

*(This Ruling has been revised / superseded vide Valuation Ruling No. 1325/2018 dated 14-09-2018)*

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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 CHEWING GUM UNDER SECTION 25-A  
OF THE CUSTOMS ACT, 1969**

**(VALUATION RULING No. 1000/2016)**

No. Misc/11/2012-I/10178

Dated: 22<sup>nd</sup> December, 2016

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Chewing Gum are determined as follows:-

**2. Background of the Valuation Issue:** Customs values of subject Chewing Gum were determined and notified vide Valuation Ruling No. 834/2016, dated 19<sup>th</sup> April, 2016. Since prevailing customs values mentioned in the said Valuation Ruling are more than two years old, therefore, the customs values therein need to be revised in view of current international price trends. This prompted an exercise to determine the customs value of the goods.

**3. Stakeholders' Participation in Determination of Customs Values:** A meeting for the determination of customs values of Chewing Gum with stakeholders was held on 08-12-2016 which was duly attended by all the stakeholders. All the stakeholders strongly contended and requested that the existing valuation Ruling may be reviewed in the light of prevailing international and local market prices. It was also highlighted that the subject goods are perishable items and therefore have a limited shelf life, consequently, around expiry dates, these perishable items are sold on sale and 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, 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.

**4. Method Adapted 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 Chewing Gum.

**5. Customs Values for Chewing Gum: *hereinafter*** specified shall be assessed to duty / taxes at the following Customs Values:-

S. No.	Description of goods	PCT Code	Proposed PCT for WEBOC	Origins	Customs Values (US\$ per Kg) Net Content
1	Chewing Gum Wrigley's Brand Extra various flavoures	1704.1000	1704.1000.1000	All origin	12.00
2	Chewing Gum Wrigley's Brand Extra Professional various flavoures	1704.1000	1704.1000.1100	All origin	17.00
3	Chewing Gum Wrigley's Brand Extra Tab various flavoures	1704.1000	1704.1000.1200	All origin	15.00
4	Chewing Gum Wrigley's Brand Sugar Free (various flavors)	1704.1000	1704.1000.1300	All origin	16.00
5	Chewing Gum Orbit Brand various flavoures	1704.1000	1704.1000.1400	All origin	17.00
6	Chewing Gum Wrigley's Brand 5 Gum Various Flavours	1704.1000	1704.1000.1500	All origin	14.00
7	Chewing Gum Brand Lottee/ Spout	1704.1000	1704.1000.1600	All origin	3.00
8	Chewing Gum Brand Batook	1704.1000	1704.1000.1700	All origin	1.75
9	Chewing Gum Brand Mentos Gum Spearmint Sugar free	1704.1000	1704.1000.1800	All origin	12.00
10	Chewing Gum Brand Mentos Chewy Dragees Spermint Roll	1704.1000	1704.1000.1900	All origin	10.00
11	Chewing Gum Brand Happy dent of various flavours	1704.1000	1704.1000.2000	All origin	5.60
12	Chewing Gum Brand Trident Various Flavours	1704.1000	1704.1000.2100	All origin	9.00
13	Chewing Gum Brand Trident Sugar free Various Flavours	1704.1000	1704.1000.2200	All origin	11.00
14	Chewing Gum Strawberry Twist	1704.1000	1704.1000.2300	All origin	7.12
15	Chewing Gum Brand Marukawa Fusen Gum	1704.1000	1704.1000.2400	Japan	1.90
16	Chewing Gum Brand Hubba Bubba Bubble Gum	1704.1000	1704.1000.2500	All origin	1.00
17	Nicotine Chewing Gum Various Brands & Flavours	1704.1000	1704.1000.2600	All origin	65.00
18	Chewing Gum Brand Eclipse Various Flavours & sugar Free	1704.1000	1704.1000.2700	All origin	20.00
19	Chewing Gum Brand Altoids Various Flavours & Sugar Free	1704.1000	1704.1000.2800	All origin	25.00
20	Chewing Gum Other Brands	1704.1000	1704.1000.2900	USA/ Europe & South Africa	18.00
				All origin	15.00

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.

**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 falling 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 as envisaged under section 81 of 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. 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.

10. This Ruling supersedes Valuation Ruling Nos. 834/2016 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.