



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

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

**DETERMINATION OF CUSTOMS VALUES OF IRON & STEEL SCRAP
(REMELTABLE/ HMS SCRAP / SHREDDED SCRAP / RE-ROLLABLE
SCRAP & COMPRESSOR SCRAP UNDER SECTION 25-A OF THE
CUSTOMS ACT,1969.**

(VALUATION RULING NO ¹⁵¹⁷ /2021)

No.Misc/03/2012-VI/240,

Dated: 25-02-2021

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, the Customs values of Iron & Steel Scrap (Remeltable/HMS Scrap / Shredded Scrap / Re-Rollable Scrap & Compressor Scrap are determined as follows:

2. Background of the valuation issue: Earlier the customs values of Iron & Steel Scrap (Remeltable/HMS Scrap / Shredded Scrap / Re-Rollable Scrap & Compressor Scrap were determined vide Valuation Ruling No.1455/2020, dated 03-07-2020. Numbers of representations were received wherein it was contended that the values fixed in valuation ruling are causing problems to importers at the clearance stage because the international market varies with demand and supply factor. Moreover, it was also informed that prices of scrap are also published in London Metal Bulletin (LMB) for Pakistan imports and thus, to ensure transparency, fairness as well as uniformity in assessment, the value should be linked with LMB prices and freight factor be added thereon when published prices given as FOB. Therefore, an exercise to determine the Customs values of the subject goods afresh was initiated under section 25-A of the Customs Act, 1969.

3. Stakeholders' participation in determination of Customs values: Meetings were held on 14-01-2021 and 03-02-2021 with stakeholders including the representatives of trade bodies i.e. FPCC&I & KCC&I and the Pakistan Steel Re-Rolling Mills Association. All the participants were requested to submit following documents so that correct customs values could be determined: -

- Invoices of imports during last three months showing factual value.
- Websites, names and E-mail addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained.
- Copies of Contracts made / LCs opened during the last three months showing the value of item in question.
- 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. Most of the participants of the meeting agreed that it would be appropriate and fair if the values of Re-meltable Scrap are hedged with internationally accredited publication viz. LMB, because the bulletin now publishes the values of Pakistan imports too. Copies of the LMB prices during the period and contracts were also provided by the participants to substantiate their view point. Regarding Re-Rollable Scrap, it was contended that its values are almost same as those of Re-meltable Scrap and be kept same but no documentary proof to this effect was provided. The importers of compressor scrap were of the view that more than 90% of compressor scrap is imported from USA where chances of under-invoicing are minimal. So, either this scrap be excluded from Ruling or its value should be reduced from current value as per the documents provided by them. The contentions, viewpoints and document submitted by participants were scrutinized for the purpose of valuation of subject item.

5. **Method adopted to determine Customs values:** Valuation methods given in Section 25 of the Customs Act, 1969 were applied sequentially to address the valuation issue at hand. Transaction value method provided in Section 25 (1) of the Act *ibid* was found inapplicable because the required information under the law was not available. Identical and Similar goods valuation methods provided some reference values but could not be relied upon due to variation in data. Market enquiry as envisaged under Sub-Section (7) of Section 25 of the Customs Act, 1969 was conducted but could yield no results as prices varied according to selling point in the market. Online values were also checked. Since the manufacturers' costs and raw material prices of producing the goods in question in the country of exportation were not available. Computed value method as provided in Section 25(8) could not be applied for valuation of the aforesaid goods. All the information so gathered was evaluated and, analyzed for the purpose of determination of customs values. Consequently, reliance was placed upon Sub-Section (9) of Section 25 of the Customs Act, 1969, for the determination of customs values.



Customs values hereinafter specified shall be assessed to duty / taxes at the following minimum Customs Values: -

S. No.	Description of goods	PCT	Proposed PCT for WEOC	Origin	Customs Values (US \$ Per MT)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Iron & Steel Remeltable Scrap Shredded Scrap, HMS Scrap, Press Bundle Scrap etc.	7204.4100	7204.4100.1000	All Origins	Prices published in LMB ¹
		7204.4990	7204.4990.1000		
2.	Compressor Scrap	7204.4940	7204.4940.1000		US \$660/-

¹Note: If the price is given as FOB, an amount of US \$ 40/MT be added on account of freight charges.

Note: For Iron & Steel Re-Rollable Scrap (PCT 7204.4910), US \$ 65/MT be added to the value of scrap of S.No.1 mentioned-above.

7. In cases where declared/ transaction values are higher than the Customs values determined in this Ruling, the assessing officers shall apply those values in terms of Sub-Section (1) of Section 25 of the Customs Act, 1969. In case of consignments imported by air, the assessing officer shall take into account the differential between air freight and sea freight while applying the Customs values determined in this Ruling.

8. **Validity of this Valuation Ruling:** The values determined vide this Ruling shall be the applicable Customs value 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 of this ruling, before the Director General, Directorate General of Customs Valuation, 7th Floor, Custom House, Karachi.

10. The Collectors of Customs may kindly ensure that the values given in this Valuation Ruling for the given description of goods are applied by the concerned staff without fail. Any anomaly observed may kindly be brought to the notice of this Directorate General immediately. Customs values determined in the ruling are for the description and specification as mentioned in the tables above of this Ruling. HS Codes are mentioned for illustrative purposes so that valuation ruling values are made accessible to the assessing officers. The assessment shall be finalized on the basis of correct classification after fulfilling requisite formalities related to importability or any other certification required thereon. In addition to this, it is further necessary to verify that there is no mis-declaration of any sort or violation of Import Policy Order or Section 15 of the Customs Act, 1969 or any other law in vogue therein.

11. *This ruling supersedes Valuation Ruling No.1455/2020 dated 03-07-2020.*


(Shafique Ahmed Latki)
Director

Copy for information to: -

- 1) The Member Customs (Policy/Operations), F.B.R., Islamabad.
- 2) The Director General, Customs Valuation, Custom House, Karachi.
- 3) The Chief Collector of Customs, South (Appraisal), Custom House, Karachi.
- 4) The Chief Collector of Customs, South (Enforcement), Custom House, Karachi.
- 5) The Chief Collector of Customs (Central), Lahore.
- 6) The Chief Collector of Customs (North), Islamabad.
- 7) The Chief Collector of Customs, (Enforcement), Custom House, Quetta.
- 8) The Director General, Intelligence and Investigation-FBR, Islamabad.
- 9) The Director General, PCA& Internal Audit, Karachi.
- 10) The Director General, IOCO, Karachi
- 11) The Director General, Transit Trade, Custom House Karachi
- 12) The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.
- 13) The Director, Transit Trade, Custom House Karachi
- 14) The Director, Directorate of Customs Valuation, Lahore.
- 15) The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WEBOC database system.
- 16) The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
- 17) The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
- 18) The Karachi Customs Agents Group, Bohri Road, Karachi.
- 19) The Webmaster, Federal Board of Revenue, Islamabad.
- 20) Guard File.