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

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**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 WOVEN INTERLINING BUCKRAM  
MATERIAL (BLACK/WHITE) AND NON-WOVEN INTERLINING BUCKRAM  
MATERIAL (BLACK/WHITE), UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969**

**(VALUATION RULING No. 926/2016)**

No. Misc/10/2007-VI

Dated: 08-09-2016

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Interlining Material (Buckram) of different origins, are determined as follows:-

**2. Background of the valuation issue:** M/S Aruj Industries Limited Lahore (local manufactures) vide their letter of dated 09-08-2016 lodged a complaint regarding under invoicing in the subject item, mentioning the process and claimed values for Fusible interlining Material (Buckram). Furthermore, since the previous Customs values of Interlining Material (Buckram) determined and notified vide Valuation Ruling No. 428/2012 dated 13-02-2012 was over four years old, therefore, an exercise was under taken by this Directorate General to revise the same according to trends prevailing in the current international market.

**3. Stakeholders' participation in determination of Customs values:** Meetings for the determination of customs values of Interlining Material (Buckram) with stakeholders were held on 12.08.2016 and 19-08-2016 & 29-08-2016. All the participants 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 or Contracts made / LCs opened during the last three months showing the value of item in question.
- iv) Copies or 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 requisite documents were not submitted by any stakeholders, however, they appeared for meeting scheduled on 12-08-2016 and 19-08-2016 & 29-08-2016. The contention of importers was that the raw material of interlining material (Buckram) is cotton / polyester and the international prices of both the goods are on lower side, which can be evident from international price data. Furthermore the prices already determined vide VR No. 423/2012 needs to be revised on lower side on the basis of international prices of subject goods from their suppliers whereas the local manufactures was of the opinion that the prices are on the higher side and the goods are being under invoiced from china in support of their contention the local manufactures has forwarded the process / cost to convert the grey fabric into Fusible Interlining Material. Furthermore, the latest invoices received from Chinese manufacture quoting the latest prices of woven fusible Interlining C&F Karachi @ USD 1.2058/Mtr. & USD 1.15/Mtr. for 44"/45" width.

**5. Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were duly followed and applied sequentially to address the valuation issue at hand. Transaction value method provided in Sub-Section (1) of Section 25 was found inapplicable

because it is generally known to all that majority of invoices produced at import stage are manipulated/ fabricated and hence the requisite information required under the law was not available to arrive at the correct transaction value. Identical / similar goods value method provided in 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 or 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 or 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) or the Customs Act. 1969 was applied to arrive assessable customs values of Woven Interlining Buckram Material (Black/White) and Non-Woven Interlining Buckram Material (Black/White).

**6. Customs values for Interlining Material (Buckram):** Interlining Material (Buckram) hereinafter specified shall be assessed to duty / taxes at the following Customs Values:-

| S. No. | Description of goods                           | P.C.T.    | Proposed PCT for WEBOC | Origins | Customs Values (C&F) US\$/Kg |
|--------|--|-----------|------------------------|---------|------------------------------|
| (1)    | (2)  | (3)       | (4)                    | (5)     | (6)                          |
| 01.    | Woven Interlining Buckram Material (Black)     | 5901.1000 | 5901.1000.1000         | China   | 5.14                         |
|        |  | 5901.9010 | 5901.9010.2000         | Korea   | 5.65                         |
|        |  | 5901.9090 | 5901.9090.3000         | Others  | 5.75                         |
| 02.    | Woven Interlining Buckram Material (White)     | 5901.1000 | 5901.1000.1000         | China   | 4.90                         |
|        |  | 5901.9010 | 5901.9010.2000         | Korea   | 5.39                         |
|        |  | 5901.9090 | 5901.9090.3000         | Others  | 5.49                         |
| 03.    | Non-Woven Interlining Buckram Material (Black) | 5603.1100 | 5603.1100.1000         | China   | 4.63                         |
|        |  | 5903.1200 | 5903.1200.2000         | Korea   | 5.09                         |
|        |  |           |                        | Others  | 5.19                         |
| 04.    | Non-Woven Interlining Buckram Material (White) | 5603.1100 | 5603.1100.1000         | China   | 4.41                         |
|        |  | 5903.1200 | 5903.1200.2000         | Korea   | 4.84                         |
|        |  |           |                        | Others  | 4.94                         |

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. 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.

**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, 7<sup>th</sup> 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 Directorate General immediately. In additions to this, it is further necessary to verify that there is no mis-declaration of any sort of 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. 428/2012, dated 13-02-2012 to the extent of Serial No. 1 of the said ruling only.

**(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 (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), 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 One Customs & WeBOC database system and deleting Valuation Ruling No. 728/2012, dated 13-02-2012 from the system on the date of issue of the ruling.
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, 7<sup>th</sup> Floor, Custom House, Karachi.
17. Review Section, Customs Valuation, 7<sup>th</sup> 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<sup>th</sup> Floor, Custom House, Karachi / MCC, Appraisement, 1<sup>st</sup> Floor, Custom House, Karachi.
21. Guard File.