



GOVERNMENT OF PAKISTAN  
DIRECTORATE GENERAL OF CUSTOMS (VALUATION)  
7<sup>TH</sup> FLOOR, CUSTOM HOUSE, KARACHI

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The Collectors of Customs, Collectorates 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 VALUES OF SECONDARY QUALITY FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, COLD ROLLED (CR), UNDER SECTION 25A OF THE CUSTOMS ACT, 1969.**

(VALUATION RULING NO. 1719 / 2022)

File No. Misc/32/2007-VI/1335

Dated: 21-12-2022

In exercise of the powers conferred under Section 25A of the Customs Act, 1969, the Customs value of Secondary Quality Flat-Rolled Products of Iron or Non-Alloy Steel, Cold Rolled (CR) is determined as follows:

2. **Background of the valuation issue:** Earlier, the Customs value of CRC (Secondary quality) was determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No. 1666/2022 dated 24.06.2022. Review Petitions were filed against the said Valuation Ruling



phase when it remained constant. In order to understand the discount phenomenon on secondary quality CRC (Secondary quality), for instance, the discounts rates given in the Valuation Rulings issued in the past are tabulated below.

S.No.	Valuation Ruling No & Dated	Discount on account of secondary quality difference
1	717/2015 dated 11.02.2015	15%
2	1213/2017 dated 27.09.2017	15% (for listed countries in LMB) 16% (for non-listed countries in LMB)
3	1666/2022 dated 24.06.2022	29%



In the past, different institutions / bodies have provided the criteria/ input for determining the discount given to secondary quality HRC/CRC/GP from the prime quality of the said

products. For instance, Pakistan Steel submitted formula, based on fixing of secondary grade material price at discount of 7% for HRC & CRC and 10% for GP of prime products. From the perusal of the previous records pertaining to the impugned item, it transpires that the Directorate also sought input of Collectorates of Appraisalment, East / West and Port Qasim, who were of considered view that discount given @ 15%, in Valuation Ruling No.717/2015, is justified and it needs to be continued. The stand point of M/s Siddiq Sons Tin Plate Limited, M/s International Steel Limited and Aisha Steel Mills Limited also endorsed the discount given in Valuation Ruling No.717/2015 as justified and all the stakeholders were satisfied with the discount in vogue since last seven years.

**5. Method (s) adopted to determine Customs values:** All the stakeholders were given adequate and sufficient opportunities of hearing during the meetings with the stakeholders. Valuation methods provided in Section 25 of the Act 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 sufficient reason with respect to discount given under the Valuation Ruling No. 1666/2022 dated 24-06-2022 was not available and, hence, the requisite information required under the law was not available to arrive at the correct / transaction value. Identical goods method, provided in sub-section (5) of Section 25, was examined and considered to determine customs value of subject goods. However, it was found that the same cannot be solely relied upon as the discount given (from prime quality to secondary quality) was not empirically proven. The "Similar Goods Method" provided in sub-section (6) of Section 25 of the Act was then considered for application; however, the same was found inapplicable owing to the afore-stated reason. In line with the statutory sequential order of Section 25, the market inquiry using Deductive Value Method under Sub-Section (7) of Section 25 of the Act was not found relevant because the prices available in the market were of the freshly given discount which is not in line with any national / international formula and also against the established practice whereby discount @ 15% is conventionally given. Valuation method, provided vide Section 25 (8) of the Act, could not be applied as the precise conversion



cost for constituent materials and allied expenses, at countries of export were are not available. Keeping all the factors in view and after carefully analyzing all the available information from different sources, conventional discount from prime quality to secondary quality, well established practice and read with proviso to Section 25A (1), the customs value of the subject item is determined under Section 25(9), of the Customs Act, 1969.

6. **Customs value for Secondary Quality Flat-Rolled Products of Iron or Non-Alloy Steel, Cold Rolled (CR) hereinafter specified** shall be assessed to duty / taxes at the following Customs Value:

S. No.	Description of goods	PCT	Proposed PCT for WEOC	Origin	Customs Values (C&F) US\$/Kg
(1)	(2)	(3)	(4)	(5)	(6)
01	Secondary Quality Flat-Rolled Products of Iron or Non-Alloy Steel, Cold Rolled (CR)	7209.1510 7209.1610 7209.1710 7209.1810 7209.2510 7209.2610 7209.2710 7209.2810 7209.9010	7209.1510.1000 7209.1610.1000 7209.1710.1000 7209.1810.1000 7209.2510.1000 7209.2610.1000 7209.2710.1000 7209.2810.1000 7209.9010.1000	All origins	LMB prices of CRC prime quality of respective origins; Less 15% (on account of secondary quality difference) and add actual freight.

**Note: LMB price may be taken from the L/C date or B/L date.**



7. In cases, where declared values are higher than the Customs values determined in this Ruling, the assessing officers shall apply those values in terms of sub-section (1) of Section 25 of the Customs Act, 1969. In case of consignments imported by air, the assessing officers shall take into account the difference between air freight and sea freight while applying the Customs values in this Ruling.

8. **Validity of this Valuation Ruling:** This Ruling, containing the Customs values for assessment of subject imported goods, shall be applicable until and unless the same are rescinded or revised by the competent authority in terms of sub-section (4) of Section 25A of the Customs Act, 1969.


9. **Revision of the values determined vide this Valuation Ruling:** If aggrieved, 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 its issuance, 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 the Valuation Ruling, for the given description of goods, are applied by the concerning assessing officers /



officials without fail. Any anomaly observed may kindly be brought to the notice of this Directorate immediately. The Customs values determined in the ruling are for the descriptions and specifications as mentioned in Para-6 of this Ruling. HS Codes are mentioned for illustrative purposes so that Valuation Ruling is made accessible to the assessing officers. The assessments shall be finalized on the basis of correct classifications after fulfilling all formalities related to importability or other certifications required thereon.

11. ***This Ruling superseded Valuation Ruling No. 1666/2022 dated 24.06.2022.***

  
(Fayaz Rasool Maken)  
Director

Copy for information to:

1. The Member Customs (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, Baluchistan, Custom House, Quetta.
9. The Chief Collector of Customs, Khyber Pakhtunkhwa, Custom House, Peshawar.
10. The Director General, Intelligence and Investigation (Customs) FBR, Islamabad.
11. The Director General, PCA & Internal Audit, Karachi.
12. The Director General, IOCO, Karachi.
13. The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.
14. The Director, Transit Trade, Custom House, Karachi.
15. The Director, Directorate of Customs Valuation, Lahore/Quetta/Peshawar.
16. The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WeBOC Database System.
17. The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
18. The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
19. The Karachi Customs Agents Association, Bohri Road, Karachi.
20. The Webmaster, Federal Board of Revenue, Islamabad.
21. Guard File.