

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 (Port Qasim / Custom House Karachi) / Transit Trade, Karachi.

**DETERMINATION OF CUSTOMS VALUE OF GUM BASE HS CODE (3824.9910)**  
**UNDER SECTION 25A OF THE CUSTOMS ACT, 1969**

(VALUATION RULING NO. 1680 / 2022)

C.No. Misc/10/2019-II/721

Dated: 22 -07-2022



In exercise of the powers conferred under Section 25A of the Customs Act, 1969, the Customs value of Gum Base PCT (3824.9910) are determined as follows: -

2. **Background of the valuation issue:** Earlier, the customs value of Gum Base was determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No.1474/2020 dated 25-09-2020. The importers filed revision petition under section 25D of the Customs Act, 1969. The Director General Customs Valuation set aside the said valuation ruling vide Order-in-Revision No. 13/2022 dated 18-02-2022 with the direction to determine afresh the Customs value of gum base on its merits, keeping in view the value of impugned item in international market and addressing the disparity in quality and prices after giving a fair opportunity of hearing to the stakeholders. Accordingly, an exercise was initiated to determine the Customs Value of the subject goods in terms of Section 25A of Customs Act, 1969.
3. **Stakeholders' participation in determination of values:** Meeting was held on 05-04-2022 which was attended by different stakeholders. The participants were requested to submit following documents before or during the course of meeting so that customs value 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.
4. During the meeting, the stakeholders claimed that there is considerable variation in values of imported gum base primarily due to different qualities of Gum Base being imported for use in wide variety of bubble gums and therefore, the variation in price is chiefly because of its quality. It was also stated that the softness of gum base is the main reason for variation in prices as the high quality bubble gums are mostly soft, while cheapest type bubble gum are mostly hard. The importers of Chinese origin gum base argued that their imported gum base was lower in quality and consumed in manufacturing of bubble gum which is used by lower income group customers.



The participants also informed that some of the European manufacturers had established their factories in China and selling the product of Chinese origin. The documents submitted by the importers were examined and it was observed that there is a variation in declared invoice values of the subject goods.

5. **Method adopted to determine Customs value:** Valuation methods given in Section 25 of the Customs Act, 1969 were duly applied in their sequential order to arrive at customs value of subject goods. The transaction value method under Sub-Section (1) of Section 25 of the Customs Act, 1969 was found inapplicable due to wide variations of values displayed in the import data. Moreover, the importers did not provide substantial documents to establish the correct transaction value of the goods. Thereafter, identical/ similar goods value methods as provided in Sub-Sections (5) and (6) of Section 25 ibid were examined for applicability to the provided some reference values but due to wide variation and suppressed declarations, the same could not be relied upon. In the sequential order this office then resorted to conduct a market inquiry in terms of Sub-Section (7) of Section 25 of the Customs Act, 1969, but as the goods are for industrial consumption and not available in the local market, therefore, sub-section (7) of Section 25 could not be applied. Then, valuation methods vide Section 25(8) of the Customs Act, 1969 was examined but the subject goods being raw material and used for the preparation of Chewing Gum could not be applied either. Finally, clearance data, market information and international prices through internet were examined thoroughly and the information so gathered was utilized and analyzed for determination of Customs Value of Gum Base under Section 25(5) & 25(6) of the Customs Act 1969.

6. **Customs values for Gum Base:** Gum Base hereinafter specified shall be assessed to duty/taxes on the minimum Customs value given in the Table below: -

Sr. No.	Item Description	PCT Code	Proposed PCT for WeBOC	Origin	Custom Values C&F (US\$/Kg)
(1)	(2)	(3)	(4)	(5)	(6)
1	Gum Base	3824.9910	3824.9910.1000	Turkey	1.46
2			3824.9910.1100	Brazil	1.55
3			3824.9910.1200	China	1.77
4			3824.9910.1300	European Union	2.31

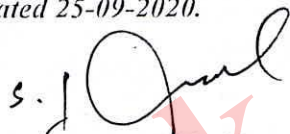
7. The assessing officers shall take into account first proviso to sub-section 2 of section 25A of the Customs Act, 1969 which states "Provided that where the value declared in a goods declaration, filed under section 79 or section 131 or mentioned in the invoice retrieved from the consignment, as the case maybe, is higher than the value determined under subsection (1), such higher value shall be the customs value". In case of consignment imported by air, the assessing officers shall take into account the difference between air freight and sea freight while applying the customs values determined in this Ruling.

8. **Validity of 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 (4) of Section 25A of the Customs Act, 1969, read with rule 107 (a), sub-Chapter-I, Chapter-IX, of the Customs Rules, 2001.

9. **Revision of the Value Determined vide this Valuation Ruling:** A revision petition may be filed against this Ruling, as provided under Section 25D 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.

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 Directorate General immediately. Customs values determined in the ruling are for the description and specification as mentioned in the above table of this Ruling. PCT Codes are mentioned for illustrative purpose 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.

11. *This ruling supersedes the Valuation Ruling No. 1474/2020 dated 25-09-2020.*

  
(Syed Fawad Ali Shah)  
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, 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.
- 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