

**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 Acetic Acid Under Section 25-A of the Customs Act, 1969**

(VALUATION RULING NO. <sup>1496</sup> / 2020)

C.No. V.Khi/04/A.A/25A/II/5482.

Dated: 07 -12-2020

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, the Customs values of Acetic Acid is 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 who identified the subject items as prone to under-invoicing as vast variations in declarations were observed. Accordingly, an exercise was initiated to determine the customs values of **Acetic Acid** under Section 25-A of the Customs Act, 1969.

**3. Stakeholders' Participation in Determination of Customs Values:** Meeting was held with stakeholders on 05.11.2020 to discuss the current international prices of subject items. All the stakeholders were requested to submit the following documents before or during the course of stakeholder's meetings:

- 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 / 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 values of supplies (excluding duty and taxes) to substantiate their views.

The representative from M/s Olay International only attended the meeting and contended that values of Acetic Acid are available in I.C.I.S and may be linked to this publication.

**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 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 Acetic Acid. 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 Acetic Acid under Section 25(9) of the Customs Act 1969.

*Customs Values of Acetic Acid of all origins hereinafter specified* shall be assessed to duty/taxes on the minimum customs values mentioned against them in the Table below:

S.No.	Description of Goods	H.S Code	Proposed PCT for WeBOC	Origin	Custom Value US\$/Kg
(1)	(2)	(3)	(4)	(5)	(6)
1	Acetic Acid (Bulk)	2915.2100	2915.2100.1000	All Origin	Applicable FOB as per I.C.I.S +US\$ 40/MT on account of freight charges

**Note:** In case the goods are imported in Drum packing, US\$ 200/Metric Ton and for ISO/ Flexi Tank US\$ 100/Metric Ton may be added respectively in above mentioned values for assessment purpose.

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 officers 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 difference between air freight and sea freight while applying the customs values determined in this Ruling.

