

The Collector of Customs, Collectorate of Customs, (Appraisement - West / Appraisement - East / Appraisement - Port Muhammad Bin Qasim / Enforcement / JIAP), 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 / Exports (Karachi / Port Qasim) / Transit Trade (Karachi).

**DETERMINATION OF CUSTOMS VALUE OF BASE OIL UNDER SECTION 25A
OF THE CUSTOMS ACT, 1969.**

(VALUATION RULING NO. 1664/2022)

C. No. Misc/26/2017-I/622.

Dated: 16-06-2022



In exercise of the powers conferred under Section 25A of the Customs Act, 1969 Customs value of Base Oil is determined as follows: -

2- **Background of the valuation issue:** Representations were received from importers of Base Oil for determination of minimum customs value. The importers submitted that prices of Base Oil are available in accredited publications (i.e. ARGUS / ICIS) which may be considered for valuation of the afore-said item. Accordingly, an exercise was initiated to determine values of subject goods under section 25A of the Customs Act, 1969.


3- **Stakeholders' participation in determination of Customs value:** Meetings with stakeholders including importers, and representatives from customs field formations were held on 07-12-2021 and 31-05-2022 to discuss the prevalent prices of base oil. The participants submitted that the Base Oil is produced during solvent extraction process. Base Oils have three stages (i.e. Group I, II & III). The stakeholders were requested to submit the following documents:

- 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 last four months showing the difference in price (excluding duty and taxes) to substantiate their contentions.*

4- **Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were duly followed and applied sequentially to address the valuation issue at hand. Transaction value method provided in Sub-Section (1) of Section 25 was found inapplicable because of non-submission of requested documents by any of the stakeholder and also because of wide variation in declared values. Identical / similar goods value method provided in Sub-Sections (5) & (6) of Section 25 ibid were examined for applicability to determine Customs value of subject goods. This data provided some references; however, it was found that the same cannot be solely relied upon due to variation in quality and non-declaration of the grade/ Technical number on the Goods

Declarations (GDs). In line with the statutory sequential order of Section 25, this office then conducted a market inquiry using Deductive Value Method under Sub-Section (7) of the Section 25 of the Customs Act, 1969. As the subject goods are not commercially traded in retail sale etc, the said survey result could not be solely relied upon for determination of values of subject goods. Valuation method provided vide Section 25 (8) of Customs Act 1969 also provided some reference regarding values of constituent raw materials internationally. Internet prices were checked from reputed and authentic publication i.e., ARGUS/ICIS, within the meanings of proviso to sub-section (1) of Section 25A ibid, inserted vide Finance Act, 2021. Finally, import data, prices of raw materials, market information and international prices through the internet were examined thoroughly and the information so gathered was utilized and analyzed for determination of Customs Value of the subject good under Section 25(9) of the Customs Act, 1969.

5- **Customs value for Base Oil – hereinafter specified** shall be assessed to duty/taxes at the following minimum Customs Value: -



S. No.	Description of Goods	Mode of Packing	PCT Code	Proposed PCT Code for WEOC	Origin	Customs Value US\$/M.Ton (C&F)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Base Oil Group I / II / III	Bulk	2710.1993	2710.1993.1000	All Origins	ARGUS Scan Price plus US\$ 60/M.Ton
2		Flexi/ISO Tank		2710.1993.1100	All Origins	ARGUS Scan Price plus US\$160/M.Ton
3		Drums		2710.1993.1200	All Origins	ARGUS Scan Price plus US\$230/M.Ton


Note: ARGUS Scan Price shall be taken from relevant date of L/C or Bill of lading(B/L).

7- In cases where declared values are higher than the Customs value determined in this Ruling, 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.

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-Section (4) of Section 25A of the Customs Act, 1969, read with Rule 107(a), Chapter IX, of the Customs Rules, 2001.

9- **Revision of the value determined vide this Valuation Ruling:** This Valuation Ruling is appealable under the law and a revision petition may be filed against this Ruling, under Section 25D 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 the 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. The Customs values determined in the ruling are for the description and specification as mentioned in Para-5. PCT 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 all formalities relating to importability or any other certifications required thereon.


(Syed Fawad Ali Shah)
Director

Copy for information to:

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