



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 VALUE OF NEW AND USED JUTE BAGS UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. ¹⁰²⁰ /2017)

File No. Misc/65/2016-IV

1194

Dated: ²⁵ -01-2017

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969 Customs values of New and Used Jute Bags are hereby determined as follows:

2. **Background of the valuation issue:** Pakistan Jute Mills Association and MCC Port Muhammad Bin Qasim Collectorates have requested for determination of customs values of used jute bags imported from different origins.

3. **Stakeholders' participation in determination of Customs values:** - A meeting for determination of custom values of new and used jute bags with stakeholders was conducted on 11.01.2017. A large number of importers as well as manufacturers participated in the meeting and issues connected with valuation of subject goods were discussed in detail. The importers insisted that the prices of used jute bags cannot be compared with new-jute bags and that used bags prices are in-fact showing downwards trend in the international market. Importers further said that as they import second hand bags according to their requirement on whole sale basis and these bags are used for packing of fruits, vegetables, and are not for use for packaging of exports consignments and that they are used for carrying goods within country mostly. The manufacturers on the other hand showed worksheets of costing from raw-materials and insisted for higher values as according to them, imported used jute bags were not only affecting their market share by under invoicing at import stage and their values are even lesser than the raw material prices of subject goods and that there is a very little difference in the condition of new and used bags and that most of the used bags imported are as good as new. The manufacturers provided invoices of used bags which they purchased from local market, to substantiate their claim and also wished to place on record that at the moment, due to their internal economic policies there is excessive stock of secondhand jute bags available in Thailand and that they are dumping the same in the regional markets like Pakistan, the manufacturers were informed that this matter may be dealt with at the relevant forums. Both the sides have shown their samples.

4. Furthermore, the importers submitted their import documents in support of their contention and requested to accept their transactional values. All



participants were requested to submit the following documents so that correct customs values could be determined:

- i) Invoices of imports during last three months showing factual values, websites, names and email addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained.
- ii) Copies of Contracts made / LCs opened during the last three months showing the value of item in question.
- iii) Copies of Sales Tax Invoices issued during last four months showing the difference in price (excluding duty and taxes) to substantiate that the benefit of difference in price is passed on to the local buyers.

5. **Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were duly followed 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 transaction value. Identical / similar goods value method provided in Sub-Sections (5) & (6) of Section 25 ibid were examined for applicability to determine Customs value of subject goods, this data provided some references, however, it was found that the same cannot be solely relied upon due to the absence of absolute demonstrable evidence of qualities, and quantities of commercial level etc., and also it was observed that same importers provide misleading description while declaring goods, as other types and varieties of similar goods to avoid the application of valuation ruling. Information available was, hence, found inappropriate. In line with the statutory sequential order of Section 25, this office then conducted a market inquiry using Deductive Value Method under Sub-Section (7) of the Section 25 of the Customs Act, 1969, however, it was found that the determination of Customs value could not be based solely upon this method either. Therefore, valuation method provided vide Section 25 (8) of Customs Act 1969, could not be applied as the conversion cost from constituent materials and allied expenses, at country of export were are not available. Finally, Pral database, market information and international prices through Web were examined thoroughly. All the information so gathered was analyzed for determination of Customs Value of the subject good. Consequently, the Fall Back Method as provided under section 25(9) of the Customs Act, 1969 was applied to arrive at assessable customs values of New and Used Jute Bags.

6. **Customs values for Used Jute Bags:** Customs values for used and new jute bags from various origins hereinafter specified shall be assessed to duty / taxes at the following customs values:



Sr. No.	Description of Goods	PCT Code	Proposed PCT for WeBOC	Origin	Customs Values (USD Per KG)
1.	Used Jute Bags	6305.1000	6305.1000.1000	Thailand	0.38
			6305.1000.1100	Other Origins	0.45
2	New Jute Bags	6305.1000	6305.1000.2000	Bangladesh	0.95
				All Other Origins	1.02

7. 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.

8. **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 (4) of Section 25-A of the Customs Act, 1969. In case imported items are not specifically fall under any of above mentioned grades, the same may be assessed under Section 25 of Customs Act 1969, otherwise if appropriate the same may be referred to Directorate of Customs Valuation for necessary action at their end.

9. **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 issue of this ruling, before the Director General, Directorate General of Customs Valuation, 7th Floor, Custom House, Karachi.

10. 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 Directorate General immediately. Customs values determined in the ruling are for the description and specification as mentioned herein. PCT Codes are mentioned for illustrative purpose so that valuation ruling values are made accessible to the



assessing officer. The assessment shall be finalized on the basis of correct classification after fulfilling requisite formalities related to importability or any other certification required thereon. In addition to this, it is further necessary to verify that there is no mis-declaration of any sort or violation of Import Policy Order or Section 15 of the Customs Act, 1969 or any other law in vogue therein.


(Dr. Wasif Ali Memon)
Director

Copy for information to: -

1. Member (Customs), F.B.R., Islamabad.
2. Director General, Customs Valuation, Custom House, Karachi.
3. Chief Collector of Customs, South (Appraisement), Custom House, Karachi.
4. Chief Collector of Customs, South (Enforcement), Custom House, Karachi.
5. Chief Collector of Customs (Central), Lahore.
6. Chief Collector of Customs (North), Islamabad.
7. Director General, Intelligence and Investigation-FBR, Islamabad.
8. Director General, Audit (Customs & Petroleum), 1st Floor, PT&T Audit Building, Mauj-e-Darya Road, Lahore.
9. Director General, Post Clearance Audit (PCA), Islamabad.
10. Director General, Internal Audit (Customs), Karachi.
11. Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta Peshawar/ Faisalabad.
12. Director, Directorate of Customs Valuation (Camp Office), Lahore.
13. Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WeBOC database system.
14. Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
15. Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
16. Law Section, Customs Valuation, 7th Floor, Custom House, Karachi.
17. Review Section, Customs Valuation, 7th Floor, Custom House, Karachi.
18. Karachi Customs Agents Group, Bohri Road, Karachi.
19. CHO, Customs Valuation, Custom House, Karachi.
20. Notice Board, Customs Valuation 7th Floor, Custom House, Karachi / MCC, Appraisement, 1st Floor, Custom House, Karachi.
21. Guard File.
22. Webmaster, Federal Board of Revenue, Islamabad.