



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 Formic Acid PCT (2915.1100) Under Section 25-A of the Customs Act, 1969

(VALUATION RULING NO. <sup>1539</sup> / 2021)

C. No. Misc/09/2009-II/1544

Dated: 28-07-2021

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

2. **Background of the valuation issue:** Earlier the customs values of subject goods were determined under Section 25-A of the Customs Act, 1969 vide Valuation Ruling No.1475/2020 dated 06-10-2020. Representations were received from the various importers, Pakistan Chemicals & Dyes Merchants Association and Karachi Chamber of Commerce and Industry wherein it was stated that the international prices of the subject goods have shown upward trends. It was accordingly requested to issue fresh valuation ruling as per prevailing international market prices. Therefore, keeping in view the above facts, an exercise was undertaken by the Directorate General of Customs Valuation to determine the Customs Values of subject goods in terms of Section 25-A of Customs Act, 1969.

**Stakeholders' participation in determination of values:** Meeting was held on 15-04-2021 which was attended by different stakeholders including representative of Pakistan Chemicals & Dyes Merchants. 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.

The importers and the representative of Pakistan Chemicals & Dyes Merchant Association informed that the Formic Acid is one of the essential raw materials of leather and textile industry. The BASF is one of the largest suppliers of Formic Acid in Pakistan. Since issuance of previous Valuation Ruling, the prices of Formic Acid are showing upward trends and therefore, as per agreement of stakeholders, Valuation Ruling needs to be updated. The documents submitted and

the arguments of the stakeholders were considered for arriving at the customs values of subject goods.

4. **Method adopted to determine Customs values:** Valuation methods given in Section 25 of the Customs Act, 1969 were duly applied in their sequential order to arrive at customs values of subject goods. The transaction value method under 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 variations of values displayed in the import data as available on record also strengthened the aforementioned fact. Hence requisite information required under law was not available to arrive at the transaction value. Therefore, identical/ similar goods value methods as provided in Sub-Sections (5) and (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 due to reason that these were industrial use items and not readily available in the local market. 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 and recommendation of Pakistan Chemicals & Dyes Merchants Association 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.

5. **Customs values for Formic Acid - hereinafter specified shall be assessed to duty/ taxes on the minimum Customs values given against them in the Table below: -**



(1)	(2)	(3)	(4)	(5)	(6)	(7)	
	Description of goods	Specifications	H.S. Code	Proposed PCT for WeBOC	Origin	Customs Values (C&F) US\$/Kg	
1	Formic Acid	85% Manufactured by BASF	2915.1100	2915.1100.1000	All origin	0.65	
2		85% (All other manufacturers)		2915.1100.1100	China	0.59	
3				2915.1100.1200	Other origins	0.65	
4				Above 85% and up to 97% (All manufacturers)	2915.1100.1300	All origins	1.27
5				Above 97% (All manufacturers)	2915.1100.1400	All origins	2.24

*Note: The values have been determined for packing of up to 40 kgs drums. Further reduction of 30US\$/Ton is allowed on account of bulk packing, which includes 250 kgs drums and above.*

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 officer 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 differential between air freight and sea freight while applying the Customs values determined in this Ruling.

7. **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-Section (4) of Section 25-A of the Customs Act, 1969.

8. **Review of the value determined vide this Valuation Ruling:** A review 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, 7<sup>th</sup> Floor, Custom House, Karachi.

9. The Collectors of Customs may kindly ensure that the values given in the 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 Directorate General immediately. The Customs values determined in the Valuation Ruling are for the descriptions and specifications as mentioned herein. HS Codes are mentioned for illustrative purposes so that Valuation Ruling values are made accessible to assessing officers. The assessment shall be finalized in the correct classifications after fulfilling requisite formalities relating to importability or other certifications 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 of the Customs Act, 1969 or any other law in vogue therein.

10. *This ruling supersedes the Valuation Ruling No. 1475/2020 dated 06-10-2020.*

  
(Shafique Ahmed Lafki)  
Director

Copy for information to:

1. The Member (Customs, Operations), F.B.R., Islamabad.
2. The Director General, Customs Valuation, Custom House, Karachi.
3. The Chief Collector of Customs, South (Appraisalment & Facilitation), Custom House, Karachi.
4. The Chief Collector of Customs, South (Enforcement & Compliance), 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 & Compliance), 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