

(This Ruling has been revised / superseded vide Valuation Ruling No. 1169/2017 dated 25-05-2017)

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

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

**Determination of Customs Values of Baby Diapers and Sanitary Towels/ Napkins
and Tampons Under Section 2S-A of the Customs Act, 1969**

(VALUATION RULING No. 870/2016)

No. Misc/01/2015-VIII (B)/IX/9500

Dated: 14-06-2016.

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Baby Diapers and Sanitary Towels/Napkins are determined as follows:-

2. Background of the valuation issue: Customs values of Baby Diapers and Sanitary Towels/Napkins were earlier determined vide Valuation Ruling No.775/20 15, dated 01-12-2015. Various importers filed representations, challenging the customs values on the ground that the values are determined at much higher side. A number of importers have also sought provisional release under section 8 I of the Customs Act, 1969, of diapers on the ground that the ruling is old and needs revision keeping in view the current international prices. Therefore, an exercise was initiated to determine the customs value of Baby Diapers and Sanitary Napkins, with a view to reflect the current prices prevailing in the international market.

3. Stakeholders' participation in determination of Customs values: Meeting with stakeholders was held on 06-06-2016. The stakeholders were requested to bring following documents to make the meeting fruitful.

- A. Invoices of imports during last three months showing factual value.
- B. Web sites, names and E-mail addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained.
- C. Copies of Contracts made / LCs opened during the last three months showing the value of item in question.
- D. Copies of Sales Tax Invoices issued during last four months 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.

4. The meeting was attended by a number of importers, local manufacturers and officers from field formations. The local manufacturers, during the meeting, were of the view that the prices determined vide previous Valuation Ruling No.775/2014, dated 30-09-2013 are on lower side. However, they did not submit any documents in support of their contentions. The importers contended that values have been fixed at much higher side without keeping in view ground realities. Prices in the international market have considerably gone down whereas, department has increased the prices. They also contended that prices of raw materials of the diapers including pulp, non-woven fabric, and other absorbent chemicals have considerably gone down in the international market, resulting in decrease in diapers prices.

5. Method adopted to determine Customs values: Valuation methods given in Section 25 of the Customs Act, 1969 were followed to arrive at values of baby diapers and sanitary towels/Napkins and tampons. Transaction value method provided in Section 25 (I) was found inapplicable due wide variation in the values being declared to the customs. 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 variations in declared values of subject goods. Thereafter, market enquiries as envisaged under Section 25 (7) of the Customs Act, 1969, were conducted.' As there were differences in the prices obtained from the market surveys, therefore, market surveys were conducted repeatedly to arrive at correct customs values. Online prices were also obtained to corroborate the findings of the market surveys. Computed Value Method as provided in Section 25 (8) could not be applied for valuation of the aforementioned goods as the cost of raw material and fabrication charges under clause (a) and amount of profit and general expenses under clause (b) of Section 25 (8) of the Act, in the country of export, could not be ascertained. All the information so gathered was evaluated and analyzed for the purpose of determination of customs values. Consequently, the Customs values of different types of baby diapers and sanitary towels / napkins have been determined under Section 25 (9) of the Customs Act, 1969.

6. Customs values of Baby Diapers and Sanitary Towels/Napkins: Baby Diapers and Sanitary Towels/Napkins hereinafter specified *shall* shall be assessed to duty/taxes at the following Customs Values: -

Table-A

High Value Brands of Baby Diapers: E.Q, Canbebe, Huggies, excluding 'Pampers' brand					
S. No.	Description	PCT	Proposed PCT for WeBOC	Origin	Customs value (C&F) US\$/KG
(1)	(2)	(4)	(5)	(6)	(7)
1.	Baby Diaper	9619.0020	9619.0020.1000	Taiwan	3.0
2.	Baby Diaper	9619.0020	9619.0020.1100	Others	3.0

Table-B

Low End Brands of Baby Diapers					
S. No.	Description	PCT	Proposed PCT for WeBOC	Origin	Customs value (C&F) US\$/KG
(1)	(2)	(4)	(5)	(6)	(7)
1.	Baby Diaper	9619.0020	9619.0020.1200	China	2.05
2.	Baby Diaper	9619.0020	9619.0020.1300	Indonesia, Malaysia & U.A.E	2.75
3.	Baby Diaper	9619.0020	9619.0020.1400	Turkey	2.20
4.	Baby Diaper	9619.0020	9619.0020.1500	Vietnam	1.95
5.	Baby Diaper	9619.0020	9619.0020.1600	Others	2.75

Table-C

High Value Brands Sanitary Towels/Napkins (pads) and Tampons: Stayfree, Helen Harper excluding "Always" brand					
S. No.	Description	PCT	Proposed PCT for WeBOC	Origin	Customs value (C&F) US\$/KG
(1)	(2)	(4)	(5)	(6)	(7)
1.	Sanitary Towels (pads) and Tampons	96 19.0030 9619.0090	9619.0030.1000 9619.0090.1000	Thailand	4.0

			9619.0030.1100 9619.0090.1100	Turkey	4.0
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Table-D

Low End Brands of Sanitary Towels/ Napkins (pads) and Tampons					
S. No.	Description	PCT	Proposed PCT for WeBOC	Origin	Customs value (C&F) US\$/KG
(1)	(2)	(4)	(5)	(6)	(7)
1.	Sanitary Towels (pads) and Tampons	96 19.0030 9619.0090	9619.0030.1200 9619.0090.1200	China	1.9

Note: If the above said goods are imported in bulk packing, 5% (five percent) reduction shall be allowed in the above mentioned determined Customs values. The brands excluded in Table-A and Table-C, namely 'Pampers' and 'Always' shall be assessed under section 25 of the Customs Act, 1969.

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 Subsection (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 or in case of import through Land Customs Stations, the differential amount between the Sea freight and land transport charges 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 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 the tables above of this 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 Valuation Ruling supersedes Valuation Ruling No. 77512015, dated 01-12-2015.

(Dr. Wasif Ali Memon)

Director

Copy for information to: -

- I. 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), I st 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.
- II. 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. 77512015, dated 01-12-2015.
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 7'h Floor, Custom House, Karachi / MCC, Appraisement, 1st Floor, Custom House, Karachi.
21. Guard File.