GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
7TH FLOOR, CUSTOM HOUSE, KARACHI
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DETERMINATION OF CUSTOMS VALUES OF VARIOUS TYPES OF COPPER SCRAP UNDER SECTION 25A READ WITH PROVISO TO SECTION 25A(1) OF THE CUSTOMS ACT, 1969

Publication Value Reference No. 10 /2023

C.No. Misc/Copper Scrap/02/2022-VI 1284 Dated: 13-03-2023

In exercise of the powers conferred under Section 25A, read with proviso to Section 25A(1) of the Customs Act, 1969, the Publication values of Copper scrap are determined as follows:

Background of the valuation issue: Earlier, the Customs values of various types of Copper Scrap were determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No. 1568/2021 dated 17-11-2021. However, due to fluctuation of prices in international market, an exercise has been undertaken by this Directorate to re-determine Customs values afresh in line with values prevalent in the international market.

2. **Analysis / Exercise done to determine Customs Values:** Issue of customs values of compressor scrap was taken up by this Directorate with M/s. Pakistan Steel Melters Association (PSMA). Considering the volume of imports and revenue involved an, exercise for redetermination of values was initiated. After analyzing import data, process for getting input from relevant stakeholders was initiated. Accordingly, two meetings were held on 11-01-2023 and 31-01-2023 in the Directorate, which were attended by the relevant stakeholders including members of FPCC&I, KCC&I, Gujranwala Chamber of Commerce & Industry (GCCI), and importers, for determination of Custom values of various types of Copper Scrap under Section 25-A of the Customs Act, 1969. The stakeholders shared their valuable input on the matter during the meetings. M/s. Pakistan Steel Melters Association (PSMA) were asked about the basis of their input. On this query, they contended that during retrieval of the metals (i.e. iron and steel and copper) through remelting, a lot of wastage occurs. When they were asked that such a wastage is not relevant (for consideration) under the applicable valuation laws because it takes place when the compressor scrap is released / cleared from the port, they did not give any convincing response. The Representatives of Importers Association were of the view that extracting copper, Iron and other materials from compressor and motor scrap is a tedious task, requiring considerable cost and labor and; hence, 35% discount is justified. They further pointed out that discount is normal and commensurate with international rates, which are on decreasing international rates.

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According to them, this fact could be verified from authentic online websites "Davis Index" & "Peony Online" where it is listed as "Sealed Unit" and gives complete value of Compressor scrap.

3. **Method (s) adopted to determine Customs values:** The Valuation methods specified in Section 25 of the Customs Act, 1969, were duly applied in sequential order to arrive at the Customs values of subject goods. The transaction value method as provided in sub-section (1) of Section 25 of the Customs Act, 1969 was considered. However, the same was found inapplicable because of absence of necessary information as required under sub-section (2) of Section 25 of Customs Act, 1969. Therefore, identical goods value method provided in Section 25(5) ibid was examined for applicability to determine Customs values of subject goods. Subsequently, available data / information collected through international publications i.e. (London Metal Bulletin) LMB now known as Fastmarkets Metal Bulletin, Peony Online and Davis Index were thoroughly scrutinized and compared with the import data of the relevant period to determine Customs values. Moreover, it is observed that huge discount @ 35% – given because of processing charges and wastage as a result of retrieving of copper and iron / steel – is not justifiable on the basis of relevant industry practices / notes. The same, therefore, needs to be rationally reduced. Finally, the values of various types of Copper Scrap have been determined in terms of Section 25A read with proviso to Section 25A(1) of the Customs Act, 1969.

4. **Customs values of Copper Scrap:** Various types of Copper Scrap, hereinafter specified, shall be assessed to duty / taxes at the Customs values as per the following table:

S. No.	Description of Goods	Origin	PCT	Proposed PCT for WeBOC	Customs Values (C&F) (US$ per MT)
(1)	(2)	(3)	(4)	(5)	(6)
1	Copper Scrap (as a single separate item)	All Origins (by sea)	7404.0090	7404.0090.1000	LME price published in LMB, plus actual freight.
2	Copper Scrap attached with Ferrous Scrap (Excluding S.No. 3, 4, 5, 6)	All Origins (by sea)	7204.4990	7204.4990.1000	LME prices published in LMB for respective contents of Copper Scrap and each material attached, less 17.5% discount on account of wastage and processing cost, plus actual freight.
3	Motor Scrap	All Origins (by sea)	7204.4990	7204.4990.1100	10% of LME price Published in LMB for Copper Scrap, add 90% of LME price Published in LMB for Iron & Steel Shredded Scrap (Pakistan Import), less 17.5% discount on account of processing charges & wastages, plus actual freight.

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4	Compressor Scrap	All Origins (by sea)	7204.4940	7204.4940.1000	10% of LME price Published in LMB for Copper Scrap, add 90% of LME price Published in LMB for Iron & Steel Shredded Scrap (Pakistan Import), less 17.5% discount on account of processing charges & wastages, plus actual freight.
5	Transformer Scrap	All Origins (by sea)	7204.4940	7204.4940.1100	10% of LME price Published in LMB for Copper Scrap, add 90% of LME price Published in LMB for Iron & Steel Shredded Scrap (Pakistan Import), less 17.5% discount on account of processing charges & wastages, plus actual freight.
6	Ballast Scrap	All Origins (by sea)	7204.4940	7204.4940.1200	10% of LME price Published in LMB for Copper Scrap, add 90% of LME price Published in LMB for Iron & Steel Shredded Scrap (Pakistan Import), less 17.5% discount on account of processing charges & wastages, plus actual freight.
7	PCB Scrap	All Origins (by sea)	7404.0090	7404.0090.1100	32% of LME price of Copper Scrap published in LMB, less 17.5% discount on account of processing charges & wastage, plus actual freight.
8	Computer related Scrap (excluding PCB/ Cables)	All Origins (by sea)	7404.0090	7404.0090.1200	10% of LME price Published in LMB for Copper Scrap, add 20% of LME price Published in LMB for Iron & Steel Shredded Scrap (Pakistan Import), less 17.5% discount on account of processing charges & wastages, plus actual freight.

NOTE 1: For imports made through Land Routes, 15% discount on LMB on account of freight from values mentioned at column 6 of the above table shall be allowed and thereafter actual land freight charges incurred for respective land import station shall be added.

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NOTE 2: For the purpose of LME/ LMB prices, the applicable price shall be taken from the L.C opening date or Master Bill of Lading issuance date, whichever is available in the said sequence.
NOTE 3: This Publication Value is not applicable on copper cable cutting scrap. However, the Collectorates may determine the values of copper cable cutting scrap under Section 25 of the Customs Act, 1969 keeping in view the LME prices of content ratios of copper and other metals as deemed appropriate.

5. In cases, where declared values are higher than the above-stated Customs values, 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 Publication Value.

6. **Validity of these Publication Values:** 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.

7. **Revision of the determined Publication Values:** In case of disagreement (with such customs values) by any importer / exporter, the assessing officer shall give the reasons in writing and shall issue an Assessment Order which shall be appealable before the Collector (Appeals) under Section 193 of the Customs Act, 1969.

8. The Collectors of Customs may kindly ensure that the said determined values are applied by the concerned assessing officers / officials without fail. Any anomaly observed may kindly be brought to the notice of the Directorate of Customs Valuation, Karachi immediately. Customs values so determined are for the description and specification as mentioned in the table above. PCT Codes are mentioned for illustrative purposes so that Publication 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 certifications 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 therein.

9. ***These Publication Values rescind the Valuation Ruling No.1568/2021 dated 17-11-2021.***

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(Fayaz Rasool Maken)
Director

Copy 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 Director, 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 (KCAA), Bohri Road, Karachi.
20) The Webmaster, Federal Board of Revenue, Islamabad.
21) Guard File.

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