



GOVERNMENT OF PAKISTAN  
DIRECTORATE GENERAL OF CUSTOMS VALUATION  
CUSTOM HOUSE KARACHI

\*\*\*\*\*

The Collectors of Customs, Model Customs Collectorates, Appraisement (East / West) / Port Qasim / Preventive, Karachi / Lahore ( Appraisement / Preventive) / Sambrial (Sialkot) / Faisalabad / Multan / Islamabad /Hyderabad/ Quetta / Peshawar/ Gawadar/ Gilgit-Baltistan.

Determination of Customs Values Of Potato Frozen French Fries Under Section 25-A of The Customs Act, 1969

(VALUATION RULING NO. 842/2016)

No. Misc/18/2012-I/

18956

Dated: 02-05-2016

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Potato Frozen French Fries are determined as follows:-

2. **Background of the valuation issue:** The Customs Values of Potato Frozen French Fries were determined under Section 25-A of the Customs Act, 1969 vide Valuation Ruling No. 542/2013 dated 07-03-2013. References were received from some importers for revision of valuation ruling as they claimed that international prices of Potato Frozen French Fries were declining. Accordingly to determine the true value of Potato Frozen French Fries in light of current prevailing prices in the international market, an exercise to determine the Customs values of subject goods was under taken by this Directorate General.

3. **Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were adopted and applied sequentially to address the valuation issue at hand. Transaction value method provided in Sub-Section (1) of Section 25 was found inapplicable because it is generally known to all that majority of invoices produced at import stage are manipulated / fabricated and hence the requisite information required under the law was not available to arrive at the correct transactional value. Identical and similar-goods valuation methods provided in Sub-Sections (5) & (6) of Section 25 ibid were examined sequentially for applicability to determine Customs value of subject goods, this data provided some references however, it was found that the same could not be solely relied upon due to absence of absolute demonstratable evidence of qualities, commercial levels etc. and also it was observed that importers usually provide misleading descriptions while declaring their imports, as other types and varieties of similar goods to avoid the valuation ruling. Information available was hence found inappropriate. In line with the statutory sequential order of section 25, this office then conducted a market enquiry using Deductive Value Method under Sub-Section (7) of the Section 25 of the Customs Act, 1969 but the gathered information could not be exclusively relied on. Computed Value Method as provided in Section 25 (8) could not be applied for valuation of the aforementioned goods as the cost of raw material under clause (a) and amount of profit and general expenses under clause (b) of Section 25 (8) of the Act, in the country of export, could not be ascertained. On-line values were also checked. All the information was analyzed and evaluated and Sub-Section (9) of Section 25 of the Customs Act, 1969, was applied to arrive at the assessable Customs values of Potato Frozen French Fries.

4. **Stakeholders' participation in determination of Customs values:** Meeting with stakeholders including importers, and representatives of trade bodies was held on 25.04.2016





to discuss the current international prices of the subject goods. The view point of all participants was heard in detail and considered to arrive at Customs value. Importer M/s. MCR Pakistan (Private) Limited has also submitted invoice of Lambweston which were higher than the previous Valuation Ruling.

5. **Customs values** for Potato Frozen French Fries: Potato Frozen French Fries, *hereinafter specified* shall be assessed to duty/taxes at the following Customs Values :-

S. No.	Description of Goods	PCT Code	Proposed PCT for WEOC	Origin	Customs Values (C&F) US \$/Kg
1.	Potato Frozen French Fries Lambweston, JR Simplot, Aviko,	2004.1000	2004.1000.1000	U.S.A	0.90
		2004.1000	2004.1000.1100	European Union	0.80
2.	Potato Frozen French Fries Mc Cain Brand	2004.1000	2004.1000.1200	India	0.70
3.	Potato Frozen French Fries Other Brand	2004.1000	2004.1000.1300	All Other origin	0.70

6. In cases where declared / transaction values are higher than the Customs values determined in this Ruling, the assessing officers shall apply those values in terms of Sub-Section (1) of Section 25 of the Customs Act, 1969. In case of consignments imported by air, the assessing officer shall take into account the differential between air freight and sea freight while applying the Customs values determined in this Ruling. The Customs Values determined in the ruling are for the descriptions and specifications as mentioned herein. HS codes are mentioned for illustrative purposes so that Valuation Ruling values are made accessible to the assessing officers. The assessment shall be finalized in the correct classifications after fulfilling requisite formalities relating to importability or any other certifications required therein.

7. **Validity of this Valuation Ruling:** The values determined vide this Ruling shall be the applicable Customs value for assessment of subject imported goods until and unless it is rescinded or revised by the competent authority in terms of Sub-Sections (1) or (3) of Section 25-A or section 25-D of the Customs Act, 1969.

8. **Revision of the value determined vide this Valuation Ruling:** A revision petition may be filed against this Ruling, as provided under Section 25-D of the Customs Act, 1969, within 30 days from the date of issuance of this Ruling, before the Director General, Directorate General of Customs Valuation, 7<sup>th</sup> Floor, Custom House, Karachi.

9. The Collectors of Customs may kindly ensure that the values given in the Ruling for the given description of goods are applied by the concerned staff without fail. Any anomaly observed may kindly be brought to the notice of this Directorate General immediately for redressal.

10. This Ruling supersedes Valuation Ruling No. 542/2013 dated 07-13-2013.

(Dr. Wasif Ali Memon)  
Director