GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE, KARACHI

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The Collectors of Customs, Model Customs Collectorates of Appraisement (East / West)/ Port Qasim/ Preventive, Karachi/ Lahore (Appraisement / Preventive) / Sambrial (Sialkot) / Faisalabad/ Multan/ Islamabad /Hyderabad/ Quetta (Appraisement / Preventive) / Peshawar/ Gawadar and Gilgit-Baltistan, Directorate of Transit Trade, Karachi.

Determination of Customs Values of Non-Dairy Topping /Whipping Cream Under Section 25-A of the Customs Act, 1969

(VALUATION RULING NO.1384/ 2019)

No. Misc/13/2015-I/12214 Dated: July17-07- 2019

In exercise of powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Non-Dairy Topping/Whipping Cream are determined as follows:

2. **Background of the valuation issue:** Earlier the customs values of Non-Dairy Topping/Whipping Cream were determined vide Valuation Ruling No. 1266/2018 dated 02-03-2018. The Director General of Customs Valuation vide Order-in-Revision No. 36/2018 dated 28-09-2018 remanded back the case with the directions to investigate thoroughly the price, margins, international commodity price trends, the freight aspect and re-determine Customs values of subject goods under section 25-A of the Customs Act, 1969. Therefore, this Directorate General initiated an exercise for re-determination of Customs values of Non-Dairy Topping/Whipping Cream under section 25-A of the Customs Act 1969 afresh.

3. **Stakeholders' participation in determination of Customs values:** A number of meetings with stakeholders, including importers and representatives from field formations, were held in this Directorate General. The importers / stakeholders were requested to submit following documents before or during the course of stakeholders' meetings:

i. Invoices of imports during last three months showing customs value.
ii. Websites, names and E-mail addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained.
iii. Copies of Contracts made / LCs opened during the last three months showing the value of item in question.
iv. Copies of Sales Tax Invoices issued during last four months showing the difference in price (excluding duty and taxes) to substantiate their contentions.

4. During the meetings, the importers contended that the prices of Non-Dairy Topping/Whipping Cream are declining in the international markets due to the decrease in the prices of the basic constituent material i.e Palm Kernel Oil. Therefore, customs values require to be rationalized in accordance with the prices in international markets. M/s Hana Dairies, importers of non-dairy cream from Vietnam contended that their declared values are correct and submitted documentary evidences i.e. Sales Tax invoices and export GDs from the country of origin in support of their contention. The importers M/s Pacific Distributors and M/s Nice Traders also requested to revise the Valuation Ruling in accordance with the international market price. The local manufacturer, M/s Venus Pakistan, however argued that the customs values determined in the existing valuation ruling are on lower side which may be enhanced. The importers further stated that being perishable in nature the goods incur extra expenses in

shape of logistics and handling. These aspects were earlier not accounted for while issuing valuation ruling. The view point of all participants was heard in detail and considered to arrive at Customs value for subject goods.

5. **Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were duly applied in their regular sequential order to arrive at 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 wide variation of values displayed in the import data. Moreover, the importers could not provide sufficient documents to prove that their declared values are true transactional values. Therefore, identical / similar goods value method as provided in Sub-Sections (5) & (6) of Section 25 ibid were examined for applicability to the valuation issue in the instant case but, due to wide variations in declarations, could not be relied upon exclusively. In line with the statutory sequential order of Section 25 this office conducted market inquiries under Sub-Section (7) of Section 25 of the Customs Act, 1969. The prices of subject goods vary market to market, and therefore, this method of valuation could not be exclusively relied upon either. The valuation method provided under 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 not available. Finally, PRAL database, market information and international prices through Web of finished as well as raw materials, were examined thoroughly. Input and feedback from different stakeholders during the consultative meetings was also considered. All the information so gathered was evaluated and analyzed for the purpose of determination of customs values. Consequently, the customs values of Non-Dairy Topping/Whipping Cream have been determined under Section 25 (9) of the Customs Act, 1969.

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6. Non-Dairy Topping/Whipping Cream ***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 (C&F) US$/ Kg
(1)	(2)	(3)	(4)	(5)	(6)
1.	Non Dairy Topping /Whipping Cream (Rich's Brand)	2106.9090	2106.9090.1000	America /Europe	**2.15**
		2106.9090	2106.9090.1100	Other origins	**1.80**
2.	Non Dairy Topping /Whipping Cream (All other Brands Excluding Rich's Brand)	2106.9090	2106.9090.1200	America /Europe	**1.60**
		2106.9090	2106.9090.1300	Malaysia	**1.32**
		2106.9090	2106.9090.1400	Korea	**1.21**
		2106.9090	2106.9090.1500	Vietnam	**0.97**
		2106.9090	2106.9090.1600	All other origins	**1.25**

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 and the same may be communicated to this Directorate General forthwith. 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.

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.1266/2018 dated 02-03-2018.***

(Shafique Ahmad Latki)
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. Chief Collector of Customs (Quetta).
8. Director General, Intelligence and Investigation-FBR, Islamabad.
9. Director General, Audit (Customs & Petroleum), 1st Floor, PT&T Audit Building, Mauj-e-Darya Road, Lahore.
10. Director General, Post Clearance Audit (PCA), Islamabad.
11. Director General, Internal Audit (Customs), Karachi.
12. The Director General, IOCO, Karachi.
13. Director, Directorate of Customs Valuation (Camp Office), Lahore.
14. Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in WeBOC database system and deleting VR No.1266/2018 dated 02-03-2018.
15. Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
16. Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta, Gujranwala, Faisalabad, Sialkot, Rawalpindi & Peshawar.
17. Law Section, Customs Valuation, 7th Floor, Custom House, Karachi.
18. Review Section, Customs Valuation, 7th Floor, Custom House, Karachi.
19. Karachi Customs Agents Group, Bohri Road, Karachi.
20. CHO, Customs Valuation, Custom House, Karachi.
21. Notice Board, Customs Valuation 7th Floor, Custom House, Karachi / MCC, Appraisement (East/West), Custom House, Karachi.
22. Webmaster, Federal Board of Revenue, Constitution Avenue, Islamabad, for uploading on FBR website.
23. Guard File.