



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

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 TOMATO PASTE UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969.

(VALUATION RULING NO 1497/2020)

No.V.Khi/17/TP/25-A/I

15483

Dated: 08 -12-2020

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, the Customs values of Tomato Paste 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. Accordingly, an exercise was initiated to determine the customs values of **tomato paste** 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 26-11-2020. 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 meeting was attended by importers and stakeholders. Their points of view were heard in detail to arrive at customs values of subject goods. During the meeting M/s National Foods Ltd. contended that the prices of Turkey origin goods must be higher as compared to China origin since the freight involved is higher from China.

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 tomato paste. Finally, clearance data, market information, proposal from importers and international prices through internet were examined thoroughly and the information so gathered were utilized and analyzed for determination of Customs Values Tomato Paste under Section 25(9) of the Customs Act, 1969.

6. **Customs values for Tomato Paste -hereinafter** specified shall be assessed to duty/taxes on the following minimum customs values given against them in the Table below:-

S.No	Description	Origin	PCT	Proposed PCT for WeBOC	Customs Values C& F (US\$/KG) (Net Content)
(1)	(2)	(3)	(4)	(5)	(6)
1	Tomato Paste (Brix 36/38)	China	2002.9010	2002.9010.1000	0.85
2	Tomato Paste (Brix 36/38)	All Other Origins		2002.9010.1100	0.90
3	Tomato Paste (Brix 28/30)	China		2002.9010.1200	0.75
4	Tomato Paste (Brix 28/30)	All Other Origins		2002.9010.1300	0.80
5	Tomato Paste (Tin/ Pouches and other Packing)	All Origins		2002.9010.1400	1.40

7. 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 90 days, the assessing officers shall apply those values in terms of sub-Section (1) of Section 25 of the Customs Act, 1969, and the same may be communicated to this Directorate General forthwith. In case of consignment 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.

8. **Validity of Valuation Ruling:** The values determined vide this Ruling shall be the applicable Customs values for assessment of subject imported goods until and unless it is rescinded or revised by the competent authority in terms of Sub-Sections (1) or (3) of Section 25-A of the Customs Act, 1969.

9. **Revision of the Value Determined vide this Valuation Ruling:** A revision petition may be filed against this Ruling, as provided under Section 25-D of the Customs Act, 1969, within 30 days from the date of issue, before the Director General, Directorate General of Customs Valuation, 7th Floor, Custom House, Karachi.

