GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI
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The Collectors of Customs, Model Customs Collectorates, Appraisement (East / West)/ Port Qasim / Preventive, Karachi / Lahore (Appraisement / Preventive) / Sambrial (Sialkot) / Faisalabad / Multan / Islamabad /Hyderabad/ Quetta / Peshawar/ Gawadar/ Gilgit-Baltistan/Exports (Karachi/PQ).

Determination of Customs Values of Components for Split Air Conditioners (Conventional / Inverter type) Under Section 25-A of the Customs Act, 1969

(VALUATION RULING NO. 1058 / 2017)

No. Misc/22/2009-VII 1587 Dated: **February 28, 2017**

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Components for Split Air Conditioners (Conventional/Inverter type) are determined as follows: -

2. **Background of the valuation issue:** Customs values of Components for Split Air Conditioners (Conventional/Inverter type) were determined under Section 25A of the Customs Act, 1969, vide Valuation Ruling No.839/2016, dated 21-04-2016. The Valuation Ruling required revision in line with the prevailing prices in the international market. Therefore, this Directorate General initiated an exercise for determination of customs values of Components for Split Air Conditioners (Conventional/Inverter type).

3 **Stakeholders' participation in determination of Customs values:** Meetings with stakeholders were held on 03.02.2017 and 09-02-2017. Importers had been requested to furnish the following documents before or during the course of meeting:

A. Invoices of imports during last three months showing factual value.
B. Websites, names and E-mail addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained.
C. Copies of Contracts made / LCs opened during the last three months showing the value of item in question.
D. 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. No documents were submitted in this Directorate General on or even before the said scheduled meetings. During the course of the meeting, the stakeholders claimed that the values of Components for Split Air Conditioners (Conventional/Inverter type) of China origin have actually reduced in the international market as compared to the values determined in the existing valuation ruling, therefore, the values needed downward revision. They were requested to submit import invoices, sales tax invoices, literature, evidences and other relevant requisite import documents in support of their contentions. They did not provide any document or evidence to substantiate their contentions.

5. **Method adopted to determine Customs values:** Valuation methods given in Section 25 of the Customs Act, 1969 were followed to arrive at customs values of Components for Split Air Conditioners (Conventional/Inverter type). Transaction value method provided in Section 25 (1) was found inapplicable owing to wide variation in the values being declared to the customs. Identical / similar goods value methods provided in Section 25 (5) & (6) were examined for applicability to the valuation issue in the instant case which provided some reference values of the subject goods but the same could not be exclusively relied upon due to wide variation in declared values of subject goods. Thereafter, market enquiry as envisaged under section 25(7) of the Customs Act, 1969, was conducted. For the purpose, different

markets were surveyed repeatedly. The computed value method as provided in Section 25(8) of the Customs Act, 1969, could not be applied as the conversion costs from constituent material at the country of export were not available. Online values of subject goods were also obtained. All the information so gathered was evaluated and analyzed for the purpose of determination of customs values. Consequently, the Customs values of Components for Split Air Conditioners (Conventional/Inverter type) have been determined under Section 25(9) of the Customs Act, 1969.

6. **Customs values for Components for Split Air Conditioners (Conventional/Inverter type):** Components for Split Air Conditioners (Conventional/Inverter type) *specified herein* ***shall*** be assessed to duty/ taxes at the Customs values given are as under:-

Table-A

Customs value U/S 25A of Components of Split Air Conditioners (Conventional type)									
S. No.	Description	H.S.Code	Proposed PCT for WeBOC	Origin	12000 BTU US$/PC	18000 BTU US$/PC	24000 BTU US$/PC	48000 BTU US$/PC	60000 BTU US$/PC
1	2	3	4	5	6	7	8	9	10
1	AXIAL FAN	8414.5190	8414.5190.1000	China	3.86	5.90	7.15	14.30	27.50
2	AXIAL FAN		8414.5190.1100	Far East / Middle East	4.24	6.60	8.75	15.73	30.25
3	TERMINAL BLOCK (SINGLE PIECE)	8415.9099	8415.9099.1000	China	9.25	13.92	17.60	35.20	48.40
4	TERMINAL BLOCK (SINGLE PIECE)		8415.9099.1100	Far East / Middle East	11	17.60	20.35	39.60	57.20
5	SINGLE PHASE A.C. MOTOR (OUTDOOR/INDOOR) (UPTO 60WATTS)	8501.4010	8501.4010.1000	China	8	9.63	12.10	17.60	25.30
6	SINGLE PHASE A.C. MOTOR (OUTDOOR/INDOOR) (UPTO 60WATTS)		8501.4010.1100	Far East / Middle East	8	11.00	13.31	20.35	29.70
7	SINGLE PHASE A.C. MOTOR (IN DOOR/OUT DOOR) OVER 60 WATTS	8501.4090	8501.4090.1000	China	8	11.34	13.20	19.80	35.20
8	SINGLE PHASE A.C. MOTOR (IN DOOR/OUT DOOR) OVER 60 WATTS		8501.4090.1100	Far East / Middle East	9	14.30	14.52	23.10	39.93
9	REMOTE CONTROL FOR SPLIT A/C	8543.7010	8543.7010.1000	China	7	7.15	7.15	7.70	8.80
10	REMOTE CONTROL FOR SPLIT A/C		8543.7010.1100	Far East / Middle East	8	8.25	8.25	8.80	11.00

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11	CROSS FLOW FAN (IN-DOOR UNIT)	8414.5190	8414.5190.1200	China	4.03	5.50	6.68	8.80	22.00
12	CROSS FLOW FAN (IN-DOOR UNIT)		8414.5190.1300	Far East / Middle East	4.45	6.05	6.68	9.68	24.20
13	CONDENSER	8415.9029	8415.9029.1000	China	13.26	20.13	25.30	104.50	124.30
14	CONDENSER		8415.9029.1100	Far East / Middle East	14.79	25.30	29.70	117.70	143.00
15	EVAPORATOR	8415.9011	8415.9011.1000	China	19.38	21.73	27.50	82.50	99.00
16	EVAPORATOR		8415.9011.1100	Far East / Middle East	21.42	28.60	30.80	89.10	117.70
17	COVER FOR INNER BODY WITH LOUVER	8415.9030	8415.9030.1000	China	12.29	18.76	24.20	124.30	137.50
18	COVER FOR INNER BODY WITH LOUVER		8415.9030.1100	Far East / Middle East	13.52	22.00	27.50	137.50	151.80
19	AC COMPRESSOR	8414.3010	8414.3010.1000	China	63	74	100	164	200
20	AC COMPRESSOR		8414.3010.1100	Far East / Middle East	70	87	112	185	235

Table-B

Customs value U/S 25A of Components of Split Air Conditioners (Inverter type)									
S. No.	Description	H.S.Code	Proposed PCT for WeBOC	Origin	12000 BTU US$/PC	18000 BTU US$/PC	24000 BTU US$/PC	48000 BTU US$/PC	60000 BTU US$/PC
1	2	3	4	5	6	7	8	9	10
1	AXIAL FAN	8414.5190	8414.5190.1400	China	3.86	5.90	7.52	14.30	27.50
2	AXIAL FAN		8414.5190.1500	Far East / Middle East	4.24	6.48	8.75	15.73	30.25
3	TERMINAL BLOCK (SINGLE PIECE)	8415.9099	8415.9099.1200	China	25.50	34.56	46.20	90.20	112.20
4	TERMINAL BLOCK (SINGLE PIECE)		8415.9099.1300	Far East / Middle East	27.03	41.04	46.20	104.50	137.50
5	SINGLE PHASE D.C. MOTOR (OUTDOOR/INDOOR) (UPTO 60WATTS)	8501.4010	8501.4010.1200	China	8.16	10.80	15.40	26.40	28.60
6	SINGLE PHASE D.C. MOTOR (OUTDOOR/INDOOR) (UPTO 60WATTS)		8501.4010.1300	Far East / Middle East	8.98	12.96	14.85	27.50	35.20

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7	SINGLE PHASE D.C. MOTOR (IN DOOR/OUT DOOR) OVER 60 WATTS	8501.4090	8501.4090.1200	China	8.67	12.53	16.50	30.80	41.25
8	SINGLE PHASE D.C. MOTOR (IN DOOR/OUT DOOR) OVER 60 WATTS		8501.4090.1300	Far East / Middle East	9.89	15.12	17.60	31.90	42.90
9	REMOTE CONTROL FOR SPLIT A/C	8543.7010	8543.7010.1200	China	6.63	8.00	7.15	7.70	9.74
10	REMOTE CONTROL FOR SPLIT A/C		8543.7010.1300	Far East / Middle East	7.29	9.00	7.87	9.35	10.71
11	CROSS FLOW FAN (IN-DOOR UNIT)	8414.5190	8414.5190.1600	China	4.04	5.40	6.68	8.80	22.00
12	CROSS FLOW FAN (IN-DOOR UNIT)		8414.5190.1700	Far East / Middle East	4.45	5.94	7.37	9.68	24.20
13	CONDENSER	8415.9029	8415.9029.1200	China	13.26	19.76	26.63	104.50	126.50
14	CONDENSER		8415.9029.1300	Far East / Middle East	14.59	21.74	29.15	115.50	139.70
15	EVAPORATOR	8415.9011	8415.9011.1200	China	19.38	20.79	27.68	80.30	102.30
16	EVAPORATOR		8415.9011.1300	Far East / Middle East	21.42	23.76	30.80	89.10	113.30
17	COVER FOR INNER BODY WITH LOUVER	8415.9030	8415.9030.1200	China	12.29	18.41	24.31	124.30	137.50
18	COVER FOR INNER BODY WITH LOUVER		8415.9030.1300	Far East / Middle East	13.77	20.52	27.50	137.50	151.80
19	DC COMPRESSOR	8414.3010	8414.3010.1200	China	90	104	135	245	290
20	DC COMPRESSOR		8414.3010.1300	Far East / Middle East	99	122	152	268	350

7. In cases where declared/transaction 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 officer shall take into account the element of air freight while assessing the goods.

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 (1) or (3) of Section 25-A of the Customs Act, 1969.

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

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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 this Valuation Ruling. HS 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 therein.

11. ***This ruling supersedes Valuation Ruling No.839/2016, dated 21-04-2016.***

(Dr. Wasif Ali Memon)
Director

Copy for information to: -

1. Member (Customs), F.B.R., Islamabad.
2. Director General, Customs Valuation, Custom House, Karachi.
3. Chief Collector of Customs, South (Appraisement), Custom House, Karachi.
4. Chief Collector of Customs, South (Enforcement), Custom House, Karachi.
5. Chief Collector of Customs (Central), Lahore.
6. Chief Collector of Customs (North), Islamabad.
7. Director General, Intelligence and Investigation-FBR, Islamabad.
8. Director General, Audit (Customs & Petroleum), 1st Floor, PT&T Audit Building, Mauj-e-Darya Road, Lahore.
09. Director General, Post Clearance Audit (PCA), Islamabad.
10. Director General, Internal Audit (Customs), Karachi.
11. Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta Peshawar/ Faisalabad.
12. Director, Directorate of Customs Valuation (Camp Office), Lahore.
13. Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in WeBOC database system and deleting Valuation Ruling No.839/2016, dated 21-04-2016 14. Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
15. Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta, Gujranwala, Faisalabad, Sialkot, Rawalpindi & Peshawar.
16. Law Section, Customs Valuation, 7th Floor, Custom House, Karachi.
17. Review Section, Customs Valuation, 7th Floor, Custom House, Karachi.
18. Karachi Customs Agents Group, Bohri Road, Karachi.
19. CHO, Customs Valuation, Custom House, Karachi.
20. Notice Board, Customs Valuation 7th Floor, Custom House, Karachi / MCC, Appraisement (East/West), Custom House, Karachi.
21. Webmaster, Federal Board of Revenue, Constitution Avenue, Islamabad, for uploading FBR website and deleting Valuation Ruling No.839/2016, dated 21-04-2016
22. Guard File.