

(This Ruling has been revised / superseded vide Valuation Ruling No. 1389/2019 dated 05-09-2019)

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

The Collectors of Customs, Model Customs Collectorates, Appraisement (East / West) / Port Qasim / Export (Karachi / Port Qasim) / Preventive, Karachi / Lahore (Appraisement / Preventive) / Sambrial (Sialkot) / Faisalabad / Multan / Islamabad / Hyderabad / Quetta (Appraisement / Preventive) / Peshawar (Appraisement / Preventive) / Gawadar / Gilgit-Baltistan.

DETERMINATION OF CUSTOMS VALUES OF BALL BEARINGS AND TAPER BEARINGS UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. 1386/2019)

No. Misc/01/2009-VII (Part-V)/2226

Dated: 25th July, 2019

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, the Customs values of Ball Bearings and Taper Bearings are determined as follows:-

2. Background of the valuation issue: Customs Values of Ball Bearings and Taper Bearings were determined under section 25A of the Customs Act, 1969 vide Valuation Ruling No. 1188/2017 dated 23.06.2017. The values determined vide aforementioned valuation ruling, especially customs values of ball bearing and taper bearing were challenged before the Director General Customs Valuation under section 25-D of the Customs Act, 1969 by M/s. Asghar Enterprises and other importers. The Director General vide Order-in-Revision No. 427/2017 dated 29.12.2017 rejected the revision application. The importers filed Appeals before the Honorable Custom Appellate Tribunal against the Order-in-Revision. The Appellant Tribunal set aside Valuation Ruling and Order in Revision upto the extent of appellant's claim regarding bearing brands, namely DPI, SUPER NIN, EURO POWER, VETOR, ORANGE, BEARMAX, CORE, BLCK, RICA, FK, WHX, TPS, DPI, KPK, HKM, TP, VRB, HARP, AEP, FAST-M, JED, JYD, MINE, SUPER GOLD, NIN, NYZH, CBB, MTB, CRF, UKS, TOMUT holding that the same are of low quality and do not match with the quality of other brands listed in B category in Valuation Ruling No. 1188/2017 dated 23.06.2017. The Appellate Tribunal ordered the Valuation Department to determine values of above listed brands in accordance with section 25 and 25-A of Customs Act, 1969 (strict senso). The Honorable Customs Appellate Tribunal also ordered change of category from 'A' to 'B' in respect of G&B brand on the same grounds. In compliance of Appellate Tribunal's order, an exercise was initiated in this Directorate General to determine customs values of subject goods in terms of Section 25-A of the Customs Act, 1969.

3. Stakeholders' Participation in Determination of Customs Values: Meetings were held with stakeholders on 17.12.2018, 12.03.2019 and 25.06.2019 which were attended by different stakeholders including importers and representatives from trade. All the stakeholders were requested to submit the following documents before or during the course of meetings so the customs values could be determined:

- i. Invoices of imports during last three months showing customs 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 the last four months showing the difference in price (excluding duty and taxes) to substantiate their contentions.

4. During the course of meetings importers contended that values determined vide valuation ruling 1188/2017 dated 23.06.2017 are on higher side and needed downward revision, for which they

submitted various proposals. They also stated that some bearings have different qualities and prices vary accordingly. M/s Maryam Bearings Industries, a local manufacturer of the bearings, contended that the existing values are on much lower side and needed upward revision. The representative of the manufacturer submitted documents showing his cost of manufacturing from the imported components and claimed that almost 200% - 300% of cost/value addition occurs in the entire process. The Sales Tax and income tax returns, submitted by M/s Maryam Bearing Industries, however, do not support such huge value addition and consequent valuation of bearings.

5. Method Adopted to Determine Customs Values: Valuation methods given in Section 25 of the Customs Act, 1969 were applied sequentially to address the valuation issue at hand. Transaction Value Method under sub-section (1) of section 25 of the Act *ibid* was found inapplicable because the requisite information under the law was not provided by the importers. The documents submitted by different importers were not sufficient to prove that their declared value was true transactional value. Identical and Similar Goods valuation methods provided in Sub-Sections (5) and (6) of Section 25 of the Customs Act, 1969 provided some reference values but due to wide variations in the declarations, the same could not be relied upon exclusively. In the sequential order, this office conducted market inquiries in terms of Sub-Section (7) of Section 25 of the Customs Act, 1969. Input and feedback by the participants during the Stakeholders' meetings were also considered. Online information was also obtained. All the information so gathered was analyzed and evaluated. Keeping all the above in view, customs values of Ball Bearings and Taper Bearings are determined under Sub-Section (7) of Section 25 of the Customs Act, 1969.

6. Customs values of Ball Bearings and Taper Bearings hereinafter specified shall be assessed to duty/taxes on the Customs values mentioned against them in the Table below:

Table-1

S. No.	Description of goods	HS Code	Proposed PCT for WEBOC	Origin	Customs Value US\$/Kg		
					Cat-A (6)	Cat-B	Cat-C (7)
1	Ball Bearing	8482.1000	8482.1000.1000	China	3.51/KG	3.04/KG	2.30/KG
2	Taper Bearing	8482.2000	8482.2000.1000	China	3.69/KG	3.21/KG	2.43/KG
Category-A: ZWZ, C&U, HCH, KML, UBC, VISTA, CRLF, FUTURE, FKG, HRB, LYC, and TR.							
Category-B: NBN, NSB, WYP, ZX, YUUA, WHY, VRBB, FKD, JPN, 3J, AA, ATA, ABA, BW, BG-GOLD, BEARMAX, BENSON, BLACKFOX, BSL, OSAKA, DX, F&D, FKC, DFD, JETIX, KYB, KBK, KBE, RICA, FK, KBCC, MTM, MBM, NHN, NGA, PHP, POWER-MOTO, RSDAK, RDS, ROMA, SMS, SI, SBA, SBN, TFS, VDR, VHX, VRBB, LDFD, G&B, MAX, RBS, MALAX, SANYO, JUF, TYR, CGN, CAC, KBE, MBM, NGA, BSA, BSL, ABA, ATC, ROMA, RDS, RSBK, CORE, and other similar brands.							
Category-C: DPI, SUPERNIN, EURO POWER, VETOR, TPS, KFK, KYK, HARP, FAST-M, JED, JYD, SUPER-GOLD, LYZH, NMT, CRF, TOMUT, KAKA, KG, SUPER, NSJ, SILL, NIS, SBSS, NIN-GOLD, HI-TEC, HI-POWER, NIN, SUPER-SONIC, PSA & EXCEL.							

Table-2

S. No.	Description of goods	HS Code	Proposed PCT for WEBOC	Origin	Customs Values US\$/Kg
(1)	(2)	(3)	(4)	(5)	
1	Ball Bearing	8482.1000	8482.1000.2000	Japan	9.40
2			8482.1000.3000	India	3.25
3			8482.1000.4000	Europe	10.00
5			8482.1000.5000	Other Origins	6.11
6	Taper Bearing	8482.2000	8482.2000.2000	Japan	10.00
7			8482.2000.3000	India	3.36
8			8482.2000.4000	Europe	10.50
10			8482.2000.5000	Other Origins	6.63

Table-3

S. No.	Description of goods	HS Code	Proposed PCT for WEBOC	Origin	Customs Values US\$/Kg	
					Cat-A	Cat-B
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Needle, Spherical, Cylindrical Bearings etc.	8482.3000 8482.4000 8482.5000 8482.6000 8482.7000 8482.8000	8482.3000.1000 8482.4000.1000 8482.5000.1000 8482.6000.1000 8482.7000.1000 8482.8000.1000	China	6.20/Kg	4.00/Kg
2			8482.3000.1100 8482.4000.1100 8482.5000.1100 8482.6000.1100 8482.7000.1100 8482.8000.1100	India	6.30/Kg	4.10/Kg
3			8482.3000.1200 8482.4000.1200 8482.5000.1200 8482.6000.1200 8482.7000.1200 8482.8000.1200	Romania, Poland, Slovakia, Bulgaria, Hungary, Russia, Thailand, Taiwan, Korea	8.00/Kg	5.20/Kg
4			8482.3000.1300 8482.4000.1300 8482.5000.1300 8482.6000.1300 8482.7000.1300 8482.8000.1300	Japan	12.00/Kg	9.90/Kg
5			8482.3000.1400 8482.4000.1400 8482.5000.1400 8482.6000.1400 8482.7000.1400 8482.8000.1400	Other Origin	9.00/Kg	6.90/Kg

Category-A: NSK, SKF, NTN, NACHI, KOYO, IKO, ZWZ

Category-B: Bear Max / Osaka / Kaka / Tr-Fk / NBN / NIN / LYC / Zimco / Black Fox / NSB & Juf /DPI / TPS / DYZV / Supernin / Europower / D-tech / Hi-tech / Super / Vector / Fast-M & Ningold.

Note: The Collectorates may assess Bearings of different specification/types/brands under section 25 of the Customs Act, 1969. Alternatively, they may provisionally assess GDs under section 81 and refer the case this Directorate General for a suitable advice.

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 Section 25 of the Customs Act, 1969. In case of consignments imported by air, the assessing officer shall take into account air freight while applying the customs values determined in this Ruling.

8. Validity of 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, 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 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 this Directorate General immediately. Customs values determined in the ruling are for the description and specification as mentioned in the table above of this Ruling. HS Codes are mentioned for illustrative purpose so that valuation ruling values are made accessible to the assessing officers. 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.

11. This ruling supersedes Valuation Ruling No. 1188/2017 and of VR No. 1135/2017, dated 18.04-2017.

(SHAFIQUE AHMED LATKI)

Director

Copy for information to:-

1. The Member (Customs, Operations), F.B.R., Islamabad.
2. The Director General, Customs Valuation, Custom House, Karachi.
3. The Chief Collector of Customs, South (Appraisalment), Custom House, Karachi.
4. The Chief Collector of Customs, South (Enforcement), Custom House, Karachi.
5. The Chief Collector of Customs (Central), Lahore.
6. The Chief Collector of Customs (North), Islamabad.
7. The Chief Collector of Customs, (Enforcement), Custom House, Quetta.
8. The Director General, Intelligence and Investigation-FBR, Islamabad.
9. The Director General, Audit (Customs & Petroleum), 1st Floor, PT&T Audit Building, Mauj-e-Darya Road, Lahore.
10. The Director General, Post Clearance Audit (PCA), Islamabad.
11. The Director General, Internal Audit (Customs), Karachi.
12. The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad / Quetta Peshawar / Faisalabad.
13. The Director, Directorate of Customs Valuation (Camp Office), Lahore.
14. The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WeBOC database system.
15. The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
16. The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
17. The Review Section, Customs Valuation, 7th Floor, Custom House, Karachi.
18. The Karachi Customs Agents Group, Bohri Road, Karachi.
19. Notice Board, Customs Valuation 7th Floor, Custom House, Karachi.
20. The Webmaster, Federal Board of Revenue, Islamabad.
21. Guard File.