

This Ruling has been revised / superseded vide Valuation Ruling No. 1450/2020 dated 04-06-2020

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

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 PU COATED FABRIC (Artificial Leather)
WOVEN/NON-WOVEN AND OTHER COATED FABRIC UNDER SECTION 25-A OF THE
CUSTOMS ACT, 1969.**

(VALUATION RULING No. 978/2016)

File No. Misc/35/2016-VI/9961

Dated: 25th November, 2016

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of PU Coated Fabric (Artificial Leather) of different origins, are determined as follows:-

2. Background of the valuation issue: Since the previous Customs values of PU Coated Fabric (Artificial Leather) determined and notified vide Valuation Ruling No. 662/2014 dated 31-03-2014 were over two years old, therefore, an exercise was undertaken 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 PU Coated Fabric (Artificial Leather) woven/nonwoven and other coated fabric with stakeholders were conducted on 21.09.2016 and 13-10-2016. 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 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 requisite documents were not submitted by any stakeholders however, they appeared for meetings scheduled on 21.09.2016 and 13-10-2016. The contention of importers was that the subject ruling is more than two years old and previously when the value was determined the prices of oil was @ US\$ 120/Per Barrel and now the prices are US\$ 40/Per Barrel. They further contended that since the subject product is a bi-product of oil, and as internationally the prices of oil has considerably reduced, therefore the price of the subject product should be reduced which can be verified from the suppliers and international data.

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 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, Paral 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 PU Coated Fabric.

6. Customs values for PU Coated Fabrics: PU Coated Fabrics 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	Origin	Customs Values (C&F) US \$/Kg
(1)	(2)	(3)	(4)	(5)	(6)
1	PU Coated Fabrics (Artificial Leather) Woven	5903.2000	5903.2000.1000	China / Taiwan	3.05
				Korea / Japan / Thailand & Far East	3.10
				U.K. / U.S.A.	4.00
2.	PU Coated Fabrics (Artificial Leather) Non-Woven	5603.1300 5603.9400	5603.1300.1000 5603.1300.1100	China / Taiwan	3.15
				Korea / Japan / Thailand & Far East	3.20
				U.K. / U.S.A.	4.20
3.	Other Coated Fabrics	5903.9000	5903.9000.1000	China / Taiwan	3.05
				Korea / Japan / Thailand & Far East	3.20
				U.K. / U.S.A.	4.25

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 consignment imported by air, the assessing officer shall take in to account the differential between air freight and sea freight while applying the Customs values determined in this Ruling. The Custom 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, 7th Floor, Custom House, Karachi.

10. 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. 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. 662/2014 Dated 31.3.2014 to the extent of Serial No. 2 & 3 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 (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
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, for uploading in One Customs & WeBOC database system and de letting valuation Ruling No. 662/2014, dated 31.03.2014 from the system on the date of issue of this 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, 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. Webmaster, Federal Board of Revenue, Islamabad.
22. Guard File.