



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

The Collectors of Customs, Model Customs Collectorates, Appraisalment & Facilitation (East / West) / Port Muhammad Bin Qasim / JIAP, Karachi (Appraisalment & Facilitation / Enforcement & Compliance), AIIA Lahore / Sambrial (Sialkot) / Faisalabad / Multan / Islamabad / Hyderabad / Quetta (Appraisalment / Preventive) / Peshawar (Appraisalment & Facilitation/ Enforcement & Compliance) / Gawadar / Gilgit-Baltistan / Export (Karachi / Port Qasim)

DETERMINATION OF CUSTOMS VALUES OF HOUSING (8483.3090) AND BALL, TAPER, NEEDLE, ROLLER, SPHERICAL & CYLINDRICAL BEARINGS PCT (8482.1000, 8482.2000, 8482.3000, 8482.4000, 8482.5000, 8482.6000, 8482.7000 & 8482.8000) AND PARTS/COMPONENTS OF BEARINGS PCT (8482.9100, 8482.9910, 8482.9990) UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. / 2020) ¹⁴⁹⁸

C. No. Misc/01/2009-VII/ ⁵⁴⁸⁷

Dated: ⁰⁸-12-2020

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, the Customs values of Housing (8483.3090) and Ball, Taper, Needle, Roller, Spherical & Cylindrical Bearings PCTs (8482.1000, 8482.2000, 8482.3000, 8482.4000, 8482.5000, 8482.6000, 8482.7000 & 8482.8000) and Parts/Components of Bearings PCTs (8482.9100, 8482.9910, 8482.9990) are determined as follows:


2. Background of the valuation issue: Earlier the Customs values of Ball, Taper, Needle, Roller, Spherical & Cylindrical Bearings and the Parts/Components thereof were determined under section 25A of the Customs Act, 1969 vide Valuation Ruling No. 1408/2019 dated 01-11-2019. Several representations were received from the importers regarding misuse of said ruling especially for the parts/components to evade duty and taxes. During the analysis of import data of the subject goods for the determination of customs values afresh, wide variations in values particularly of parts viz-a-viz CBU were observed. Therefore, this Directorate General initiated an exercise for determination of Customs Values of the subject goods in terms of Section 25-A of the Customs Act, 1969.

3. Stakeholders' participation in determination of values: Meeting was scheduled and held on 26-08-2020. The meeting 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, some stakeholders discussed that after conversion of UoM from weight to per piece as per Boards directive in Valuation Ruling No. 1408/2019 dated 01-11-2019, there was no check to ensure that minimum unit price / Kg as given in earlier rulings was being maintained. Furthermore, it was also pointed out that there was no valuation ruling for Housing incorporating Bearing and Housing without incorporating Bearing under PCTs 8482.2000 & 8483.3090 respectively. The consignments of the subject goods are being assessed according to a letter dated 15-02-2014 which is more than five years old and need to be updated so that the chance of under-invoicing in the said item is checked. It was proposed that the minimum criteria of Unit Price/Kg may be mentioned in Ruling to ensure that bearing numbers are not manipulated to evade duty & taxes.

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 because requisite information was not available as per law. The wide variation of values displayed in the import data as available on record also strengthened the aforementioned fact. Hence requisite information under law was not available to arrive at the 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. The same provided some reference values but could not be exclusively and solely relied upon. In line with the statutory sequential order of Section 25, this office conducted market inquiries under sub-Section (7) of section 25 of the Customs Act, 1969, however, this method of valuation could not be exclusively relied upon. Therefore, valuation method *vide* Section 25(8) was examined for valuation but the same also could not be applied as conversion cost from the constituent material and allied expenses, at the country of export were not available for manufacturing of the subject goods. 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 the subject goods under Section 25 (9) of the Customs Act, 1969.

**Customs values for Ball, Taper, Needle, Roller, Spherical & Cylindrical Bearings PCTs (8482.1000, 8482.2000, 8482.3000, 8482.4000, 8482.5000, 8482.6000, 8482.7000 & 8482.8000) hereinafter specified shall be assessed to duty/taxes on the minimum Customs values mentioned against them in the **Table-I** mentioned therein as:**

Annex-A: Sr. No. 01 to Sr. No. 505 comprising of pages 01 to page 08.

Annex-B: Sr. No. 01 to Sr. No. 211 comprising of pages 01 to page 04.

Annex-C: Sr. No. 01 to Sr. No. ~~114~~ comprising of pages 01 to page 02.

Note: (i) The customs values US\$/Kg of Ball bearings/taper bearing should not be less than 2.75, 6.50 and 5.5 for China, Japan and other origins respectively.

(ii) The customs value US\$/Kg of Needle, Roller, Spherical & Cylindrical Bearings should not be less than 5.20, 10 and 6.00 for China, Japan and other origins respectively.

