



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE
KARACHI

RULING U/S 25-A NO. 325

No. Misc/32/2007-VIA/Part-III/1451

Dated 25-05-2011

Note:

- i) 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Valuation Ruling shall be applicable customs value for assessment of the relevant goods until and unless revised or rescinded by the competent authority;
- ii) 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 determination of customs value under this ruling.

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

Subject:

REVISION OF CUSTOMS VALUE OF FLAT ROLLED IRON & STEEL PRODUCTS (HRC, CRC & GP) SECONDARY QUALITY UNDER SECTION 25A OF THE CUSTOMS ACT, 1969, FOR THE PERIOD NOVEMBER 2008 TO MAY 2009.

Earlier Valuation Rulings under section 25A of the Customs Act, 1969, determining the value of HRC, CRC and GP Sheets (Secondary Quality) for the above mentioned period were issued vide Valuation Ruling No. 143/2009, dated 13-03-2009, & Valuation Ruling No. 152/2009, dated 13-06-2009. The aforesaid valuation rulings were challenged before the Honorable High Court of Sindh, Karachi. The Honorable Court of Sindh, Karachi, vide its Order dated 28.2.2011, in CP No. 2673/2009, and other allied petitions, held the aforesaid rulings dated 13-03-2009 & 13-06-2009, ultra vires Section 25A, while observing as under:



"24..... This ruling is retrospective, since it purports to apply to the relevant goods imported during the period November - December, 2008 and January-February, 2009. 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. The ruling does not give the PCT.....It also purports to apply the "invoice value" (i.e. transaction value) if it is "higher" than the "formula value"... This ruling is therefore, also ultra vires Section 25A."And

"25.....This ruling, which appears to be a revision of the ruling last mentioned, also purports to apply a method other than those permitted under section 25. There is no attempt to establish which are the applicable methods, and which one of those methods is being applied, and why. Indeed, the ruling does not refer to any of the methods of section 25 at all ... This ruling is therefore, also ultra vires Section 25A."And

"31....make a fresh determination of the customs value of the concerned category of goods under section 25A in the light of what has been stated herein above within 90 days from today, after following the procedure applicable to the method actually adopted and giving an opportunity to the stakeholders to make representations.."

2. In compliance of the aforementioned order of the Honourable High Court and to proceed with the fresh determination of values accordingly, meeting with all stakeholders including local manufacturer & relevant importers' Associations was fixed for 19-05-2011 & 24-05-2011. The meetings were attended by importers Associations and local manufacturer including the representative of Pakistan Steel Mill. During the meeting, the importers Associations insisted that the average value of six months may be taken into account while determining the fresh values, they also insisted that the secondary quality discounts as previously allowed should also be given. On the contrary, the local manufacturers emphasized that the local selling prices of prime quality and secondary quality sheets/coil have a difference of about 10% only and that the values already determined vide aforesaid rulings were also on lower sides.

3. Keeping in view the above, imports data of the under reference items of the relevant periods were also scrutinized which indicated that the average declared values, excluding some blatantly under invoiced ones, are either in the range of 1.75 to 3.84% higher or values for some of the items for the same period indicated a downward trend in the range of - 0.92 to -4.72 % than the values determined earlier vide valuation rulings dated 13-03-2009 & 13-06-2009, i.e. within plus/minus 5% of earlier determined values. It is also obvious that local market enquiry under Section 25 (7) of the Customs Act, 1969, at this belated stage, could not be of any help. Similarly, computed valuation method as stipulated under section 25 (8) of the Act cannot be adopted for want of manufacturing cost in the country of export. Now, therefore, considering all aspects reliance is made on the next valuation methods, i.e. Fall Back Method, as envisaged under Section 25(9) of the Customs Act, 1969, the following values, which were also shared with various importer associations during the meetings and were duly agreed upon by them, are hereby determined in terms of section 25A of the Customs Act, 1969, for the said periods -



S. No.	Description	I.T.S. Code	Period	Origin	Customs value (C&F)
01.	H.R.C. Secondary Quality	7208.1010,7208.3910, 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	November to December, 2008.	All origins	US\$ 0.530/kg
			January to February, 2009.	All origins	US\$ 0.439/kg
			March to May, 2009.	All origins	US\$ 0.325/kg
02.	C.R.C. Secondary Quality	7209.1510,7209.1610, 7209.1710,7209.1810, 7209.2510,7209.2610, 7209.2710,7209.2810, 7209.9010,	November to December, 2008.	All origins	US\$ 0.665/kg
			January to February, 2009	All origins	US\$ 0.494/kg
			March to May,	All origins	US\$

		and other respective PCTs	2009.		0.345/kg
03.	G.P. Secondary Quality	7210.4910, and other respective PCTs	November to December, 2008.	All origins	US\$ 0.657/kg
			January to February, 2009.	All origins	US\$ 0.583/kg
			March to May, 2009.	All origins	US\$ 0.425/kg

4. The above values have been exclusively determined under section 25A of the Customs Act, 1969, in the light of the explicit directions of the Honourable High Court of Sindh, Karachi, vide para 31 of the decision dated 28.02.2011, in CP No.2673/2009, and other allied petitions and are hereby determined under section 25A of the Customs Act, 1969, for imports against valid contracts/ agreements/ LCs pertaining to the respective periods mentioned above. All the Customs Collectorates are advised to finalize the assessment on the value as determined above. However, if the invoice value is higher than the value determined under this ruling, then such higher value shall be adopted for assessment under Section 25 of the Customs Act, 1969.


(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 (HQs.), Directorate General of Customs Valuation, Karachi, for uploading in One Customs v. 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, Arwan-e-Ujrat Road, Karachi.
11. Karachi Customs Agents Group (KCAAG), Baloi Road, Karachi.
12. Guard File.