GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI
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The Collector of Customs, Model Customs Collectorates, Appraisement and Facilitation (East / West) / Port Qasim / Enforcement and Compliance, JIAP, Karachi / (Appraisement and Facilitation / Enforcement and Compliance), AIIA Lahore / Sambrial (Sialkot) / Faisalabad /Multan / Islamabad / Hyderabad / Quetta / Appraisement and Facilitation / Enforcement and Compliance Peshawar / Gwadar / Gilgit-Baltistan / Exports (Karachi / Port Qasim) / Transit & Trade, Karachi.

DETERMINATION OF CUSTOMS VALUES OF POLYESTER/ACRYLIC PILE FABRICS FOR BLANKET (225 GSM AND ABOVE) UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO.1485 / 2020)

C.No. Misc/34/2016-IV/5403

Dated: 13-11-2020

In exercise of the powers conferred under Section 25A of the Customs Act, 1969, Customs values of Polyester/Acrylic Pile Fabrics For Blanket (225 GSM and above) are determined as follows:-

2. **Background of the valuation issue:** Earlier Custom values of Polyester/Acrylic Pile Fabrics for Blanket (225 GSM and above) were determined vide Valuation Ruling No.1453/2020 dated 24.06.2020. Being aggrieved with this Valuation Ruling many traders filed Revision Petitions under Section 25D of the Customs Act, 1969 before the Director General of Customs Valuation which were rejected by the authority vide Order in Revision No.20/2020 dated 24-07-2020. The traders filed appeals before the Customs Appellate Tribunal, Karachi against said Order in Revision and the Customs Appellate Tribunal set aside the Valuation Ruling No.1453/2020 dated 24-06-2020 as well as the Order in Revision No.20-2020 vide Orders No.K-1008/2020 to K-1019/2020. The stakeholders/traders approached Directorate General and requested for re-determination of Customs values in view of prevailing international prices. Therefore, an exercise was undertaken by this Directorate General to re-determine the Customs values of subject items according to prevailing prices in the international markets.

3. **Stakeholders' Participation in Determination of Customs Values:** Meeting with the importers /stakeholders and trade bodies was held in this Directorate General on 29-10-2020. Afterwards several follow up meetings were also conducted with the stakeholders and Association. The importers/stakeholders were requested to submit their proposals/suggestions as well as following documents before or during the course of meetings so that Customs values could be determined:

i. *Copies of invoices of imports (including GDs, ER, PL, BL, & all related imported documents each GD-wise) during last one year showing factual 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 one year showing the value of item in question, each GD-wise.*
iv. *Copies of Sales Tax Invoices issued during last one year 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, each GD-wise.*
v. *Latest price catalogue issued from manufacturer.*
vi. *Manufacturer's discount schedule if any.*
vii. *Copies of export GDs of manufacturer.*

The meetings were also attended by representatives from All Pakistan Customs Agents Association and manufacturers. The participants submitted few documents which were examined. During meetings the variation in values of Chinese Exports viz-a-viz Pakistani imports as depicted in EDE data were also discussed in detail. Most of the participants contended that the Chinese exporters show inflated values in their shipping bills to get benefits of higher rebate on such exports. The participants also produced export GDs from China to show that their point of view regarding reduction in values is justified. The documents were examined and the points of view of the participants was heard in detail and considered to arrive at custom values of the subject goods.

4. **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, importers / stakeholders attended the meetings but did not submit substantial documentary evidences to prove that their declared values were true transactional value. Hence, requisite information under law was not available to arrive at correct transaction value. Therefore, identical / similar goods value methods 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, variety and specifications, these methods could not be relied upon exclusively. In line with the statutory sequential order of Section 25, this office conducted a number of inquiries from various markets to arrive at Customs values under sub-Section (7) of Section 25 of the Customs Act, 1969. However, the prices of subject item due to various brands and types varied significantly and were heavily dependent on quality / brand of subject item and the location of the selling points or shops in the city, therefore a number of surveys were conducted to arrive at customs values. However, it was found that determination of customs values could not be based solely upon this method either. Therefore, Valuation method vide Section 25(8) of the Customs Act, 1969 was examined for valuation but the same also could not be applied as the conversion cost of manufacturing of subject item at the country of export were not available. All the information so gathered was then analyzed for determination of Customs values of subject goods. Consequently, fall back method as provided under Section 25(9)

of the Customs Act, 1969 was applied to arrive at assessable Customs values of Polyester/Acrylic Pile Fabrics for Blanket (225 GSM and above).

5. **Customs Values of Polyester/Acrylic Pile Fabrics for Blanket (225 GSM and above)** ***hereinafter specified*** shall be assessed to duty/taxes on the minimum Customs values mentioned against them in the Table below:

S.No.	Description of Goods	H.S Code	Proposed PCT for WeBOC	Origin	Custom Value US$/KG
(1)	(2)	(3)	(4)	(5)	(6)
1.	Polyester Printed, Dyed, Embossed Pile Fabric for Blankets	6001.9290	6001.9290.1000	China	3.15
				UAE / Korea	3.87
				Europe	4.62
2.	Acrylic Printed, Dyed, Embossed Pile Fabric for Blankets	6001.9290	6001.9290.1000	China	3.79
				UAE / Korea	4.62
				Europe	5.51

6. In cases where declared/ transaction values are higher than the Customs value determined in this Ruling or higher evidential data is available of stipulated period 90 days, the assessing officer 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.

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.

8. **Revision of the value determined vide this Valuation Ruling:** This Valuation Ruling is appealable under the law and a revision petition may be filed against this Ruling, 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. The Customs values determined in the Valuation Ruling are for the descriptions and specifications as mentioned herein, HS Codes are mentioned for illustrative purposes so that Valuation Ruling values are made

accessible to the assessing officers. The assessment shall be finalized in the correct classifications after fulfilling requisite formalities relating to importability or 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 of the Customs Act, 1969 or any other law in vogue therein.

10. This ruling supersedes Valuation Ruling No.1453/2020 dated 24.06.2020.

(Shafique Ahmad Latki)
Director

Copy for information to: -

1. The Member (Customs-Operations), Federal Board of Revenue, Islamabad.
2. The Director General, Directorate General Customs Valuation, Custom House, Karachi.
3. The Chief Collector of Customs, South (Appraisement), Custom House, Karachi.
4. The Chief Collector of Customs, South (Enforcement), Custom House, Karachi.
5. The Chief Collector of Customs (Central), Lahore.
6. The Chief Collector of Customs (North), Islamabad.
7. The Chief Collector of Customs, Custom House, Quetta.
8. The Director General, Intelligence and Investigation-FBR, Islamabad.
9. The Director General, Post Clearance Audit (PCA) & Internal Audit, Karachi.
10. The Director General, Transit & Trade, Custom House, Karachi.
11. The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad / Quetta / Peshawar / Faisalabad / Gwadar.
12. The Director, Transit & Trade, Custom House, Karachi.
13. The Director, Directorate General of Customs, Valuation Custom House, Lahore.
14. The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs &WeBOC database system.
15. The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
16. The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
17. The Review Section, Customs Valuation, 7th Floor, Custom House, Karachi.
18. The Karachi Customs Agents Group, Bohri Road, Karachi.
19. Notice Board, Customs Valuation 7th Floor, Custom House, Karachi.
20. The Webmaster, Federal Board of Revenue, Islamabad.