

(This Ruling has been superseded vide Valuation Ruling No. 986/2016 dated 06-12-2016)

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

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

**Determination of Customs Values of Second Hand Clothing, Shoes
and Used Leather Bags/Jackets/Belts, Used Toys and Kitchen Ware
under Section 25-A of the Customs Act, 1969**

(VALUATION RULING No. 836/2016)

No. Reg. Misc/08/2008-IV-Part-II

Dated 19-04-2016

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of subject goods are re-determined as follows:-

2. Background of the valuation issue: Consequent upon representation by M/s. Pakistan Secondhand Clothing Merchants Association, Karachi and other commercial importers of the said goods for revision of the Valuation Ruling No.762/2015 dated 18-09-2015 an exercise was undertaken to re-determine the Customs Values of Second Hand Clothing and other used items in terms of Section 25-A of the Customs Act, 1969.

3. Stakeholders' participation in determination of Customs values: A meeting was held on 12-04-2016 with all the stakeholders including office bearers of Pakistan Secondhand Clothing Merchants Association different importers and representatives of APTMA. It was brought to the notice of participants especially representatives of APTMA that their concerns of new fabric being imported under the garb of second hand clothing has been addressed by the clearance Collectorates by physically examining each consignment of used clothing and where fabric pieces are identified, the same are subjected to normal fabric assessable values. The issue of used clothing, shoes and bags were discussed in detail with all the stakeholders and their view point was also heard. The representatives of APTMA stated that import of second hand clothing was not their issue but they have reservation on the assessable value of fabric being imported. They were assured that valuation of new fabric would be discussed in separate meeting on Valuation Ruling of Fabrics.

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 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 and market information were examined thoroughly. All the information so gather was analyzed for determination of Customs Value. Consequently the Fall Back Method as provided under section 25(9) of the Customs Act, 1969 was applied to arrive assessable customs values of subject goods.

5. Customs values for Second Hand Clothing, Shoes and Used Leather Bags/ Jackets/ Belts, used Toys and Kitchen Ware: Second Hand Clothing, Shoes and Used Leather Bags /Jackets! Belts, Used Toys and Kitchen ware hereinafter specified shall be assessed to duty/taxes at the following Customs Values:-

S. No.	Description of Goods	PCT	Proposed PCT for WEBOC	Origin	Customs Values (C&F) US\$/Kg				
(1)	(2)	(3)	(4)	(5)	(6)				
01.	Second Hand Worn Clothing	6309.0000	6309.0000.1000	South Korea	0.62				
				USA, Canada, New Zealand, Australia, Japan & Europe	0.35				
				China	0.45				
				UAE & Gulf	0.40				
				Other Origins	0.40				
02.	Second Hand Leather Bags, Jackets and Belts	4202.1210 4202.1220 4202.1290 4202.2100 4202.2200 4202.2900 4203.1010 4203.1090 4203.3000	4202.1210.1000 4202.1220.1000 4202.1290.1000 4202.2100.1000 4202.2200.1000 4202.2900.1000 4203.1010.1000 4203.1090.1000 4203.3000.1000	South Korea	0.85				
				USA, Canada, New Zealand, Australia, Japan & Europe	0.85				
				China	0.80				
				UAE & Gulf	0.70				
				Other Origins	0.65				
				03.	Second Hand Shoes	6309.0000	6309.0000.3000	South Korea	0.90
								USA, Canada, New Zealand, Australia, Japan & Europe	0.70
								China	0.70
UAE & Gulf	0.70								
Other Origins	0.80								
04.	Second Hand Toys	9503.0090	9503.0090.1000	South Korea	0.95				
				USA, Canada, New Zealand, Australia, Japan & Europe	0.95				
				China	0.75				
				UAE & Gulf	0.75				
				Other Origins	0.75				
05.	Used Kitchen Wares	7323.9900	7323.9900	South Korea	0.75				
				USA, Canada, New Zealand,	0.75				

				Australia, Japan & Europe	
				China	0.70
				UAE & Gulf	0.75
				Other Origins	0.65

5. 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.

6. 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.

7. 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.

8. 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.

9. This Ruling supersedes Valuation Ruling No. 762/2015 dated 18-09-2015.

(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 (Appraisalment), 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 Ruling No.762/2015, dated 18-09-2015, from the system on the date of issue of this ruling.
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.