

(This Ruling has been revised / superseded vide Valuation Ruling No. 1405/2019 dated 31-10-2019)

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

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

**DETERMINATION OF CUSTOMS VALUES OF LOW-END BRAND SHOES, SLIPPERS,
SANDALS, CHAPPALS AND JOGGERS UNDER SECTION 25-A OF THE CUSTOMS ACT,
1969**

(VALUATION RULING No. 902/2016)

No. Misc/01/2013-V/9199

Dated: 08-08-2016

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Low-end brand Shoes, Slippers, Sandals, Chappals and Joggers are determined as follows: -

2. Background of the valuation issue: Customs values of Low-end brand Shoes, Slippers, Sandals, Chappals and Joggers were determined vide Valuation Ruling No.859/2016, dated 25-05-2016. Importers filed Review Petitions under section 25-D of the Customs Act, 1969 before the Director General of Customs Valuation Karachi which was rejected. Thereafter, the importers filed Appeals in the Customs Appellate Tribunal, Karachi. The Honourable Customs Appellate Tribunal set aside the said valuation ruling to the extent of the Appellants on the grounds that sequential order as envisaged under section 25 was not followed; the importers were not given proper opportunity of hearing and participation; the stakeholders were not made part of the market survey as stipulated in Standing Operating Procedure 1/2005 dated 13-9-2005 and that Valuation Ruling pertaining to aerosoft shoes/ sandals (531/2013) which was higher value item, had not been revised simultaneously; thus being detrimental to the interests of the importers of low end brand shoes etc from China and directed that the Directorate General of Customs Valuation re-determine the customs values. Thereafter, a reference was filed against the order of the Appellate Tribunal in Honourable High Court of Sindh, Karachi mainly on the grounds that the previous ruling was issued after due deliberations and proper procedures under section 25 of the Customs Act, 1969 and that a fresh ruling of Thailand origin aerosoft brand shoes / sandals had been issued vide 872/2016 dated 21-6-2016. Moreover, as per record standing operating procedure no. 1/2005 dated 13-9-2005 has already become infructuous in the light of the Office Order No. 17/2014 dated 19-3-2014. Since the previous market inquiry of low end brand shoes / sandals etc had been conducted close to the Eid-ul-Fitr, it was deemed expedient to re-determine the Customs values so as to ensure that no price hike had affected the survey. Based on the above an exercise was undertaken to re-determine the Customs Values of low-end brand Shoes, Slippers, Sandals, Chappals and Joggers afresh, in terms of Section 25-A of the Customs Act, 1969. However, input of importers was taken on every step to ascertain the locations, wholesale markets in the city for such a market survey. Meanwhile, when the values were being determined they requested to hold another meeting or defer the ruling which was not possible specifically in the light of limitation granted by the Appellate Tribunal order of one month.

3. Stakeholders' participation in determination of Customs values: A meeting was held on 27-07-2016 with different stakeholders including importers, local manufacturers and representatives of clearance Collectorates. The participants had been requested to submit the following documents:-

1. Invoices of imports made during last three months showing factual value.
2. Websites, names and E-mail addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained.
3. Copies of Contracts made / LCs opened during the last three months showing the value of item in question.

4. 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. Certain documents were submitted by the local manufacturers as well as the importers. During the stakeholders' meeting the values of different items were discussed at length. M/s. Service and M/s. Bata contended that they also import shoes etc., from China but most of the values of their shoes / sandals etc are higher than the ones in the ruling. The importers contended that there is a major difference in the quality of shoes imported by the big names like Service and Bata and the importers. These imported by Bata and Service are of much higher quality, grade and designs. However, sales tax invoices of importers were mostly unauthenticated by authorities.

5. Method adopted to determine Customs values: Valuation methods given in Section 25 of the Customs Act, 1969 were followed. 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 also not found helpful in determination of values due to wide variation in values. Consequently, market enquiries as envisaged under Section 25(7) of the Customs Act, 1969, were conducted. This method yielded information from wholesale market for most of the types of shoes, included in the ruling. It was noticed that there was slight decline in prices of shoes, sandals, joggers etc which have been accounted for in the ruling. Online values were also checked. Since the manufacturers' costs and raw material prices of producing the goods in question in the country of exportation were not available, computed value method as provided in Section 25(8) could not be applied for valuation of the aforesaid goods. Consequently, reliance was placed upon Sub-Section (9) of Section 25 of the Customs Act, 1969, and customs values of Low-end brands Shoes, Slippers, Sandals, Chappals and Joggers were determined under Section 25(9) of the Customs Act, 1969.

6. Customs values of Low-end brand Shoes, Slippers, Sandals, Chappals and Joggers: Low-end brand Shoes, Slippers, Sandals, Chappals and Joggers hereinafter specified shall be assessed to duty / taxes at the following Customs Values: -

S. No.	Description of Goods	PCT	Proposed PCT for WEOC	Origins	Customs Values (C&F) US\$/Pair
(1)	(2)	(3)	(4)	(5)	
1.	Baby/Baba Shoes (Booty) Artificial Leather up to 2 years (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.1000 6405.1000.1000 6405.2000.1000 6405.9010.1000 6405.9090.1000	China Thailand	0.70 0.77
2.	Children Shoes Artificial Leather 3 to 5 years (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.1100 6405.1000.1100 6405.2000.1100 6405.9010.1100 6405.9090.1100	China Thailand	0.85 0.95
3.	Children Shoes Artificial Leather 6 to 12 years (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.1200 6405.1000.1200 6405.2000.1200 6405.9010.1200 6405.9090.1200	China Thailand	0.92 1.02
4.	Children Sandal Artificial Leather up to 5 years (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.1300 6405.1000.1300 6405.2000.1300 6405.9010.1300 6405.9090.1300	China Thailand	0.75 0.85

5.	Children Sandal Artificial Leather 6 to 12 years (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.1400 6405.1000.1400 6405.2000.1400 6405.9010.1400 6405.9090.1400	China Thailand	0.85 0.99
6.	Children Slipper Artificial Leather 3 to 5 years (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.1500 6405.1000.1500 6405.2000.1500 6405.9010.1500 6405.9090.1500	China Thailand	0.74 0.83
7.	Children Slipper Artificial Leather 6 to 12 years (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.1600 6405.1000.1600 6405.2000.1600 6405.9010.1600 6405.9090.1600	China Thailand	0.81 0.90
8.	Boys/Girls Shoes Artificial Leather Size 36 to 40 (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.1700 6405.1000.1700 6405.2000.1700 6405.9010.1700 6405.9090.1700	China Thailand	1.80 1.98
9.	Boys/Girls Slippers Artificial Leather Size 36 to 40 (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.1800 6405.1000.1800 6405.2000.1800 6405.9010.1800 6405.9090.1800	China Thailand	1.48 1.64
10.	Boys/Girls Sandal Artificial Leather Size 36 to 40 (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.1900 6405.1000.1900 6405.2000.1900 6405.9010.1900 6405.9090.1900	China Thailand	1.55 1.80
11.	Ladies Shoes Artificial Leather Size 39 to 43 (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.2000 6405.1000.2000 6405.2000.2000 6405.9010.2000 6405.9090.2000	China Thailand	2.66 2.92
12.	Ladies Sandal Artificial Leather Size 39 to 43 (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.2100 6405.1000.2100 6405.2000.2100 6405.9010.2100 6405.9090.2100	China Thailand	2.03 2.22
13.	Ladies Slipper Artificial Leather Size 39 to 43 (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.2200 6405.1000.2200 6405.2000.2200 6405.9010.2200 6405.9090.2200	China Thailand	1.65 1.89
14.	Gents Shoes Artificial Leather Size 39 to 45 (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.2300 6405.1000.2300 6405.2000.2300 6405.9010.2300 6405.9090.2300	China Thailand	3.20 3.71
15.	Gents Sandal Artificial Leather Size 39 to 45 (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010	6404.1900.2400 6405.1000.2400 6405.2000.2400 6405.9010.2400	China Thailand	2.47 2.72

		6405.9090	6405.9090.2400		
16.	Gents Slipper Artificial Leather Size 39 to 45 (Low-end brands)	6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6404.1900.2500 6405.1000.2500 6405.2000.2500 6405.9010.2500 6405.9090.2500	China Thailand	1.89 2.07
17.	Children Jogger Shoes (3-5 years) (Low-end brands)	6404.1100 6404.1900	6404.1100.1000 6404.1900.2600	China Thailand	0.95 1.10
18.	Children Jogger Shoes (6-12 years) (Low-end brands)	6404.1100 6404.1900	6404.1100.1100 6404.1900.2700	China Thailand	1.10 1.21
19.	Boys/Girls Jogger Shoes Size 36 to 40 (Low-end brands)	6404.1100 6404.1900	6404.1100.1200 6404.1900.2800	China Thailand	1.65 1.80
20.	Ladies /Gents Jogger Shoes Size 39 to 45 (Low-end brands)	6404.1100 6404.1900	6404.1100.1300 6404.1900.2900	China Thailand	2.43 2.70
21.	Children EVA Chapal Kitchen/ Bathroom/ Casual All sizes (Low-end brands)	6405.9090 6402.2000	6405.9090.2600 6402.2000.1000	China Thailand	0.42 0.47
22.	Boys/Girls EVA Chapal Kitchen/Bathroom/Casual Size 36 to 40 (Low-end brands)	6402.2000 6405.9090	6405.9090.1100 6402.2000.2700	China Thailand	0.64 0.70
23.	Ladies/Gents EVA Chapal Kitchen/Bathroom/Casual Size 39 to 45 (Low-end brands)	6402.2000 6405.9090	6405.9090.1200 6402.2000.2800	China Thailand	0.90 0.99
24.	Children Plastic Sandal All sizes (Low-end brands)	6402.2000 6405.9090	6405.9090.1300 6402.2000.2900	China Thailand	0.77 0.84
25.	Children Plastic Slipper All sizes (Low-end brands)	6402.2000 6405.9090	6405.9090.1400 6402.2000.3000	China Thailand	0.58 0.64
26.	Boys/Girls Plastic Sandal Size 36 to 40 (Low-end brands)	6402.2000 6405.9090	6405.9090.1500 6402.2000.3100	China Thailand	1.00 1.13
27.	Boys/Girls Plastic Slippers Size 36 to 40 (Low-end brands)	6402.2000 6405.9090	6405.9090.1600 6402.2000.3200	China Thailand	0.81 0.90
28.	Ladies/Gents Plastic Sandal Size 39 to 45 (Low-end brands)	6402.2000 6405.9090	6405.9090.1700 6402.2000.3300	China Thailand	1.25 1.48
29.	Ladies/Gents Plastic Slipper Size 39 to 45 (Low-end brands)	6402.2000 6405.9090	6405.9090.1800 6402.2000.3400	China Thailand	1.21 1.33
30.	Hawai Chapal Low-end brands (All Sizes) (Low-end brands)	6402.2000 6405.9090	6405.9090.1900 6402.2000.3500	China Thailand	0.30 0.45
31.	Ladies / Gents Casual Shoes / Made up of artificial leather / Textile material/Canvas Fabric (Upper) with rubber sales (Low-end brands)	6402.2000 6404.1900 6405.1000 6405.2000 6405.9010 6405.9090	6402.2000.2000 6404.1900.3000 6405.1000.2600 6405.2000.2600 6405.9010.2600 6405.9090.3600	China Thailand	2.25 2.48

Note: The above mentioned values shall not be applicable on brands such as Clarks, Hush Puppies, Charles & Keith, Mango, Next, Faith, Sputnik, Zapata, Bally, Studio Empoli, Nine West, Louis Vuitton, Jimmy Choo, Christian Louboutin, Walter Steiger, Gucci and similar brands etc. The clearance Collectorates shall assess the aforementioned and similar brand shoes / sandals / slippers etc under

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 table 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 Ruling supersedes Valuation Ruling No. 859/2016, dated 25-05-2016.

(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. 859/2016, dated 25-05-2016.
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.