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 / Exports / Exports Port Qasim / Preventive, Karachi / Lahore (Appraisement / Preventive) / Sambrial (Sialkot) / Faisalabad / Multan / Islamabad /Hyderabad/ Quetta / Peshawar/ Gawadar/ Gilgit-Baltistan.

DETERMINATION OF CUSTOMS VALUES OF SYNTHETIC CARPET TILES UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO.1087/2017)

No. DG/Val/26/Database/2016 1747 Dated: 17-03-2017

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Carpet of different origins, are determined as follows: -

2. **Background of the valuation issue:** The Customs values of carpet tiles were earlier determined vide VDB no. 44/2016 dated 28-09-2016 representations were received from commercial importers, for determination of customs values of Carpet Tiles afresh.

3. **Stakeholders' participation in determination of Customs values:** Meeting with all stakeholders and representatives of clearance Collectorates, was held on 28-02-2017, to discuss the current international prices of subject item. The commercial stated that the subject item is imported as per requirements of the clients according to different designs, colors, sizes, etc. etc. and there are only one or two importers who imports this item in small quantity from different origins and sometimes there prices are higher than the prices of VDB. In support of their contention they have referred to the import data and import documents.

4. **Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969 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 it is generally known to all that majority of invoices produced at import stage are manipulated/fabricated and hence the requisite information required under the law was not available to arrive at the correct transaction value. Identical / similar goods value method provided in Sub-Sections (5) & (6) of Section 25 ibid were examined for applicability to determine Customs value of subject goods, this data provided some references, however, it was found that the same cannot be solely relied upon due to the absence of absolute demonstrable evidence of qualities, and quantities of commercial level etc., and also it was observed that importers usually provided misleading description while declaring goods, as other types and varieties of similar goods to avoid the application of valuation ruling. Information available was, hence, found inappropriate. In line with the statutory sequential order of Section 25, this office then conducted a market inquiry using Deductive Value Method under Sub-Section (7) of the Section 25 of the Customs Act, 1969, however, it was found that the determination of Customs value could not be based solely

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upon this method either. Therefore, valuation method provided vide Section 25 (8) of Customs Act 1969, could not be applied as the conversion cost from constituent materials and allied expenses, at country of export were are not available. Finally, Pral database, market information and international prices through Web were examined thoroughly. All the information so gathered was analyzed for determination of Customs Value of the subject good. Consequently, the Fall Back Method as provided under section 25(9) of the Customs Act, 1969 was applied to arrive assessable customs values of Synthetic Carpet Tiles.

5. **Customs values for Synthetic Carpet Tiles:** Customs values for Synthetic Carpet Tiles from various origins hereinafter specified shall be assessed to duty / taxes at the following customs values:

S.No.	Description of Goods	PCT Code	Proposed PCT for WeBOC	Origin	Customs Values (U.S.D Per Sqm.)
1.	**Nylon Tufted Carpet Tiles**	5703.2090	5703.2090.1000	**China**	**7.00**
			5703.2090.1100	**All Other Origin**	**8.00**
			5703.2090.1200	**U.K / U.S.A**	**10.50**
2.	**PP / Polyester Tufted Carpet Tiles**	5703.3090	5703.3090.1000	**China**	**5.50**
			5703.3090.1100	**All Other Origin**	**6.50**
			5703.3090.1200	**U.K / U.S.A**	**9.00**

6. 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 differential between air freight and sea freight while applying the Customs values determined in this Ruling. The Customs values determined in the Valuation Ruling are for the descriptions and specifications as mentioned herein, H.S Codes are mentioned for illustrative purposes so that Valuation Ruling values are made accessible to the assessing officers. The assessments shall be finalized in the correct classifications after fulfilling requisite formalities relating to importability or other certification required thereon.

7. **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. In case imported items are not specifically fall under any of above mentioned grades, the same may be assessed under Section 25 of Customs Act 1969; otherwise if appropriate the same may be referred to Directorate of Customs Valuation for necessary action at their end.

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8. **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.

9. The Collectors of Customs may kindly ensure that the values given in the 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 Directorate General immediately.

10. This Ruling Supersedes Valuation Database No. 44/2016, dated 28-09-2016.

(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 One Customs &WeBOC database system and deleting Valuation Database No.44/2016, dated 28-09-2016.
14. Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
15. Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & 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, 1st Floor, Custom House, Karachi.
21. Guard File.
22. Webmaster, Federal Board of Revenue, Islamabad.