



GOVERNMENT OF PAKISTAN  
DIRECTORATE GENERAL OF CUSTOMS VALUATION  
CUSTOM HOUSE, KARACHI

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

**DETERMINATION OF CUSTOMS VALUES OF WHITE SPIRIT UNDER SECTION 25-A OF THE CUSTOMSACT,1969.**

**(VALUATION RULING NO 1493/2020)**

No. Misc/02/2020-I/5458.

Dated: 27 -11 -2020

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, the Customs values of White Spirit are determined as follows:

**2. Background of the valuation issue:** After conducting detailed analysis of Pakistan's imports for the year 2019-20, the Directorate General of Customs Valuation, Karachi, was tasked by FBR to identify the items / goods where variations w.r.t. values in exporting countries viz-a-viz import values in Pakistan were observed. Accordingly, a special team was constituted in Directorate General of Customs Valuation, Karachi which identified the subject items as prone to under-invoicing as vast variations in declarations were observed. The Collector of Customs, MCC Appraisalment and Facilitation Quetta had also requested the Directorate General to issue a Valuation Ruling for the subject items to bring uniformity in assessment and to safeguard the Government revenue. Accordingly, an exercise was initiated to determine the customs values of **White Spirit** under Section 25-A of the Customs Act, 1969.

**3. Stakeholders' participation in determination of Customs values:** Meeting with all stakeholders, trade bodies including representatives of clearance Collectorates was held in this Directorate General on 05-11-2020. 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. Invoices of import during last three months showing factual values
- 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 that the benefit of difference in price is passed on to the local buyers.

4. The importers of White Spirit and field formation attended the meetings. In the meeting, all issues relating to the values of White Spirit were discussed in detail. Importers asserted that they are facing hardships, due to different declared values. Majority of the participants/stakeholders were against fixation of a value of White Spirit on the ground that its values fluctuate with the oil prices. They, however, proposed that in order to ensure transparency/fairness as well uniformity in assessment, the values of White Spirit should be hedged with international FOB Scan prices of Kerosene as reflected in publications/websites like Asia-Pacific/Arab Gulf Market Scan. The participants, mostly manufacturers and refineries, were in agreement that processing cost from Kerosene to White Spirit is around US\$ 80 to 100/MT and after adding freight factor the value of White Spirit can easily be determined. The participants also informed that the price of Kerosene in said publication is given as per Barrel which can be converted to liters as a barrel of Kerosene consists of 7.96 liters. They also requested for early issuance of Valuation Ruling as the importers are suffering hardships during assessment.

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 because no substantial documents were provided by the stakeholders to prove that their declared values were true transactional values. Moreover, different values were declared by different importers for same product according to different origins. Identical/similar goods value methods provided in Sections 25 (5) & (6) *ibid* were examined for applicability to determine customs values of subject goods. 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 with statutory sequential order of section 25, this office conducted market inquiries under sub-section (7) of Section 25 of the Customs Act, 1969, but due to industrial nature of item, it was not openly available in local market. 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 from the constituent material and allied expenses, at the country of export were not available for manufacturing of White



