

GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
7TH FLOOR, CUSTOM HOUSE, KARACHI

The Collectors of Customs, Collectorates of Customs (Appraisement - West) / Appraisement - East / Appraisement - Port Muhammad Bin Qasim / Enforcement / JIAP), Karachi / Hyderabad / (Appraisement / Enforcement), Quetta / Gawadar / (Appraisement / Enforcement / AIIA), Lahore / Appraisement, Faisalabad / Appraisement, Sambrial (Sialkot) / Enforcement, Multan / Islamabad / Gitgit-Baltistan / (Appraisement / Enforcement), Peshawar / Enforcement, Dera Ismail Khan / Exports (Port Qasim / Custom House, Karachi / Transit Trade, Karachi).

DETERMINATION OF CUSTOMS VALUE OF FLEECE FABRIC UNDER SECTION 25-A
OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. 1828/2023)

No. Misc/21/2013-IV/1030

Dated: 13th November, 2023

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

2. Background of the valuation issue: Earlier, the Customs values of Fleece Fabric were determined vide Valuation Ruling No.1452/2020 dated 24.06.2020. The Directorate of Customs Valuation, Karachi received representations from stakeholders for revision of the Valuation Ruling in line with values prevalent in international market. Therefore, an exercise was undertaken by this Directorate to revise the same according to the current price trends prevailing in the international market.

3. Stakeholders' participation in determination of Customs values: Meeting was convened 10.11.2023 which was attended by the relevant stakeholders including M/s. Ideas (Pvt.) Ltd. Issues pertaining to the valuation of subject goods were deliberated upon in detail in aforementioned meeting M/s. Ideas (Pvt.) Ltd argued that the Customs Values of Fleece Fabric determined vide previous Valuation Ruling of subject goods were exorbitantly high which were not acceptable by the importers. They opined that their declared values are actual transactional values, therefore, should be considered for re-determination of Customs Values. They further argued that prices of constituent material as well as Freight have shown downwards trend in recent times and the same may also be considered for re-determination of Customs Values of Fleece Fabric. All the stakeholders were requested to submit their import documents (Invoices, Copies of Contracts made / L.Cs, Copies of Sales Tax Invoices) corroborating their stance for further scrutiny.

4. Analysis/ Exercise done to arrive at Customs Value: The aforementioned viewpoints of importers were analyzed in detail. Import documents and data are thoroughly examined. Prices of constituent material i.e. Polyester Filament Yarn and aspect of freight is also taken into consideration in order to arrive at Customs values of fleece fabrics.

5. Method adopted to determine Customs values: Valuation methods provided in Section 25 of the Customs Act, 1969 were duly applied in sequential order to arrive at customs value of subject goods. The Transaction value method as provided in sub-section (1) of Section 25 of the Customs Act, 1969 was found inapplicable due to absence of additional information under sub-section (2) of Section 25 of the Customs Act, 1969 required to arrive at correct transaction value. Moreover, different values were declared by different importers for same product. Identical and similar goods value methods provided in Sections 25 (5) & (6) *ibid* were examined for applicability to determine customs values of subject goods. The data provided some references; however it was found that the same could not be solely relied upon due to absence of absolute demonstrable evidence of qualities and quantities of commercial level etc. Information available was, hence, found incomplete. In line with statutory sequential order of Section 25 of the act *ibid*, sub-section (7) of Section 25 of the Customs Act, 1969 was considered and found inapplicable. As the subject goods are not readily available in market in considerable quantity owing to its industrial use. Furthermore, prices of Fleece

Fabric in the market varied significantly and were dependent on quality and various types of the goods. Consequently, keeping in view the constituent material cost and other factors, Computed Value method as provided under Section 25(8) of the Customs Act, 1969 has been applied to arrive at assessable customs values of different Fleece Fabrics.

5. Customs values for Fleece Fabric: The Fleece Fabrics of China origin *hereinafter specified*, shall be assessed to duty / taxes at the minimum Customs values mentioned against them in the Table below:

SR. No.	Description of Goods	P.C.T	Proposed PCT for WBOC	Origin	Customs Values (C&F) US\$/Kg
(1)	(2)	(3)	(4)	(5)	(6)
1	Polyester Polar Fleece Fabric (Plain)	6001.9290 6001.9990	6001.9290.1000 6001.9990.1000	China	3.75
2	Polyester Polar Fleece Fabric (Printed)	6001.9290 6001.9990	6001.9290.1100 6001.9990.1100	China	4.0
3	Sherpa Fleece Fabric	6001.9290 6001.9990	6001.9290.1200 6001.9990.1200	China	4.10
4	Polyester Tricot Fleece Fabric (Plain)	6001.9290 6001.9990	6001.9290.1300 6001.9990.1300	China	3.45
5	Polyester Fleece (Other Type)	6001.9290 6001.9990	6001.9290.1400 6001.9990.1400	China	4.10
6	Cotton Fleece Fabric	6001.9190	6001.9190.1000	China	5.00

Note: Based on thorough scrutiny of the contracts, commercial invoices, and banking documents (i.e. LCs) provided by M/s. Ideas (Pvt.) Ltd, this Valuation Ruling does not apply on fleece fabrics, imported by M/s. Ideas (Pvt.) Ltd, which may please be assessed by the Collectorates under Section 25(1) of the Customs Act, 1969.

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 proviso of sub-section (1) of Section 25 of the Customs Act, 1969. In case of consignments imported by air, the assessing officers shall take into account the difference between air freight and sea freight while applying the Customs values in this Ruling.

8. Validity of this Valuation Ruling: This Ruling, containing the Customs values for assessment of subject imported goods, shall be applicable until and unless the same are rescinded or revised by the competent authority in terms of sub-section (4) of Section 25A of the Customs Act, 1969.

9. Revision of the values determined vide this Valuation Ruling: If aggrieved, 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 its issuance, 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 Valuation Ruling, for the given description of goods, are applied by the concerning assessing officers / officials without fail. Any anomaly observed may kindly be brought to the notice of this Directorate immediately. The Customs values determined in the ruling are for the descriptions and specifications as mentioned in Para-6 of this Ruling. HS Codes are mentioned for illustrative purposes so that Valuation Ruling is made accessible to the assessing officers. The assessments shall be finalized on the basis of correct classifications after fulfilling all formalities related to importability or other certifications required thereon.

11. This Ruling supersedes Valuation Ruling No. 1452/2020, dated 24.06.2020.

(FAYAZ RASOOL MAKEN)
Director

Copy for information to:-

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