

*(This Ruling has been revised / superseded vide Valuation Ruling No. 1164/2017 dated 19th May, 2017)*

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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 Collect orates, 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 POTATO FROZEN FRENCH FRIES  
UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969.**

**(VALUATION RULING No. 976/2016)**

No. Misc/18/2012-I/9939

Dated: 24<sup>th</sup> November, 2016

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Potato Frozen French Fries are determined as follows:-

**2. Background of the valuation issue:** The Customs Values of Potato Frozen French Fries were determined under Section 25-A of the Customs Act, 1969 vide Valuation Ruling No. 842/2016 dated 02-05-2016. References were received from importing stakeholders for revision of valuation ruling as they claimed that international prices of Potato Frozen French Fries had declined. Accordingly to determine the assessable value of Potato Frozen French Fries in light of current prevailing prices in the international market, an exercise to determine the Customs values of subject goods was under taken by this Directorate General. It is pertinent to note here that M/s Siza Foods (Pvt) Ltd. has filed C.P. in the Honourable Sindh High Court against the impugned Order-In-Revision No. 230/2016 dated, 11.08.2016 and during the said meeting, it was contended that since the forthcoming ruling shall be applicable for future imports, therefore, they have no objection on issuance of valuation ruling for the subject goods afresh keeping in view the prevailing international and local market prices.

**3. Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were adopted 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 as the requisite information required under the law was not available and also as per international regulations, no invoices-in-containers were found along with the imported goods, hence, information required to arrive at transactional value was not available. Identical and similar-goods valuation methods provided in Sub-Sections (5) & (6) of Section 25 *ibid* were examined sequentially for applicability to determine Customs value of subject goods, this data provided some references however, it was found that the same could not be solely relied upon due to absence of absolute demonstrable evidence of qualities, commercial levels etc. and also it was observed that importers usually provide misleading descriptions while declaring their imports, as other types and verities of similar goods to avoid the valuation ruling. Information available was hence found inappropriate. In line with the statutory sequential order of section 25, this office then conducted a market enquiry using Deductive Value Method under Sub-Section (7) of the Section 25 of the Customs Act, 1969 but gathered information could not be exclusively relied on. 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 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. On-line values were also checked. All the information was analyzed and evaluated and Sub-Section (9) of Section 25 of the Customs Act, 1969, was applied to arrive at the assessable Customs values of Potato Frozen French Fries.

**4. Stakeholders' participation in determination of Customs values:** Meeting with stakeholders including importers, and representatives of trade bodies was held on 25.04.2016 to

discuss the current international prices of the subject goods and to place before them the evidences available with this Directorate regarding the international values of subject goods. The view point of all participants was heard in detail and considered to arrive at Customs value. Importer M/s. MCR Pakistan (Private) Limited has also submitted invoice of Lamb Weston which were even higher than the previous values in-field, under section 25A of Custom Act, 1969. It was also highlighted by the importers that the subject goods are perishable items and therefore have got limited shelf life, consequently, near the expiry dates, these perishable items are sold on sales at discounted prices. It was further contended by the traders that since the subject goods are mainly being sold on super and general stores, therefore a lot more expenses (shelf rent, marketing expenses and refrigeration cost etc.) are contributed at retail level which cannot be managed without adding extra value to the subject goods. The importers contended that all these factors may also be considered in fixing value of subject goods. Prices are also verified on the basis of location of market in the city and date of expiry of the product in question. While determining the prices the factors like mode and nature of essential packing have also been taken into account. Moreover, the importers agreed on the higher values of subject goods from Indian origin because of newly established plants/machinery as well as higher quality crop of potatoes.

**5. Customs values for Potato Frozen French Fries:** Potato Frozen French Fries herein after specified shall be assessed to duty/ taxes at the following Customs Values:-

S. No.	Description of Goods	PCT Code	Proposed PCT For WEBOC	Origin	Customs Values (C&F) US\$/Kg
1.	<b>Potato Frozen French Fries Brands:</b> Lamb Weston. JR Simplot, Aviko, & Lutusa, Farm Frites & McCain	2004.1000	2004.1000.1000	U.S.A	1.20\$
		2004.1000	2004.1000.1100	European Union	1.15\$
2.	<b>Potato Frozen French Fries Brands</b> McCain	2004.1000	2004.1000.1400	India	1.22\$
3.	<b>Potato Frozen French Fries Brands</b> Farm Fries	2004.1000	2004.1000.1200	Egypt	1.10\$
4.	<b>Potato Frozen French Fries</b> PomKing/Pom Queen	2004.1000	2004.1000.1500	Turkey	1.05\$
5.	<b>Potato Frozen French Fries Other Brands</b>	2004.1000	2004.1000.1600	All Origins	1.08\$
6.	<b>McCain Brand Value Added Products:</b> Potato Bites. Wedges, Veggie Tandori Nuggets, Mini Roats, Potato Nuggets, Potato Chees Shotz, Aloo Tikki, & Veggie Fingers.	2004.1000	2004.1000.1700	All Origins	1.60\$
7.	<b>McCain Brand</b> Spicy Peri Peri Fries/ Smile Fries	2004.1000	2004.1000.1800	All Origins	3.00

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 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 requisite formalities relating to importability or any other certifications required therein.

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 or section 25-D of the Customs Act, 1969.

8. **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 issuance of this Ruling, before the Director General, Directorate General of Customs Valuation, 7<sup>th</sup> 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 this Directorate General immediately for rectification.

10. ***This ruling supersedes Valuation Ruling No. 842/2016 Dated 2.5.2016.***

**(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 (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
9. Director General, Post Clearance Audit (PCA), Islamabad.
10. Director General, Internal Audit (Customs), Islamabad.
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, to replace the old valuation Ruling No. 542/2013, dated 07.03.2013.
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. Webmaster, Federal Board of Revenue, Islamabad.
22. Guard File.