



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 CAUSTIC SODA FLAKES
UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969.

(VALUATION RULING NO/052/2017)

No. Misc./29/2012 -II

486

Dated: 23/02-2017

In exercise of powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Caustic Soda flakes are determined as follows:

2. **Background of the valuation issue:** The custom values of the Caustic Soda flakes were earlier determined vide Valuation Ruling No 852/2016 dated 16.05.2016. There were several representations from different traders and trade bodies i.e. Pakistan Chemicals and Dyes Merchants Association (PCDMA) and Caustic Soda Manufacturers Association (CSMA), for determination of customs value of the Caustic Soda flakes a fresh. The local manufacturers have claimed that the prices of Caustic Soda flakes are showing upward trend in the International market hence existing valuation ruling, which is over nine months old is required to be revised in the light of honorable High Court of Sind, at Karachi's orders dated 10.11.2015 in Constitutional Petition No. D- 6918/2015. Since 90 days have passed and a number of representations were received from Caustic Soda Manufacturers Association regarding values determined in the valuation ruling dated 16.05.2016, hence an exercise was initiated to re-determine the values of Caustic Soda Flakes.

3. **Stakeholders' participation in determination of Customs values:** Meetings with all the stakeholders including commercial importers, Pakistan Chemicals and Dyes Merchants Association (PCDMA), Caustic Soda Manufacturers Association (CSMA), M/s Sitara Chemicals (local Manufacturer) and representatives from clearance Collectorates, were held on 07.02.2017 and 16.02.2017 to discuss the current international prices of Caustic Soda flakes. The view point of all participants was heard in detail and considered to arrive at Customs value for Caustic Soda flakes.

4. **Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were duly applied in their regular sequential order to address the particular valuation issue at hand. The transaction value method as provided in Sub-Section (1) of Section 25, found inapplicable in light of the wide variety of invoices submitted at import stage the veracity of which could not be ascertained fully, hence requisite information required under law was not available to arrive at the correct transaction value. Identical / similar goods value method provided vide 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 importers usually provided 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 assessable customs values of the Caustic Soda flakes.

5. Customs values for Caustic Soda flakes; Caustic Soda flakes *hereinafter specified* shall be assessed to duty / taxes at the following Customs Values :-

S. No	Description of goods	PCT	Proposed PCT for WEOC	Origin	Customs Values (C&F) US\$/Kg
(1)	(2)	(5)	(3)	(4)	(6)
1	Sodium Hydroxide (Caustic Soda Flakes)	2815.1100	2815.1100.1000	Saudi Arabia	0.535
			2815.1100.1100	Iran by land Route	0.465
			2815.1100.1200	Kuwait	0.50
			2815.1100.1300	Other Middle East origins	0.50
			2815.1100.1400	Taiwan	0.515
			2815.1100.1500	Korea	0.515
			2815.1100.1600	Japan	0.635
			2815.1100.1700	China	0.54
			2815.1100.1800	Other Far East origins	0.585
			2815.1100.1900	Europe	5.50
2	Sodium Hydroxide (Caustic Soda CH6 Oval Shape)	2815.1100	2815.1100.2000	Japan	2.68



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 Custom values determined in the Valuation 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 request formalities relating to importability or other certifications required thereon.

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 of the Customs Act, 1969.

8. **Revision of the value determined vide this Valuation Ruling:** This Valuation Ruling is appealable under the law and a revision petition may be filed against this Ruling, 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.

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 Directorate General immediately.

10. *This Ruling supersedes Valuation Ruling No.852/2016 dated 16.05.2016.*

(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 (Appraisalment), 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.
09. 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 Customs Valuation, Karachi, for uploading in One Customs & WeBOC database system and deleting Valuation Ruling No.852/2016 dated 16.05.2016.