

The Collectors of Customs, Collectorates of Customs (Appraisalment – West)/ Appraisalment – East / SAPT / Appraisalment – Port Muhammad Bin Qasim / Enforcement /JIAP), Karachi / Hyderabad/ Kohat/ (Appraisalment/Enforcement), Quetta/Gawadar/ Khuzdar (Appraisalment/ Enforcement/ AIIA), (Appraisalment East/West), Lahore, Faisalabad/ Appraisalment, Sargodha/ Enforcement, Sambrial (Sialkot)/ Enforcement, Multan/ Islamabad/ Gilgit-Baltistan/ (Appraisalment/ Enforcement), Peshawar/ Enforcement, Dera Ismail Khan/Exports (Port Qasim/Custom House, Karachi)/Transit Trade. Karachi.

DETERMINATION OF CUSTOMS VALUES OF HOME INVERTERS WITHOUT BATTERY AND FREQUENCY INVERTERS UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. 1901 /2024)

No. Misc/25/2013-VII/ **1679**

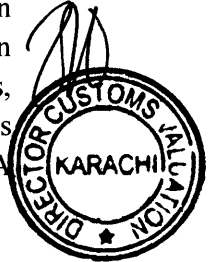
Dated: **05**-07-2024

In exercise of the powers conferred under Section 25A of the Customs Act, 1969, the Customs values of Home Inverters without battery and frequency inverters are determined as follows:

2. **Background of the valuation issue:** Earlier, the Customs values of Home Inverters without battery were determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No.613/2013 dated 28-11-2023. As the previous Valuation Ruling was more than ten years old and prices of Home Inverters without battery have changed in last ten years, therefore, an exercise has been undertaken by this Directorate to re-determine the Customs values afresh in line with values prevalent in the international market in terms of section 25A of the Customs Act, 1969.

3. **Analysis / Exercise done to determine Customs Values:** In this regard, meetings dated 04-04-2024, 25-04-2024, 02-05-2024, 16-05-2024, 30-05-2024, and 06-06-2024 have been held in the Directorate of Customs Valuation, Karachi. Relevant stakeholders suggested that prices of Home Inverters without battery have increased since issuance of impugned VR. Therefore, Ninety (90) days' clearance data has been retrieved and the same has been scrutinized. Subsequently, market inquiry has been conducted and examined in the light of this Directorate's Office Order No.17/2014 dated 19-03-2014 and in terms of Section 25 (7) read with Section 25(9) of the Customs Act, 1969.

4. **Method (s) adopted to determine Customs values:** Valuation methods specified in Section 25 of the Customs Act, 1969, are duly considered 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 found inapplicable due to absence of information as required under sub-section (2) of Section 25 of Customs Act, 1969. Therefore, identical goods value method provided in Section 25(5) was examined for applicability to determine Customs values of subject goods. However, it was found that the same could not



be solely relied upon due to absence of demonstrable evidences of quantities and qualities. Information available was, hence, found incomplete. Subsequently, similar goods value method provided in Section 25(6) was also examined for applicability to determine Customs values of subject goods. The import data of Home Inverters without battery and frequency inverters for the last 90 days was examined. However, Declared Values (DV) of both identical and similar goods showed consistent variations. Hence, this method was also found inapplicable. Market enquiry as envisaged under Sub-Section (7) of Section 25 of the Customs Act, 1969 was also conducted but could only yield results to some extent because of variations in market prices. In line with statutory sequential order of section 25, Computed value method, as provided in Section 25(8) of the Customs Act, 1969 was examined, but the same also could not be applied as the conversion cost from the constituent materials and allied expenses, in the country of export, were not available for manufacturing of Home Inverters without battery and frequency inverters. Finally, the Customs values of the subject goods have been determined under Section 25(9), read with Section 25(7), and Customs Rule 121(2) of Customs Rules, 2001 which provides that the methods of valuation, to be employed under sub-section (9) of section 25 of the Customs Act, 1969 may be inclusive of those laid down in sub-sections (1), (5), (6), (7) and (8) of the said section, but a reasonable flexibility in the application of such methods would be in conformity with the aims and provisions of sub-section (9) of that section.

5. **Customs Values for Home Inverters without battery and Frequency Inverters:** Home Inverters without battery and Frequency Inverters hereinafter specified shall be assessed to duty / taxes at the Customs values as per following Tables:

Table-A Home Inverters Without Battery

| Sr No. | Description of Goods | PCT Heading | Proposed PCT for WeBoc | Origin | Customs Values (C&F) US\$/KW |
|--------|--|-------------|------------------------|--------|------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| (1) | Home Inverters without battery up to 1 KW | 8504.4090 | 8504.4090.4500 | China | 28 |
| (2) | Home Inverters without battery more than 1 KW and up to 2 KW | 8504.4090 | 8504.4090.4500 | China | 26 |
| (3) | Home Inverters without battery more than 2 KW | 8504.4090 | 8504.4090.4500 | China | 24 |

Note: Customs Values mentioned in column (6) are only for home inverters without battery and not for Solar Inverters.

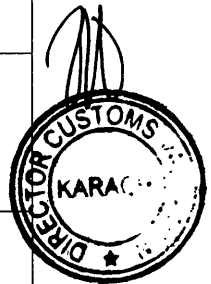
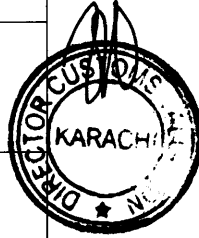


Table-B- Frequency Inverters

| S.No | Description of goods | PCT | Proposed PCT for WeBOC | Origin | Customs Values (C&F) US\$/KW |
|--|--|------------------------------|------------------------|--|------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 1 | Frequency Inverters 0.1 KW to 2.2 KW | 8504.4090 | 8504.4090.4000 | China | 50 |
| 2 | Frequency Inverters 2.3 KW to 5.5 KW | | 8504.4090.4100 | China | 40 |
| 3 | Frequency Inverters 5.6 KW to 7.5 KW | | 8504.4090.4200 | China | 30 |
| 4 | Frequency Inverters 7.6 KW to 30 KW | | 8504.4090.4300 | China | 25 |
| 5 | Frequency Inverters 30.1 KW and above | | 8504.4090.4400 | China | 20 |
| Note 1: If the Frequency Inverters are imported in used condition, the assessed value should not be less than 50% per KW as mentioned in column # 6 above may be applied accordingly. | | | | | |
| Note 2: All MCCs, are requested to be more vigilant on clearance of subject goods which are also declared with following names. | | | | | |
| • Variable Frequency Drive (VFD) | | • Variable Speed Drive (VSD) | | • Low Frequency Inverter | |
| • Frequency Convertor | | • Power Module | | • AC Drive | |
| • DC Drive | | • 3-Phase Motor Controller | | • Power Supply for Frequency Convertor | |
| • Inverter for Electric Motor | | | | | |




6. 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.

7. **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.

8. **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, 7th Floor, Custom House, Karachi.

9. The Collectors of Customs may kindly ensure that the values given in this Valuation Ruling are applied by the concerned staff without fail. Any anomaly observed may kindly be brought to the notice of this Directorate immediately. Customs values determined in the Ruling are for the description and specification as mentioned in the table 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 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.

10. ***This Ruling supersedes Valuation Ruling No. 613/2013 dated 28-11-2013.***



(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, Appraisal (South), Custom House, Karachi.
- 4) The Chief Collector of Customs, Enforcement (South), Custom House, Karachi.
- 5) The Chief Collector of Customs, Appraisal (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 Group, Bohri Road, Karachi.
- 20) The Webmaster, Federal Board of Revenue, Islamabad.
- 21) Guard File.