

The Collectors of Customs, Collectroate 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 / Giligit - Baltistan / (Appraisement Enforcement), Peshawar / Enforcement, Dera Ismail Khan.

DETERMINATION OF CUSTOMS VALUE OF FLEXIBLE TUBING OF IRON AND STEEL UNDER SECTION 25A OF THE CUSTOMS ACT, 1969.

(VALUATION RULING NO ¹⁶⁸⁵/2022)

No.Misc/03/2022-VI/735.

Dated: 29-07-2022



In exercise of the powers conferred under Section 25A of the Customs Act, 1969, the Customs value of Flexible Tubing of Iron and Steel is determined as follows:

2. Background of the valuation issue: At the moment there is no valuation ruling of subject items in the field. The customs clearance data revealed that flexible tubing was being declared at low values when compared to local and international selling prices. Furthermore, a representation was received from Pakistan Wire Industries (Pvt.) Ltd. dated 31st march 2022 to the Directorate of Customs valuation, Custom House Karachi whereby they proposed a formula for deriving at values of subject goods. The directorate General Valuation examined the matter thoroughly in the light of above proposal, PRAL data, LMB prices, local market survey as well as information from online international sources and consultation with stakeholders for determining the subject values under section 25A of customs act, 1969, to ensure uniform assessment of subject goods across the country.

3. Stakeholders' participation in determination of Customs values: Meeting was held on 12-05-2022 with all stakeholders. The participants were requested to submit the 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. The requisite documents were not submitted by any importer to substantiate their declarations therefore the matter could not be further pending.

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 reliable results as prices varied according to selling point in the market. Therefore, valuation method vide section 25(8) was also examined for valuation of the subject goods keeping in view the LME prices of raw material published in LMB(taking strength of proviso to section 25A inserted vide Finance Act,2021), adding relevant conversion cost and prevalent freight. All the information so gathered was evaluated and, analyzed for the purpose of determination of customs values. The relevant material used in the manufacture of the final product was also re-considered. Consequently, reliance was placed upon Sub-Section (9) of Section 25 of the Customs Act, 1969, for the determination of customs values.

6. **Customs Values for Flexible Tubing of Iron and Steel excluding Flexing Hose Products *hereinafter specified*** shall be assessed to duty / taxes at the following minimum Customs Value:

S. No.	Description	PCT Code	Proposed PCT Code for WeBOC	Origin	Customs Value (C&F) US\$/MT
(1)	(2)	(3)	(4)	(5)	(6)
1.	Flexible Tubing of Iron or Steel (with PVC Jacket) Excluding Flexible Hose Products	8307.1000 8307.9000	8307.1000.1000 8307.9000.1000	All Origin	LMB Price of Wire Rod (Respective Origins) plus: (i) 5% on LMB price of wire rod on account of draw quality (ii) USD 145 on account of Conversion cost into wire. (iii) USD 270 on account of conversion cost into tubing. (iii) USD 200 on account of freight charges.


7. The assessing officers shall take into account first proviso to the subsection 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 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 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-Sections (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:** 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 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 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 this Directorate General immediately. Customs values determined in the ruling are for the description and specification as mentioned in the tables above of this Ruling. 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 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.


(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, South (Appraisalment), Custom House, Karachi.
- 4) The Chief Collector of Customs, South (Enforcement), 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), 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
- 11) The Director General, Transit Trade, Custom House Karachi
- 12) The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.
- 13) The Director, Transit Trade, Custom House Karachi
- 14) The Director, Directorate of Customs Valuation, Lahore / Peshawar / Quetta.
- 15) The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WEBOC database system.
- 16) The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
- 17) The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
- 18) The Karachi Customs Agents Group, Bohri Road, Karachi.
- 19) The Webmaster, Federal Board of Revenue, Islamabad.
- 20) Guard File.