

(This Ruling has been revised / superseded vide Valuation Ruling No. 1156/2017 dated 09-05-2017)

**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 / (Appraisement Lahore / Preventive) Lahore / Sambrial (Sialkot) / Faisalabad / Multan / Islamabad / Hyderabad / Quetta / Peshawar / Gawadar / Gilgit-Baltistan.

**DETERMINATION OF CUSTOMS VALUES OF CHEMICALS ISO-PROPYL ALCOHOL,
N-PROPANOL, CYCLOHEXANONE, ETHOXYLATED NONYL PHENOL, ISO-BUTANOL,
N-BUTANOL AND PHENOL UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969**

(VALUATION RULING No. 920/2016)

No. Misc/29/2012-II/9358

Dated: 29-08-2016

In exercise of powers conferred under Section 25-A of the Customs Act, 1969 Customs values of Chemicals like Iso-Propyl Alcohol, N-Propanol, Cyclohexanone, Ethoxylated Nonyl Phenol, Iso-Butanol, N-Butanol and Phenol are determined as follows:

2. Background of the valuation issue: The custom values of the subject chemicals were determined vide Valuation Ruling No. 793/2016 dated 15.01.2016. The Valuation Ruling No. 793/2016 dated 15.01.2016 gave valuation of imports of chemicals in drums packing only and it did not cover the chemicals imported vide ISO tanks or in Bulk-form. Several representations from different traders and trade bodies i.e. Pakistan Chemicals and Dyes Merchants Association (PCDMA) were received for determination of customs value of chemicals imported in bulk vessels and in ISO-tanks as well. Pakistan Chemicals and Dyes Merchants Association (PCDMA) vide letter C-13/VC-AD/2016/266-253 dated 15th June, 2016 proposed that a difference of US\$100/M Ton between value of products imported in Bulk-quantity and for chemicals imported in ISO-tanks a difference of US\$200/M Ton from value of product imported in Bulk-Vessels vis-a-vis the same chemical imported in drum-packing. They also informed that items namely, Butyl Acrylate, Cyclo Hexanone, Chloroform, Di-Ethylene Glycol, Ethylene Acrylate, Glycerine, Iso Propyl Alcohol, Iso Butanol, N-Propanol, N-Butanol, Methylene Chloride and Mono Ethylene Glycol are also imported in bulk-vessels and ISO tanks apart from drum packing. A letter bearing No(50) KAPE-DC-II/Miscellaneous/2015 dated 26.01.2016 was also received from MCC Appraisement (East) regarding resolution of issue pertaining to subject chemicals imported in bulk vessels and ISO-tanks as the existing Ruling was for chemicals imported in drums packing only. Moreover the importers have claimed that the prices of subject chemicals are showing down ward trend in the International market hence existing valuation ruling, which is over seven months old is required to be revised in the light of honorable High Court of Sind, at Karachi's orders dated 10.11.2015 in Constitutional Petition No. D-6918/2015. An exercise was therefore undertaken to re-determine the Customs Values of Chemicals in terms of Section 25-A of the Customs Act, 1969.

3. Stakeholders' participation in determination of Customs values: Meeting with all the stakeholders including importers, trade bodies i.e. Pakistan Chemicals and Dyes Merchants Association (PCDMA) and representatives from clearance Collectorates, was held on 19.7.2016 to discuss the current international prices of the subject chemicals. Stakeholders were contesting that the prices of different chemicals fluctuate regularly in the international market and that fluctuation can be monitored/regulated through prices quoted in ICIS Scan internationally. Hence they requested that the chemicals, whose prices are available in ICIS Scan, may be linked with the ICIS scan prices for fair treatment to the trade in accordance with international market prices, as is being done in case of plastic raw material on Scan prices, iron and steel products on London Metal Bulletin prices and so many other items on the prices quoted in reputed international bulletins. Moreover, the importers requested that for such chemicals whose values are not available in ICIS Scan, the customs values of

such chemicals may be determined for imports in drums packing, however adjustments may be made for imports in ISO-Tanks or in Bulk-Vessels.

4. Method adopted to determine Customs values: Valuation methods provided in Section 25 of the Customs Act, 1969 were duly applied in their regular sequential order to address the particular valuation issue at hand. The transaction value method as provided in Sub-Section(1) of Section 25, found inapplicable in light of the wide variety of invoices submitted at import stage the veracity of which could not be ascertained fully, hence requisite information required under law was not available to arrive at the correct transaction value. Identical / similar goods value method provided vide 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, market information and international prices through Web were examined thoroughly. All the information so gathered was analyzed for determination of Customs Value of the subject good. Consequently, the Fall Back Method as provided under section 25(9) of the Customs Act, 1969 was applied to arrive assessable customs values of Chemicals.

5. Customs values for Isopropyl Alcohol, N-Propanol, Cyclohexanone, Ethoxylated Nonyl Phenol, Iso-Butanol, N-Butanol and Phenol: The chemicals namely Isopropyl Alcohol, N-Propanol, Cyclohexanone, Ethoxylated Nonyl Phenol, Iso-Butanol, N-Butanol and Phenol hereinafter specified shall be assessed to duty / taxes at the following Customs Values :-

S. No.	Description of goods	PCT	Proposed PCT for WBOC	Origins	Customs Values (C&F) US\$/Kg
(1)	(2)	(3)	(4)	(5)	(6)
1	Isopropyl Alcohol 99% & above	2905.1220	2905.1220.1000	All Origins	i) Bulk - Vessels: Applicable average CFR prices as published in ICIS Scan ii) ISO-Tanks: Applicable average CFR prices as published in ICIS Scan + USS 100/M. Ton for ISO –Tank & other charges. iii) Drum Packing: Applicable average CFR prices as published in ICIS Scan + USS 2001 M. Ton for drum packing & other charges.
2	Isopropyl Alcohol 85.1 % to 98.9%	2905.1220	2905.1220.1000		
3	Isopropyl Alcohol 85%.	2905.1220	2905.1220.1000		
4	N-Propanol (All Grades)	2905.1210	2905.1210.1000		
5	ISO-Butanol (All Grades)	2905.1400	2905.1400.1000		
6	N-Butanol (All Grades)	2905.1300	2905.1300.1000		
7	Cyclohexanone (All Grades)	2914.2200	2914.2200.1000		
8.	Ethoxylated Nonyl Phenol NP-9(All Brands including Pannox & Sinopol)	3402.1300	3402.1300.1000	All Origins excepted Russia	1.5
9	Ethoxylated Nonyl Phenol NP-9 (All Brands including Pannox & sinopol)	3402.1300	3402.1300.1100	Russia	1.4

10	Ethoxylated Nonyl Phenol NP-10 (All Brands including Pannox & sinopol)	3402.1300	3402.1300.1200	All Origins except Russia	1.55
11	Ethoxylated Nonyl Phenol NP-10 (All Brands including Pannox & sinopol)	3402.1300	3402.1300.1300	Russia	1.45
12	Phenol (All Grades)	2907.1100	2907.1100.1000	All Origins	1.20

Note:

- i) *in case of Isopropyl Alcohol of 85.1% to 98.9% purity and Isopropyl Alcohol 85% purity (i.e. items at Sr. No. 02 & 03 above) are imported in bulk-vessel, a discount of 05% al/d. 08% respectively be allowed, from the determined ICIS Scan price of item at Sr. No. 01 i.e. Isopropyl Alcohol 99%, may be allowed.*
- ii) *in case the prices published in ICIS Scan are in FOB terms then US\$ 40/M ton will be added on account of freight and other charges for imports from India, China, Middle East and Far East and US\$ 45/M ton will be added on account of freight and other charges for imports from Russia, Europe, America and Canada.*

6. 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. The Customs values determined in the Valuation Ruling are for the descriptions and specifications as mentioned herein, HS Codes are mentioned for illustrative purposes so that Valuation Ruling values are made accessible to the assessing officers. The assessment shall be finalized in the correct classifications after fulfilling request formalities relating to importability or other certifications required thereon.

7. 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.

8. Revision of the value determined vide this Valuation Ruling: This Valuation Ruling is appealable under the law and a revision petition may be filed against this Ruling, 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.

9. 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.

10. This Ruling supersedes Valuation Ruling No. 793/2016, dated 15-01-2016.

(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. 793/2016, dated 15-01-2016.
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, Appraisement, 1st Floor, Custom House, Karachi.
21. Guard File.