

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

**(VALUATION RULING No. 839/2016)**

No. Misc/22/2009-V/VII/8849

Dated: April 21, 2016

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:** Recently importers of Components for Split Air conditioners have agitated against the customs values determined vide Valuation Ruling No. 330/2011 dated 31-05-2011 since the prices of Components for Split Air conditioners in the international market has been considerably decreased, Moreover, currently components of inverter type air conditioners are also being imported and that certain components of inverter type are comparatively more expensive than the traditional type, In order to ascertain the current prices prevailing in the international market, an exercise was undertaken by this Directorate General to determine the customs values of the subject goods.

**3. Stakeholders" participation in determination of Customs values:** A meeting for the determination of customs values of Components for Split Air conditioners (Conventional/Inverter type) with stakeholders was held on 03-03-2016. Different stakeholders, including importers, local manufacturers, representatives of Chamber of Commerce and Federation, besides clearance Collectorate, EDB had been requested to participate, The meeting was attended by manufacturers including representatives of M/s. Dawlance (Pvt.) Limited, M/s. HNR Company (Pvt.) Ltd, M/s. Orient Group of Companies, Lahore, M/s, Success International Pvt. Ltd, M/s. Hummak Engineering, M/s. Panatron and Pakistan Electronics Manufacturers Association, and numerous other importers. The participants had been requested to submit their contentions with supporting documents.

4. M/s. Dawlance (Pvt.) Limited, M/s. HNR Company (Pvt.) Ltd, M/s. Orient Group of Companies, Lahore, M/s. Success, MIs, Hummak Engineering, M/s. Panatron and M/s. Pakistan Electronics Manufacturers Association, Karachi submitted their suggestions, Comparison of import data of components and prices of components submitted by the stakeholders indicated that there were significant differences amongst the declarations of the different stakeholders. It was also clarified during the meeting that almost all import of the subject goods are from China/Far East (Malaysia, Thailand). They contended that inverter type air conditioners are a new technology and prices of its components, especially compressor and terminal block are quickly decreasing, Further it is energy saving so their values be decreased substantially to save and conserve electricity consumption.

**5. Method adopted to determine Customs values:** Valuation methods given in Section 25 of the Customs Act, 1969 were followed to arrive at customs value of Components for Split Air conditioners (Conventional /Inverter type). Transaction value method provided in Section 25(1) was found inapplicable because the requisite information was not available. 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 on due to wide variation in declared values of subject goods. It was also observed that the major quantum of import of the subject goods was from China/Far East. Thereafter, market enquiry as envisaged under Section 25(7) of the Customs Act, 1969, was conducted. There were certain variations in the market

values as well. 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 of Components for Split Air conditioners (Conventional/Inverter type): Components for Split Air conditioners (Conventional/Inverter type) hereinafter shall be assessed to duty and taxes at the following customs values:

**TABLE-A**  
(Customs Value U/S 25A of Components for Spilt Air Conditioners (Conventional Type))

S. No.	Description	H.S Code	Proposed PCT for WEOC	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	3.78	5.36	6.5	13	25
2.	Axial Fan	8414.5190	8414.5190.1100	Far East	4.16	6	7.95	14.3	27.5
3.	Terminal block (Single piece)	8415.9099	8415.9099.1000	China	9	12.65	16	32	44
4.	Terminal block (Single piece)	8415.9099	8415.9099.1100	Far East	10.5	16	18.5	36	52
5.	Single Phase A.C. motor (outdoor/Indoor) (upto 60 watts)	8501.4010	8501.4010.1000	China	7	8.75	11	16	23
6.	Single Phase A.C. motor (outdoor/Indoor) (upto 60 watts)	8501.4010	8501.4010.1100	Far East	7.7	10	12.1	18.5	27
7.	Single Phase A.C. motor (outdoor/Indoor) (over 60 watts)	8501.4090	8501.4090.1000	China	7.5	10.31	12	18	32
8.	Single Phase A.C. motor (Indoor/outdoor) (over 60 watts)	8501.4090	8501.4090.1100	Far East	8.25	13	13.2	21	36.3
9.	Remote control for split A.C.	8543.7010	8543.7010.1000	China	6.5	6.5	6.5	7	8
10.	Remote control for split A.C.	8543.7010	8543.7010.1100	Far East	7.5	7.5	7.5	8	10
11.	Cross flow fan (indoor unit)	8414.5190	8414.5190.1200	China	3.96	5	6.07	8	20
12.	Cross flow fan (indoor unit)	8414.5190	8414.5190.1300	Far East	4.36	5.5	6.7	8.8	22
13.	Condenser	8415.9029	8415.9029.1000	China	13	18.3	23	95	113
14.	Condenser	8415.9029	8415.9029.1100	Far East	14.5	23	27	107	130
15.	Evaporator	8415.9011	8415.9011.1000	China	19	19.75	25	75	90
16.	Evaporator	8415.9011	8415.9011.1100	Far East	21	26	28	81	107
17.	Cover for inner	8415.9030	8415.9030.1000	China	12.05	17.05	22	113	125

	body with louver								
18.	Cover for inner body with louver	8415.9030	8415.9030.1100	Far East	13.25	20	25	125	138
19.	A.C. Compressor	8414.3010	8414.3010.1000	China	63	72	97	160	195
20.	A.C. Compressor	8414.3010	8414.3010.1100	Far East	69	85	110	180	230

**TABLE-B**  
(Customs Value U/S 25A of Components for Spilt 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	3.78	5.36	6.84	13	25
2.	Axial Fan	8414.5190	8414.5190.1500	Far East	4.16	6	7.95	14.3	27.5
3.	Terminal block set (Two pieces)	8415.9099	8415.9099.1200	China	25	32	42	82	102
4.	Terminal block set (Two pieces)	8415.9099	8415.9099.1300	Far East	26.5	38	45	95	125
5.	Single Phase A.C. motor (outdoor/ Indoor) (upto 60 watts)	8501.4010	8501.4010.1200	China	8	10	14	24	26
6.	Single Phase A.C. motor (outdoor/ Indoor) (upto 60 watts)	8501.4010	8501.4010.1300	Far East	8.8	12	13.5	25	32
7.	Single Phase A.C. motor (outdoor/ Indoor) (over 60 watts)	8501.4090	8501.4090.1200	China	8.5	11.6	15	28	37.5
8.	Single Phase A.C. motor (outdoor/ Indoor) (over 60 watts)	8501.4090	8501.4090.1300	Far East	9.7	14	16	29	39
9.	Remote control for split A.C.	8543.7010	8543.7010.1200	China	6.5	6.5	6.5	7	8.85
10.	Remote control for split A.C.	8543.7010	8543.7010.1300	Far East	7.15	7.15	7.15	8.5	9.74
11.	Cross flow fan (indoor unit)	8414.5190	8414.5190.1600	China	3.96	5	6.07	8	20
12.	Cross flow fan (indoor unit)	8414.5190	8414.5190.1700	Far East	4.36	5.5	6.7	8.8	22
13.	Condenser	8415.9029	8415.9029.1200	China	13	18.3	24.21	95	115
14.	Condenser	8415.9029	8415.9029.1300	Far East	14.3	20.13	26.5	105	127
15.	Evaporator	8415.9011	8415.9011.1200	China	19	19.75	25.16	73	93
16.	Evaporator	8415.9011	8415.9011.1300	Far East	21	22	28	81	103
17.	Cover for inner body with louver	8415.9030	8415.9030.1200	China	12.05	17.05	22.1	113	125
18.	Cover for inner body with louver	8415.9030	8415.9030.1300	Far East	13.5	19	25	125	138
19.	D.C. Compressor	8414.3010	8414.3010.1200	China	90	102	130	240	283
20.	D.C. Compressor	8414.3010	8414.3010.1300	Far East	98	120	148	263	345

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 office; shall take into account the differential between air freight and sea freight while applying the Customs values determined in this Ruling.

**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 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 this Directorate General immediately.

11. This ruling supersedes Valuation Ruling No. 330/2011, dated 31-05-2011 and corrigendum dated 11-06-2011 and amendment dated 17-09-2011.

**(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), 1<sup>st</sup> 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.330/2011, dated 31-05-2011 and corrigendum dated 11-06-2011 and amendment dated 17-09-2011
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, Appraisalment, 1st Floor, Custom House, Karachi.
21. Guard File.