

**GOVERNMENT OF PAKISTAN
DIRECTORATE OF CUSTOMS VALUATION
CUSTOM HOUSE, QUETTA**

**DETERMINATION OF CUSTOMS VALUES OF LIGHT ALIPHATIC HYDROCARBON
SOLVENT UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969.**

VALUATION RULING NO.01/2025)

No. 01(02)/DV/Valuation/2022/185

Dated: 09th January, 2025

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, the Customs Values of Light Aliphatic Hydrocarbon Solvent are determined as follows:

Background

2. The Collector of Customs Appraisement, Quetta, vide their letter No. 65-Cus/Misc/NLC/DP/2023/777-80 dated 28.08.2023, requested Directorate General of Customs Valuation, Karachi for determination of Customs Values of Light Aliphatic Hydrocarbon Solvent imported through their jurisdiction.

Consultation with Stakeholders:

3. A meeting was held to consult the stakeholders on 9th December, 2024. Representatives of the trade as well as MCC Appraisement, Quetta participated and shared their information and points of view.

Procedure for Determination of Customs Values:

4 Sub-Section 1 of Section 25 of the Customs Act, 1969 could not be applied as no material evidence could be procured from the trade to substantiate Transactional Values of Light Aliphatic Hydrocarbon Solvent (HS Code 2710.1250). Sub-Section 5 of Section 25 *ibid.* was found inapplicable due to peculiar nature of the product, as petrochemicals having largely unique composition cannot have identical counterparts. Under Sub-Section 6 *ibid.* values of White Spirit (HS code 2710.1240) were found as evidential values of Similar Goods. Their Customs Values are determined under Valuation Ruling (VR) 1493/2020 dated 27.11.2020 issued by Directorate of Customs Valuation, Karachi. But due to global inflation, its calculation formula is outdated, having been issued four years ago in November 2020. However, it is found as a useful guide for manufacturing process of Hydrocarbon Solvents, as they are extracted through the same procedure of Fractional Distillation of crude oil. As such, both products undergo similar procedures for their extraction from crude oil. With regard to Customs classification, as well, White Spirit (Hs Code 2710.1240) and Light Aliphatic Hydrocarbon Solvent (Hs Code 2710.1250) branch off at the 7th digit level of their Hs Codes by single digit. The trade representatives apprised that Light Aliphatic Hydrocarbon Solvent has been so named by the importers as they contain 80 % to 90 % aliphatic hydrocarbons, with the remainder aromatic ones. White Spirit is also a mixture of around 85 % aliphatic and 15 % aromatic hydrocarbons. They also informed that Light Aliphatic Hydrocarbon Solvent, like white Spirit, is used as pesticide, as solvent generally and in paint industry, as well as makeshift fuel in vehicles as well as agricultural engines.

5. However, MCC Appraisement, Quetta was of the view that due to similar end use of both products they are witnessing distortion in trade in the absence of any valuation benchmark for Light Aliphatic Hydrocarbon Solvent. On the contrary the trade representatives expressed their apprehension that any change in the valuation status quo might discourage import of Light Aliphatic Hydrocarbon Solvent, resulting in a consequent loss of revenue therefrom.

Customs Values:

6. Light Aliphatic Hydrocarbon Solvent is not a discrete product. It is, instead, a heterogeneous term. On an analogy from set theory in mathematics, it is an umbrella term /group for all petrochemicals qualifying as an intersection set of four sets of characteristics, namely: Light, Aliphatic, Hydrocarbon and Solvent. In this respect, White Spirit also qualifies as identical goods for Light Aliphatic Hydrocarbon Solvent. Any Customs Value so worked out will be a benchmark for a heterogeneous group of petrochemicals qualifying as Light Aliphatic Hydrocarbon Solvent. Accordingly, minimum assessable Customs Values of Light Aliphatic Hydrocarbon Solvent are thus determined in the following table:

Description	Origin	Hs Code	Customs values C&F
Light Aliphatic Hydrocarbon Solvent	All origins	2710.1250	Price (in US\$/MT) of Kerosene in Asia-Pacific/ Arab Gulf Marketscan on the date of filing of GD + 26 % conversion cost + 12 % freight and refinery charges.
Note: 1. Kerosene price will be converted from barrel to MT as per following formula: Scan price per barrel x 7.9616 2. Imports through land route will be subject to a freight discount of 20%.			

7. If declared transactional values are higher than the aforesaid Customs Values or evidential data within past 90 days show higher values, the same will be applied in terms of Sub-section 1 of Section 25 ibid. These values will also be communicated to the Directorate General of Customs Valuation forthwith. In case of consignment imported by air the consequential freight difference will be taken into account by the assessing officer while applying the aforesaid formula.

Validity of Valuation Ruling:

8 The minimum Customs Values determined under this VR shall be applicable to the Customs field formations/ offices situated in the territorial jurisdiction of Province of Balochistan only.

Revision of Value:

9 Any revision petition under Section 25-D ibid. shall lie before the Director General of Customs Valuation. Karachi with 30 days from the date of issue of this ruling.

10 Customs Values determined under this ruling arc for the description and specification mentioned at para 6. Hs Codes arc illustrative for the assessing officers only. Assessment is subject to finalization according to the correct classification as determined under any law enacted tar any ministry of government of Pakistan, including ministry of commerce.

(AZOOD UL MEHDI)

Director

Copy for necessary action and implementation:

The Collectors / Directors of Customs, (Appraisalment West / East / SAPT / PMBQ / JIAP / Enforcement/), Karachi / Hyderabad / (Appraisalment / Enforcement / Ports), Quetta / Taftan, Gwadar / Khuzdar (Appraisalment / Enforcement / AIIA), (Appraisalment East / West, Lahore / Faisalabad Appraisalment / Enforcement, Sargodha / Enforcement / Appraisalment, Sambrial (Sialkot) / Enforcement, (Multan / Islamabad / Gilgit-Baltistan), (Appraisalment / Enforcement), Peshawar / Enforcement, Dera Ismail Khan / Exports (PMBQ / Custom House, Karachi) / Transit Trade, Karachi / Quetta Peshawar.

Copy for information:

The Member Customs (Operations), F.B.R., Islamabad.

The Director General, Customs Valuation, Custom House, Karachi.

All Chief Collectors/ Directors General of Customs Karachi, Lahore, Islamabad, Quetta, Peshawar, Faisalabad

The Directors of Customs Valuation Karachi, Lahore, Peshawar

The Deputy Director (MIS), Directorate General of Customs Valuation Karachi for uploading in One Customs and WeBOC systems

The Chairman (Valuation Committee) FPCCI, Federation House Clifton Karachi

The Karachi Customs Agents Group, Bohri Road, Karachi

The Webmaster, FBR, Islamabad