

Valuation Ruling

① (Appraisal) SL.No. 58/2011-CA Policy Dt. 12-5-2011



GOVERNMENT OF PAKISTAN  
DIRECTORATE GENERAL OF CUSTOMS VALUATION  
CUSTOM HOUSE  
KARACHI

RULING U/S 25-A NO. 3/1

No. Misc/32/2007-VIA/12025

Dated 09-05-2011

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Valuation Ruling shall be applicable customs value for assessment of the relevant goods until and unless revised or rescinded by the competent authority.

Review application against this valuation ruling may be filed before the Director-General Valuation under Section 25D of the Customs Act, 1969, within thirty (30) days from the date of determination of customs value under this ruling.

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

DETERMINATION OF CUSTOMS VALUE OF FLAT ROLLED IRON & STEEL PRODUCTS (HRC, CRC & GP) SECONDARY QUALITY UNDER SECTION 25A OF THE CUSTOMS ACT, 1969

Earlier Valuation Ruling in terms of section 25A of the Customs Act, 1969, determining the value of HRC, CRC and GP Sheets (Secondary Quality) was issued on 11-06-2010. Since prices of these goods have registered an upward trend in the international market, therefore, the earlier valuation ruling was taken up for revision so that the increase in prices can be captured in the fresh valuation ruling. Meanwhile, the Honourable High Court of Sindh vide its order dated 28.02.2011, in CP No. 2673/2009, has observed on the issue of value determination of secondary quality iron & steel products with reference to an earlier Valuation Ruling issued by this Directorate on the same subject, as under:-

"24.....Furthermore, it purports to apply a method (taking the average of prices reported in the London Metal Bulletin) which is not one of the methods provided under section 25." And

"25.....Furthermore, though issued by Director Valuation, it is clear that he has merely endorsed....., the decision of a committee set up by FBR.



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This is clear abdication of statutory powers that vest in him under section 25A.... This ruling is therefore, also *ultra vires* section 25A"

The revision exercise by this Directorate General, therefore, had to comply with and duly take into consideration the aforesaid orders of the Hon'able High Court of Sindh, Karachi.

02. In order to proceed with the fresh determination of values, meetings with all stakeholders including local manufacturers were conducted on 18-04-2011 & 20-04-2011. These meetings were attended by importers Associations as well. During the meetings, the importers Associations insisted that the average value of six months, as published in the LMB, may be taken into account instead of the prescribed 90 days, further they also insisted that the discounts percentage allowed for the secondary quality goods be enhanced to levels adopted in all valuation rulings issued prior to 11.06.2010. Whereas the local manufacturers contended that the local selling prices of G.P. prime and secondary quality indicated a difference of price near about 10% only. The local manufacturer mainly stressed that the difference between prime and secondary products was not more than 2% to 5% in the local market. Though M/s Pakistan Steel were duly invited to attend the meetings on the issue but no one from their side attended the scheduled meetings, though, vide letter dated 05.05.2011 they did submit their point of view wherein they contented to adopted the earlier six-country-average-price method based on LMB prices with the request that the discount percentages allowed for secondary quality should be reduced further.

03. However, in view of the order of the Honourable High Court of Sindh, Karachi, quoted above, it was not possible to adopt six-country-price-average formula. On the other hand analysis of the import data of the under reference items indicated that declared prices were in the range of US\$ 0.320/kg to US\$ 0.530/kg which were lower as compared to selling prices of same goods in the local market wherein the prices were on higher side, therefore, it is apparent that the import data suffers from infirmities and cannot reasonably be adopted for value determination in terms of transaction, identical or



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similar goods value determination methods as laid down in section 25(1), (5) or (6) of the Act.

04. Keeping in view the above discussion as well as the representations filed by the importers and local manufacturers, next valuation methods, i.e. Deductive Method, as prescribed under section 25(7) of the Act, was applied and market enquiry was conducted. Based on the facts gathered during the market inquiry the following values have been determined in terms of section 25(7) of the Act:-

S. No.	Description	H.S. Code	Origin	Customs value
01.	H.R.C. Secondary Quality	7208.3910, 7208.1010 7208.2510, 7208.4010 7208.2610, 7208.5110 7208.2710, 7208.5210 7208.3610, 7208.5310 7208.3710, 7208.5410 7208.3810, 7208.9010 and other respective PCTs	All origins	US\$ 0.578/kg
02.	C.R.C. Secondary Quality	7209.1510 7209.2610 7209.1610 7209.2710 7209.1710 7209.2810 7209.1810 7209.9010 7209.2510 and other respective PCTs	All origins	US\$ 0.591/kg
03.	G.P. Secondary Quality	7210.4910 and other respective PCTs	All origins	US\$ 0.624/kg



05. The above values are hereby determined under section 25A of the Customs Act, 1969. All the Customs Collectorates are advised to finalize the assessment on the value mentioned above. These values shall remain valid until further revised. In

case, the invoice value is higher than the value determined in this ruling, then such higher value shall be adopted for assessment under Section 25 of the Customs Act, 1969.



12/05/2011

  
(MUHAMMAD TAHIR)  
DIRECTOR

Copy to:

01. SA to Chairman, Federal Board of Revenue, Islamabad.
02. Member (Customs), Federal Board of Revenue, Islamabad.
03. Chief Collectors of Customs (North/South), Lahore/Karachi.
04. The Director General of Intelligence Investigation-FBR, Islamabad.
05. The Director General of Customs Valuation, Karachi.
06. The Director General of Post Clearance Audit, Karachi.
07. The Directors of Intelligence Investigation-FBR, Karachi/ Lahore/ Islamabad.
08. The Deputy Director (Hqrs.), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & PaCCS database on the date of issue of this ruling.
09. Chairman (Valuation Committee), FPCC&I, Federation House, Karachi.
10. Chairman (Valuation Committee), KCC&I, Aiwan-e-Tijarat Road, Karachi.
11. Karachi Customs Agents Group (KCAG), Bohri Road, Karachi
12. Guard File.