

(This Ruling has been revised / superseded vide Valuation Ruling No. 1713/2022 dated 16-12-2022)

**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 SECOND HAND CLOTHING, SHOES
AND USED LEATHER BAGS/ JACKETS/ BELTS, USED TOYS AND KITCHEN
WARE ETC., UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969.**

(VALUATION RULING No. 986/2016)

File No. Misc/08/2008-IV (Part III)/10042

Dated: 6th December, 2016

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Second Hand Clothing are re-determined, as follows:-

2. Background of the valuation issue: Consequent upon representation by M/s. Pakistan Second hand Clothing Merchants Association. Karachi and other commercial importers of the said goods for revision of the Valuation Ruling No. 836/2016, dated 19-04-2016 an exercise was undertaken to re-determine the Customs Values of Second Hand Clothing and other used items in terms of Section 25-A of the Customs Act, 1969.

3. Stakeholders' participation in determination of Customs values: A meeting was held on 05-12-2016 with all the stakeholders including office bearers of Pakistan Secondhand clothing Merchants Association and different importers of said item. The valuation issue of second hand worn clothing, and allied items was discussed in detail with all stakeholders and their view point was also heard. The importers stated that they were never called before the Director General in a review petition filed by a petitioner M/s Amina Enterprise & Others for downward prices of Korean origin instead of revising the prices downward, the prices for all origins were enhanced arbitrary by the Director General Valuation. The prices which has been announced by DG vide his revision order No. 267/2016 dated 21-11-2016 does not represents the true prevailing international prices. In support of their contention the forwarded copies of their contracts, invoices, Performa invoices packing list bill of lading and copies of bill of entries of export processing zone. With respect to higher prices of second hand worn clothing taken from Export Promotion Zone (EPZ) and Zauba, the representatives of Pakistan Secondhand Clothing Merchants Association contended that the second hand clothing is being imported in India under protective regime. where second hand worn clothing is restricted item such as only high quality (A-Category) goods are allowed to be imported, on the contrary in Pakistan, imported second hand worn clothing is majorly of inferior quality (B & C Category). In this context, M/s Pakistan Secondhand Clothing Merchants Association requested to reduce the prevailing prices of Second hand worn clothing and allied goods thereof. The previously ascertained values were Recently revised lightly upward by DG Valuation. These referred grounds should have been agitated at the time of revision proceedings which have been filed by some of the importers. Nothing substantive has changed so far, however these factors have been taken in to account while reviewing these values and values of second hand worn clothing and allied items are accordingly adjusted.

4. 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 same importers provide 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 at assessable customs values of Second Hand Clothing, Used Leather flags/ Jackets/ Belts. Used Toys and Kitchen Ware have been re-determined in terms of Section 25(9) of the Customs Act, 1969.

5. Customs values for Second Hand Clothing, Shoes and Used Leather Bags/ Jackets/ Belts, Used Toys and Kitchen Ware: Second Hand Clothing, Shoes and Used Leather Bags / Jackets/ Belts, Used Toys and Kitchen Ware hereinafter specified shall be assessed to duty/ taxes at the following Customs Values:-

S. No	Description of Goods	PCT	Proposed PCT for WEOC	Origin	Customs Values (C&F) US\$/Kg				
(1)	(2)	(3)	(4)	(5)	(6)				
1	Second Hand Worn Clothing	6309.0000	6309.0000.1000	South Korea	0.64				
				USA, Canada, New Zealand, Australia & Europe	0.36				
				Japan	0.38				
				Far East & China	0.46				
				Middle East & Gulf States	0.41				
				Other origins	0.41				
02	Second Hand Leather Bags, Jackets and Belts	4202.1210 4202.1220 4202.1290 4202.2100 4202.2200 4202.2900 4203.1010 4203.1090 4203.3000	4202.1210.1000 4202.1220.1000 4202.1290.1000 4202.2100.1000 4202.2200.1000 4202.2900.1000 4203.1010.1000 4203.1090.1000 4203.3000.1000	South Korea	0.93				
				USA, Canada, New Zealand, Australia & Europe	0.93				
				Japan	0.95				
				Far East & China	0.88				
				Middle East & Gulf States	0.77				
				Other origins	0.70				
				03	Second Hand Shoes	6309.0000	6309.0000.3000	South Korea	0.95
								USA, Canada, New Zealand, Australia & Europe	0.74
								Japan	0.76
Far East & China	0.74								
Middle East & Gulf States	0.74								
Other origins	0.85								
04	Second Hand Toys	9503.0090	9503.0090.1000	South Korea	1.02				

				USA, Canada, New Zealand. Australia & Europe	1.02
				Japan	1.04
				Far East & China	0.82
				Middle East & Gulf States	0.82
				Other origins	0.82
05	Used Kitchen Wares	7323.9900	7323.9900.1000	South Korea	0.82
				USA, Canada, New Zealand. Australia & Europe	0.82
				Japan	0.84
				Far East & China	0.78
				Middle East & Gulf States	0.78
				Other origins	0.74

5. 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.

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. In case imported items are not specifically fall under any of above mentioned brands, the same may be assessed under Section 25-A otherwise if appropriate the same may be referred to Directorate of Customs Valuation for necessary action at their end.

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. Customs values determined in the ruling are for the description and specification as mentioned herein. PCT Codes are mentioned for illustrative purpose so that valuation ruling values are made accessible to the assessing officer. 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.

9. *This ruling supersedes Valuation Ruling No. 836/2016 Dated 19.4.2016.*

(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
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 deleting valuation Ruling No. 836/2016, dated 19.04.2016 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.