

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

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**The Collectors of Customs,** Collectorate of Customs, (Appraisement - West / Appraisement - East / Appraisement - Port Muhammad Bin Qasim / Enforcement JIAP / Export / Export PMBQ), Karachi / Hyderabad / (Appraisement / Enforcement), Quetta / Gawadar / (Appraisement / Enforcement / AIIA), Lahore / Appraisement, Faisalabad / Appraisement Sambrial (Sialkot) / Enforcement, Multan / Islamabad / Gilgit - Baltistan / (Appraisement Enforcement), Peshawar / Enforcement, Dera Ismail Khan.

**DETERMINATION OF CUSTOMS VALUES OF REVERSE OSMOSIS (RO) MEMBRANE AND  
ULTRA FILTRATION (UF) MODULE OF WELL-KNOWN INTERNATIONAL BRANDS  
UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969**

**(VALUATION RULING No. 1652/2022)**

No. Misc/01/2021-VII/516

Dated: 23<sup>rd</sup> May, 2022

In exercise of the powers conferred under Section 25A of the Customs Act, 1969, the Customs values of Reverse Osmosis (RO) Membrane and Ultra Filtration (UF) Modules of well-known international brands are determined as follows:

**2. Background of the valuation issue:** Earlier, customs value of R.O membranes and UF modules was determined vide Valuation Ruling No. 1575/2021 dated 30-11-2021. A review petition was filed by the importers of low-end R.O Membranes and UF modules under Section 25D of the Customs Act, 1969. The Director General remanded back the above said Valuation Ruling vide Order in Revision No. 15/2022 dated 18-02-2022 in the following terms:

*"After listening to the detailed discussions/ arguments of both the parties and perusal of the case record, it is apparent that the appellants were not heard by the competent authority while issuing the impugned Valuation Ruling under Section 25A of the Customs Act, 1969. It is well settled principle of law that an individual whose rights are being affected must be given adequate opportunity to defend his case. Since in the instant case, the applicant was not provided with a fair opportunity the ensuing proceedings thus suffer from procedural impropriety which is violative of the principles of natural justice. Accordingly, it is ordered that the impugned Valuation Ruling No. 1575/2021 dated 30.11.2021 be set aside and the case is remanded back to the Director of Customs Valuation for deciding afresh on merit and in accordance with law as well as giving the stakeholders, a fair opportunity of hearing in terms of Section 25A of the Customs Act, 1969 within the legal domain of Section 25 of the ibid Act, within thirty days. The petitions are accordingly disposed of."*

Therefore, an exercise was initiated under Section 25A of The Customs Act, 1969 to determine afresh the customs value of subject goods was initiated.

**3. Stakeholders' participation in determination of Customs values:** A meeting was held on 29-03-2022 with all the stakeholders. The participants were requested to submit 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 submitted by the participants and detailed discussion viz international and local prices of the subject items along with various specification thereof. A number of importers of low-end / unbranded R.O. membranes and UF modules objected to the prices determined earlier and submitted evidences of their transactions values, whereas importers of well-known brands were of the view that values determined through earlier VR were reasonable, while admitting that the low-end / unbranded goods may have somewhat lesser transaction values as compared to the well known brands, but still higher than the clearance data prevalent before the issuance of previous ruling. The arguments of all the stakeholders were heard in detail alongwith relevant documents submitted by all the parties.

**5. Method adopted to determine Customs values:** Valuation methods provided under Section 25 of the Customs Act, 1969 were followed. Transaction value method provided given in Section 25 (1) was found inapplicable because the requisite information was not available. Identical/similar goods value Methods provided in Section 25(5) & (6) were examined which provided some reference values but due to wide variation could not be exclusively relied on. Deductive Value Method as envisaged under Section 25(7) of the Customs Act, 1969, was examined but the same was not helpful because the values varied according to the selling point of the market and all specifications were not readily available. Similarly, the value method under Section 25(8) of the Customs Act, 1969, could not be applied due to non-availability of details of expenses retaliating to conversion costs incurred in the country of manufacture Online values were also examined within the meaning of proviso to sub-section (1) of Section 25A inserted vide Finance Act, 2021. Consequently, customs values of Reverse Osmosis (RO) Membrane and Ultra Filtration (UF) Module were determined under Section 25(9) of the Custom Act, 1969.

**6. Customs Values *hereinafter specified*** shall be assessed to duly / taxes at the following minimum Customs Values.

S. No.	Description of goods	PCT	Proposed PCT for WEOC	Origin	Customs Values (Per PC) US\$
(1)	(2)	(3)	(4)	(5)	(6)
1	RO Membrane Tap Water (2"x10")	8421.2100	8421.2100.1000	USA / Europe	32
				China / Korea	26
2	RO Membrane Tap Water (2"x20")	8421.2100	8421.2100.1100	USA / Europe	36
				China / Korea	30
3	RO Membrane Tap Water (4"x40")	8421.2100	8421.2100.1200	USA / Europe	165
				China / Korea	130
4	RO Membrane Brackish Water (4"x40")	8421.2100	8421.2100.1300	USA / Europe	180
				China / Korea	150
5	RO Membrane Sea Water (4"x40")	8421.2100	8421.2100.1400	USA / Europe	235
				China / Korea	190
6	RO Membrane Tap Water (8"x40")	8421.2100	8421.2100.1500	USA / Europe	365
				China / Korea	290
7	RO Membrane Brackish Water (8"x40")	8421.2100	8421.2100.1600	USA / Europe	380
				China / Korea	300
8	RO Membrane Sea Water (8"x40")	8421.2100	8421.2100.1700	USA / Europe	475
				China / Korea	380
9	Ultra Filtration (UF) Module	8421.2100	8421.2100.1800	All Origins	725

	(45")				
10	Ultra Filtration (UF) Module (55")	8421.2100	8421.2100.1900	All Origins	900
11	Ultra Filtration (UF) Module (65")	8421.2100	8421.2100.2000	All Origins	1080
12	Ultra Filtration (UF) Module (75")	8421.2100	8421.2100.2100	All Origins	1250
13	Ultra Filtration (UF) Module (80")	8421.2100	8421.2100.2200	All Origins	1900
<b>Note 1:</b> The values given in Column 6 of the Table above are for the following well known international brands: Dupont, Hydranautic, Toray, GE, LG Engy, EZMembranes, FilmTech, KochUSA, Trisp, Kristal, Osmonics, Canature, FlexTech, Kamatsu, Applied Membranes.					
<b>Note 2:</b> The per piece value of other low end brands/unbranded R.O Membranes/UF modules not mentioned at Note:1 above may be assessed under Section 25 of the Customs Act, 1969 by the Collectorates, but in no case such assessments shall be less than USD 4.0/KG					

7. In cases where declared 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

**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 (4) of Section 25 A of the Customs Act, 1969, read with Rule 107(a), Chapter IX, of the Customs Rules, 2001.

**9. Revision of the value determined vide this Valuation Ruling:** A revision petition may be filed against this Ruling, as provided under Section 25D 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, 7<sup>th</sup> Floor, Custom House, Karachi.

10. The Collectors of Customs may kindly ensure that the values given in the 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. The Customs values determined in the ruling are for the description and specification as mentioned in Para-6. PCT Codes are mentioned for illustrative purposes 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 all formalities relating to importability or any other certifications required thereon.

**11. This Valuation Ruling supersedes valuation Ruling No. 1575/2021 dated 30-11-2021.**

**(SYED FAWAD ALI SHAH)**  
Director

Copy for information to:-

1. The Member Customs (Policy/Operations), F.B.R, Islamabad.
2. The Director General, Customs Valuation, Custom House, Karachi.
3. The Chief Collector of Customs, Appraisement (South) Custom House, Karachi.
4. The Chief Collector of Customs, Enforcement (South), Custom House, Karachi.
5. The Chief Collector of Customs, Appraisement (Central), Custom House, Lahore.
6. The Chief Collector of Customs, Enforcement (Central), Custom House, Lahore.
7. The Chief Collector of Customs (North), Custom House, Islamabad.
8. The Chief Collector of Customs Balochistan, Custom House, Quetta.
9. The Chief Collector of Customs Khyber Pakhtunkhwa, Custom House, Peshawar.

10. The Director General, Intelligence and Investigation-FBR, Islamabad.
11. The Director General, PCA& Internal Audit, Karachi.
12. The Director General, IOCO, Karachi
13. The Director General, Transit Trade, Custom House Karachi
14. The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.
15. The Director, Transit Trade, Custom House Karachi
16. The Director, Directorate of Customs Valuation, Lahore.
17. The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WEBOC database system.
18. The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
19. The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
20. The Karachi Customs Agents Group, Bohri Road, Karachi.
21. The Webmaster, Federal Board of Revenue, Islamabad.
22. Guard File.