINATION OF CUSTOMS VALUES OF POLYESTER/ACRYLIC PILE  
FABRICS FOR BLANKET (225 GSM AND ABOVE)  
UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969**

**(VALUATION RULING NO. 1485 / 2020)**

C.No. Misc/34/2016-IV/5403

Dated: 13-11-2020

In exercise of the powers conferred under Section 25A of the Customs Act, 1969, Customs values of Polyester/Acrylic Pile Fabrics For Blanket (225 GSM and above) are determined as follows:-

2. **Background of the valuation issue:** Earlier Custom values of Polyester/Acrylic Pile Fabrics for Blanket (225 GSM and above) were determined vide Valuation Ruling No.1453/2020 dated 24.06.2020. Being aggrieved with this Valuation Ruling many traders filed Revision Petitions under Section 25D of the Customs Act, 1969 before the Director General of Customs Valuation which were rejected by the authority vide Order in Revision No.20/2020 dated 24-07-2020. The traders filed appeals before the Customs Appellate Tribunal, Karachi against said Order in Revision and the Customs Appellate Tribunal set aside the Valuation Ruling No.1453/2020 dated 24-06-2020 as well as the Order in Revision No.20-2020 vide Orders No.K-1008/2020 to K-1019/2020. The stakeholders/traders approached Directorate General and requested for re-determination of Customs values in view of prevailing international prices. Therefore, an exercise was undertaken by this Directorate General to re-determine the Customs values of subject items according to prevailing prices in the international markets.

3. **Stakeholders' Participation in Determination of Customs Values:** Meeting with the importers /stakeholders and trade bodies was held in this Directorate General on 29-10-2020. Afterwards several follow up meetings were also conducted with the stakeholders and Association. The importers/stakeholders were requested to submit their proposals/suggestions as well as following documents before or during the course of meetings 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 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 showing the value of item in question, each GD-wise.*
- iv. *Copies of Sales Tax Invoices issued during last one year 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.*

The meetings were also attended by representatives from All Pakistan Customs Agents Association and manufacturers. The participants submitted few documents which were examined. During meetings the variation in values of Chinese Exports viz-a-viz Pakistani imports as depicted in EDE data were also discussed in detail. Most of the participants contended that the Chinese exporters show inflated values in their shipping bills to get benefits of higher rebate on such exports. The participants also produced export GDs from China to show that their point of view regarding reduction in values is justified. The documents were examined and the points of view of the participants was heard in detail and considered to arrive at custom values of the subject goods.

4. **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, importers / stakeholders attended the meetings but did not submit substantial documentary evidences to prove that their declared values were true transactional value. Hence, requisite information under law was not available to arrive at 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, variety and specifications, 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. However, the prices of subject item due to various brands and types varied significantly and were heavily dependent on quality / brand of subject item and the location of the selling points or shops in the city, therefore a number of surveys were conducted to arrive at customs values. However, it was found that determination of customs values could not be based solely upon this method either. Therefore, Valuation method vide Section 25(8) of the Customs Act, 1969 was examined for valuation but the same also could not be applied as the conversion cost of manufacturing of subject item at the country of export were not available. All the information so gathered was then analyzed for determination of Customs values of subject goods. Consequently, fall back method as provided under Section 25(9)

