



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

The Collectors of Customs, Collectorate of Customs, (Appraisement - West / Appraisement - East / Appraisement - Port Muhammad Bin Qasim / Enforcement JIAP / Export / Export PMBQ), Karachi / / Hyderabad / (Appraisement / Enforcement), Quetta / Gawadar / (Appraisement / Enforcement / AIIA), Lahore / Appraisement, Faisalabad / Appraisement Sambrial (Sialkot) / Enforcement, Multan / Islamabad / Gilgit - Baltistan / (Appraisement Enforcement), Peshawar / Enforcement, Dera Ismail Khan.

DETERMINATION OF CUSTOMS VALUES OF ALUMINUM SCRAP UNDER SECTION 25A OF THE CUSTOMS ACT, 1969.

(VALUATION RULING NO 1567 /2021)

No.Misc/03/2012-VI/ 1148

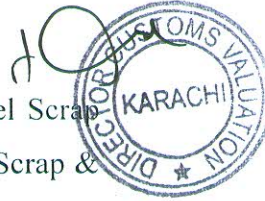
Dated:- 17 -11-2021

In exercise of the powers conferred under Section 25A of the Customs Act, 1969, the Customs values of Aluminum 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 & Motor Scrap & other Scraps were determined vide Valuation Ruling No.1547/2021, dated 06-08-2021. However, the importers filed review petitions before the Director General Customs Valuation who, vide Order-in-Revision No. 30/2021 dated 24-09-2021 set aside the said Valuation Ruling in the following terms:

- i. *Revisit customs values of different types of scrap detailed at serial Nos. 01 and 02 (of the table in Para-6 of impugned ruling) for re-determination of customs values and where deemed appropriate to link them with prices published in LMB. Further, Iron & Steel RE-meltable Scrap, Shredded Scrap, HMS Scrap, Press Bundle Scrap etc. need to be separately indicated (with appropriate PCT heading). This exercise to be completed within aforementioned time frame.*
- ii. *The Director Customs Valuation shall take into account the freight difference between sea and land routes (i.e. imports through land route from Iran and Afghanistan) while determining customs values in respect of the items mentioned in Para-6 of the impugned ruling.*

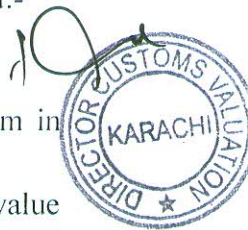
Number of representations were also received wherein it was contended that the fixed values in the ruling were causing problems to importers at the clearance stage because the international



market prices vary with demand and supply factor. Moreover, it was also brought into the notice that prices of scrap are also published in London Metal Bulletin (LMB), for Pakistan imports which may be utilized to ensure transparency, fairness and uniformity in assessment. Therefore, an exercise to determine the Customs values of the subject goods afresh was initiated under section 25A of the Customs Act, 1969.

3. **Stakeholders' participation in determination of Customs values:** Meetings were held on 21-10-2021, 06-11-2021 & 12-11-2021 with stakeholders including the representatives of trade bodies i.e. FPCC&I & KCC&I, GCC&I, QCC&I, Pakistan Steel Melters Association, Pakistan Steels Re-Rolling Mills Association and individual firms. All the participants were requested to submit following documents so that correct customs values could be determined:-

- 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 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 contended that the absolute values determined on the basis of London Metal Bulletin are causing problems to the importers at the time of clearance stage. They further stated that the values may be determined separately for different types of scraps / goods.

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

