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GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE
KARACHI

29 MAR 2011

DOMICILE OFFICE
MCC BLDG

RULING U/S 25-A NO. 307

Arshad
No. Misc/22/2009-VHA /780
Note

Date: 26th March 2011

- vide (Hqs)* 1. The customs value determined under this Valuation Ruling shall be applicable customs value for assessment of the relevant goods until and unless revised or rescinded by the competent authority.
- vide (JMP)* 2. Revision petition / Review Application against this valuation ruling may be filed before the Director-General of Valuation under Section 25D of the Customs Act, 1969, within thirty (30) days from the date of issuance of this ruling.

The Collectors of Customs, Model Customs Collectorate (Appraisement/ PaCCS/ Port-Qasim/ Preventive), Karachi/ Lahore/ Sambrial/ Faisalabad/ Multan/ Islamabad/ Hyderabad/ Quetta/ Peshawar.

Ji 27/3
Subject : Determination of Customs Values of parts of 70 CC Motorcycle of Chinese origin imported by OEM's, under Section 25A of the Customs Act, 1969.



DEPC (Hqs)
IPS (plw)
With reference to the cases of the provisional assessment received from the Model Custom Collectorate, Hyderabad, the Directorate General of Valuation determined value of 70cc motorcycles parts (OEM) vide Valuation Advice No.1/56/2009-VII/821, dated 01.04.2010. The said Valuation Advice was challenged, before the honorable Federal Tax Ombudsman, by M/s D.S.Motors, Razzy Motors and S.S.Motors. The honorable Federal Tax Ombudsman in his findings/ recommendation communicated vide No.1/1221,1222 & 1270-K/10-ImpI, dated 24.12.2010, held that said Valuation Advice was discriminatory and directed the Director Valuation to issue Valuation Ruling concerning the motorcycle parts of OEM brands in accordance with law. In compliance of the FTO's orders, a fresh meeting for determination of values of the

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motorcycle parts of the Chinese origin was convened on 26.02.2011 with all the stakeholders. In the said meeting representatives of the manufacturers i.e. M/s Atlas Honda and M/s Suzuki stated that the parts imported by the Chinese manufacturer's / importers are highly under-invoiced and are being cleared by customs Authorities without any uniform criteria. It was also suggested that the prices of the raw materials are continuously increasing whereas the values of these parts are stagnant. Finally, M/s Atlas Honda presented a comparative chart for the values of the other Chinese parts determined vide Valuation Advice No.1/56/2009-VII/821, dated 01.04.2010, vis-à-vis their genuine parts and stressed that the value so determined are still on the lower side which needed to be enhanced. M/s D.S. Motors and M/s Razzo Motors, both local assemblers (OEM), also presented their proposals for the valuation of these goods.

2. The import data from China for imports of relevant period i.e. 90 days was scrutinized which showed that most of clearances are being made on weight basis which also is the unit of measurement as per Tariff. However, in order to ascertain the actual weight of these parts physical weighing was carried out in presence of the representative of M/s. D.S Motors. The values which are apparently grossly under invoiced could not be relied upon, however, there are instances where rather fair values have been assessed by customs and have accordingly been accepted by the importers. Such reliable import values were further worked upon by adopting actual weight of each item, physically obtained from market as referred above. Further in order to take into account the actual market prices, survey in terms of section 25(7) of Customs Act, 1969, was also carried out which indicated that there are various types of parts i.e. OEM, replacement and genuine etc; however, due to market distortions, reliable prices, except for few items, could not be obtained. Similarly, motorcycle parts are high precision items and there is no reliable information available on record for constituent materials nor any



manufacturer or assembler has ever provided such information required for assessment of these items in terms of section 25(S), hence, the said method could not be approved in instant value determination.

3. In view of the above, the values of the following motorcycle parts, imported by OEM's (Original equipment Manufacturers), after necessary adjustments, have been determined in terms Section 25(9) of the Customs Act, 1969, for uniform application, as under:-

S.NO	DESCRIPTION	H.S. CODE	ORIGIN	CUSTOMS VALUES C&F (US\$)
(1)	(2)	(3)	(4)	(5)
01	Crank Case (L)	8711.9111	China	\$5.45/Kg
02	Crank Case (R)	8711.9111	China	\$5.87/Kg
03	Carburetor	8409.9140	China	\$ 15.01/Kg
04	Magneto	8511.2010	China	\$ 4.45/kg
05	C.D.I. Unit	8532.3010	China	\$ 96/Kg
06	Crank Case Cover (R)	8409.9111	China	\$ 5.15/Kg
07	Crank Case Cover (L)	8409.9111	China	\$ 17.03/Kg
08	Crank Shaft (R) & (L)	8483.1012	China	\$ 2.30/Kg
09	Cylinder Head	8409.9130	China	\$ 5.34/Kg
10	Drum Gear Shift	8714.1990	China	\$ 2.85/Kg
11	Brake Shoe	8714.1910	China	\$ 1.55/Kg
12	Hub Front	8714.1910	China	\$ 2.57/Kg
13	Hub Rear	8714.1910	China	\$ 3.21/Kg
14	Key Lock Set (Set of 5 Pcs)	8301.2010	China	\$ 3.68/Kg
15	Ignition Coil	8511.3010	China	\$ 2.78/Kg
16	Rectifier Regulator	8714.1910	China	\$ 10.20/Kg
17	Main Shaft Transmission IIT	8483.1019	China	\$ 5.69/Kg
18	Counter Shaft Transmission	8483.1019	China	\$ 5.22/Kg
19	Spindle Gear Shaft	8483.1012	China	\$ 1.20/Kg
20	Insulator Carburetor	8409.9140	China	\$ 136.00/Kg
21	Spark Plug	8511.2000	China	\$ 28.00/kg
22	Ring Piston Top, 2 ND OIL	8409.9010	China	\$ 10.00/kg



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23	Cam Chain	8409.9140	China	\$1.02/kg
24	Bolt Flange 6 x 40	7318.1590	China	\$56.00/kg
25	Bolt Flange 6 x 65	7318.1590	China	\$3.636/kg
26	Bolt Flange 6 x 22	7318.1590	China	\$2.14/kg
27	Bolt B-Cylinder Stud	7318.1590	China	\$1.09/kg
28	Bolt A-Cylinder Stud	7318.1590	China	\$3.68/kg
29	Spring Cam Chain Tensioner	7320.9090	China	\$3.75/kg
30	Spring Clutch Lever	7320.9090	China	\$11.00/kg
31	Spring Gear Shift Return	7320.9090	China	\$1.50/kg
32	Spring Kick Starter	7320.9090	China	\$0.38/kg
33	Spring Valve Inner	7320.9090	China	\$3.00/kg
34	Spring Valve Outer	7320.9090	China	\$1.50/kg
35	Valve Inlet	8409.9130	China	\$16.42/kg
36	Valve Ex	8409.9130	China	\$5.26/kg
37	Oil Through	9714.1990	China	\$25.00/kg
38	Piston	8409.9010	China	\$5.74/kg
39	Cover L Cylinder Head Side	8409.9111	China	\$132.00/kg
40	Cover R Cylinder Head Side	8409.9111	China	\$29.74/kg
41	Cover Cylinder Head Top	8409.9111	China	\$33.66/kg
42	Wire Harness	8544.3011	China	\$2.55/kg
43	Clutch Assembly	8483.4012	China	\$3.02/kg
44	Cylinder Body	8409.9111	China	\$1.22/kg
45	Gear Counter Shaft Top	8483.4012	China	\$2.55/kg
46	Gear Counter Shaft Third	8483.4012	China	\$1.64/kg
47	Gear Counter Shaft Second	8483.4012	China	\$2.31/kg
48	Gear Counter Shaft Low	8483.4012	China	\$1.53/kg
49	Gear Main Shaft Top	8483.4012	China	\$2.24/kg
50	Gear Main Shaft Third	8483.4012	China	\$2.08/kg
51	Gear Main Shaft Second	8483.4012	China	\$1.60/kg



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4. The aforesaid values are accordingly determined in terms of section 25A of the Customs act, 1969. The Collectorates are advised to ensure assessment on the aforesaid values. However, if the declared / invoice value is higher, then the same shall be adopted for customs purpose in terms of section 25 of the Customs Act, 1969.


(MUSLIM) LAHIR
DIRECTOR

Copy to:-

- (i) S.O. to Chairman, Federal Board of Revenue, Islamabad.
- (ii) Member (Customs), Federal Board of Revenue, Islamabad.
- (iii) Chief Collectors of Customs (North/South), Lahore/Karachi.
- (iv) The Director General of Intelligence Investigation-FBR, Islamabad.
- (v) The Director General of Customs Valuation, Karachi.
- (vi) The Director General of Post Clearance Audit, Karachi.
- (vii) The Directors of Intelligence Investigation-FBR, Karachi/Lahore/Islamabad.
- (viii) The Deputy Director (Hqs.), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & PaCCS database on the date of issue of this ruling.
- (ix) Chairman (Valuation Committee), FPCC&I, Federation House, Karachi.
- (x) Chairman (Valuation Committee), KCC&I, Aiswan-e-Ujrat Road, Karachi.
- (xi) Karachi Customs Agents Group (KCAAG), Bohri Road, Karachi.
- (xii) Guard File.

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