



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

The Collector of Customs, Collectorate of Customs, (Appraisalment - West / Appraisalment - East/ Appraisalment - Port Muhammad Bin Qasim / Enforcement / JIAP), Karachi / Hyderabad / (Appraisalment / Enforcement), Quetta / Gawadar / (Appraisalment / Enforcement / AIIA), Lahore/ Appraisalment, Faisalabad / Appraisalment, Sambrial (Sialkot)/ Enforcement, Multan / Islamabad/ Gilgit -Baltistan / (Appraisalment / Enforcement), Peshawar / Enforcement, Dera Ismail Khan/ Exports (Port Muhammad Bin Qasim/ Custom House), Karachi.

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

(VALUATION RULING NO ¹⁵⁶⁸ /2021)

No. Misc/01/2012-VI/ ¹⁹⁴⁹

Dated: ¹⁷-11-2021



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

2. **Background of the valuation issue:** The value of different types of copper scrap was being determined vide Valuation Ruling No. 1550//21 dated 2009.20221. The Collectorate of Customs (Appraisalment), PMBQ through its letters C.No. Group-V-141-2021-PQ dated 30.09.2021 and 09.11.2021 had suggested certain amendments for ease of implementation of the Valuation Criteria laid down in the above mentioned Ruling. Representations were also received from Gujranwala Chamber of Commerce and Industries (GCCCI) and Federation of Chambers of Commerce and Industries (FPCCI), Karachi to relook the determination of customs value of Copper Scrap. 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:** Meeting was held on 21-10-2021, 06-11-2021 & 12-11-2021, which was attended by various stakeholders including the representatives of trade bodies i.e. FPCC&I & KCC&I GCC&I, QCC&I, manufacturers, importers as well as representatives of Clearance Collectorates. 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. During the meeting commercial importers argued that there was no need for determining values of Copper Scrap (in the form of compressor scrap and motor scrap) as its value had already been determined vide Valuation Ruling No.1547/2021, dated 06-08-2021. They contended that value of Compressor Scrap was determined not only on the basis of iron & steel scrap but also on the basis of percentage of copper in it. However, some manufacturers were of the view that values of copper scrap as a single item should be separately determined on the basis of London Metal Exchange (LME), published in London Metal Bulletin (LMB), now Fast Markets Metal Bulletin, giving discount on account of processing charges. Again importers of copper scrap argued that LME prices are for prime quality and not for copper scrap. However, it was noted during the meeting that the London Metal Bulletin (LMB), now Fast Markets Metal Bulletin, explicitly provides on regular basis the prices of copper scrap as a separate item. The content ratios determined by IOCO and EDB for different scrap items were also discussed and examined. The documents submitted by the stakeholders, arguments advanced during meeting, LME price trends and imports data were examined for determination of customs value of subject 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 Act was also conducted but could not yield reliable results as prices varied according to selling points in the market. Online values were also checked. Computed value method as provided in Section 25(8) could not be applied for valuation of the aforesaid goods because of variation in the countries of origins, ports of shipments and possible attachments given the nature of the item being traded globally. All the information so gathered was evaluated and, analyzed for the purpose of



