

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 Bicycle Parts under Section 25-A of the Customs Act, 1969

(VALUATION RULING No. 890/2016)

No. Misc/16/2008-VIIIA/9053

Dated: July 27, 2016

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

2. Background of the valuation issue: It was brought to the notice of this Directorate General of Customs Valuation that the values of various parts of bicycle have considerably increased in the international market as compared to the determined Customs values of bicycle parts of China origin vide Valuation Ruling No. 690/2014, dated 23-09-2014. Therefore, this Directorate General initiated an exercise for determination of customs value of the subject goods

3. Stakeholders' participation in determination of Customs values: Meetings were held on 16-06-2016 and 23-06-2016, with stakeholders including the representatives of M/s. Pakistan Cycle Industrial Co-Operative Society Limited, Lahore, Bicycle and Bicycle Spare parts Importers Association, M/s Shaheen Enterprises, M/s Pioneer Trading Company and the officers from the field formations. The importers were requested to submit the following documents so that correct customs values could be determined:-

- i) Invoices of imports during last three months 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 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 that the benefit of difference in price is passed on to the local buyers.

4. The importers during the meeting were of the view that the prices of the subject commodity have not increased in the international market. However, importers did not submit import invoices sales tax invoices, literature, representative samples, evidences and other relevant requisite import documents in support of their contentions. They requested that they may be allowed some time to furnish evidences and other documents in support of their contentions but later abstained from submitting any such documents.

5. Method adopted to determine Customs values: Valuation methods given in Section 25 of the Customs Act, 1969 were applied sequentially to address the valuation issue at hand. Transaction value method provided in Section 25 (1) of the Act *ibid* was found inapplicable because the required information under the law was not available. Identical and similar goods valuation methods provided in Sub-Sections (5) and (6) of Section 25 of the Customs Act, 1969, 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 the subject goods. Thereafter, market enquiries as envisaged under Section 25(7) of the Customs Act, 1969, were conducted. Valuation 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 Customs Act, 1969, in the

country of exportation could not be ascertained. On line values 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 Bicycle Parts have been determined under Sub-Section (9) of Section 25 of the Customs Act, 1969.

6. Customs values for Bicycle Parts: Bicycle Parts *hereinafter* specified shall be assessed to duty /taxes at the following Customs Values:--

| S. No. | Description | PCT | Proposed PCT For WeBOC | Origin | Customs Values (C&F) In US\$/Kg |
|--------|-------------------------------------|-----------|------------------------|--------|---------------------------------|
| 1 | Bicycle frame | 8714.9100 | 8714.9100.1000 | China | 1.40 |
| 2 | Bicycle rim | 8714.9200 | 8714.9200.1000 | China | 1.15 |
| 3 | Bicycle Chimta fork for front wheel | 8714.9900 | 8714.9900.1000 | China | 1.10 |
| 4 | Bicycle hub/axle | 8714.9400 | 8714.9400.1000 | China | 1.30 |
| 5 | Bicycle back carrier | 8714.9900 | 8714.9900.1100 | China | 1.12 |
| 6 | Bicycle side stand | 8714.9900 | 8714.9900.1200 | China | 1.10 |
| 7 | Bicycle handle | 8714.9900 | 8714.9900.1300 | China | 1.40 |
| 8 | Bicycle chain wheel | 7315.1120 | 7315.1120.1000 | China | 1.20 |
| 9 | Bicycle freewheel/Garari | 8714.9310 | 8714.93 10.1000 | China | 1.70 |
| 10 | Bicycle spoke + Nipple chromed | 8714.9200 | 8714.9200.1100 | China | 1.10 |
| 11 | Bicycle chain | 7315.1120 | 7315.1120.1100 | China | 1.25 |
| 12 | Bicycle handle tee | 8714.9900 | 8714.9900.1400 | China | 1.25 |
| 13 | Bicycle clutch | 8714.9900 | 8714.9900.1500 | China | 1.40 |
| 14 | Bicycle seat | 8714.9500 | 8714.9500.1000 | China | 1.25 |
| 15 | Bicycle brake shoe | 8714.9400 | 8714.9400.1100 | China | 1.25 |
| 16 | Bicycle brake with cable wire | 8714.9400 | 8714.9400.1200 | China | 1.45 |
| 17 | Bicycle padel | 8714.9600 | 8714.9600.1000 | China | 1.15 |
| 18 | Bicycle handle grip | 8714.9900 | 8714.9900.1600 | China | 1.10 |

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 officer 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 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.

12. *This ruling supersedes of Valuation Ruling No. 690/2014, dated 23-09-2014*

(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