



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

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

DETERMINATION OF CUSTOMS VALUE OF YOGURT (FRUIT/FLAVOURED) AND
PUDDING / DESSERT UNDERSECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. 1106 /2017)

No. Misc/22/2016-I

Dated: 22-03-2017

In exercise of the powers conferred under Section 25-A of Customs Act, 1969 assessable customs values of imported Yogurt and Pudding of various brands are hereby determined as follows:-

2. **Background of the Valuation Issue:** This Directorate General had earlier conducted an audit of the clearance values of imported Yogurt and Pudding and in comparison with international trading prices and the local market selling prices, the import values were found to be on lower side. As an immediate corrective measure this Directorate General circulated reference values vide National Valuation Data Base letter 74 dated 10-11-2016. However, as per the policy in vogue, Valuation Database Reference values are required to be converted into Valuation Ruling for uniform applicability across the country. In this context, the Directorate General, valuation initiated an exercise for determination of customs values of imported Yogurt under section 25A of Customs Act, 1969.

3. **Stakeholders' Participation in Determination of Customs Values:** A Meeting for determination of customs values of Yogurt and Pudding with stakeholders was held on 08-03-2017 which was duly attended by stakeholders. Importers strongly contended and requested that the said Valuation Data Base values may be reviewed in the light of prevailing international and local market prices, which they claimed to be much lower. The importers, were of the view that actual prices of Yogurt and Pudding/dessert were lower than that determined vide VDB letter No. 74 and that their costs of selling have not been correctly accounted for. Further, to determine veracity of their stance, the stakeholders insisted that a fresh market surveys be conducted from local market for determination of customs values of Yogurt and Pudding/dessert and that their extra selling costs like refrigeration and allied expenses in shape of logistics and handling (due to sensitive nature of goods) may be duly accounted for. They also insisted to bring on record that the subject goods are perishable items and therefore have got limited shelf life, consequently, near the expiry dates, these perishable items are sold on sale and discounted prices. It was further contended by the traders that since the subject goods are mainly being sold on super and retail markets, therefore, a lot more expenses (shelf rent, marketing expenses, refrigeration cost etc.) are contributed at retail level which cannot be managed without taking extra profit margins. The importers contended that all these factors may also be considered in fixing value of subject goods. Prices are also verified on the basis of location of market in the city and date of expiry of the product in question.

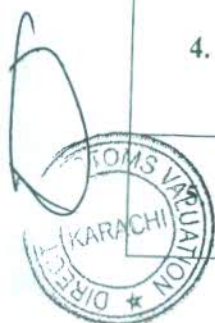
Method Adapted to Determine Customs Values: Valuation methods provided in Section 25 of the Customs Act, 1969 were duly followed and applied sequentially to address the valuation issue at hand. Transaction value method provided in Sub-Section (1) of Section 25 was found inapplicable because the requisite information under the law was not available to arrive at the



correct transaction value as the goods were found to be highly under invoiced when compared to international trading prices and also in terms of local selling prices. Furthermore, no invoices found from inside import-containers are reported by clearance Collectorates. 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 actual trading values. 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 utilize all the above so gathered information, to arrive at assessable customs values of various brands of imported Yogurt and Pudding.

5. **Customs Values for Yogurt and Pudding/dessert:** Yogurt and Pudding *hereinafter* specified shall be assessed to duty /taxes @ following Customs Values:-

Sr. No.	Description of goods	H.S.Code Code	PCT for WEBOC	Origin	Customs Values (C&F) US\$/KG (On net weight basis)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Pascual Brand Yogurt (Various Fruit/Flavors)	0403.1000	0403.1000.1000	Spain	1.80
2.	Zottis Brand Yogurt (Various Fruit/Flavors)	0405.1000	0403.1000.1100	Germany	1.85
3.	Other Brand Yogurt (Various Fruit/Flavors)	0405.1000	0403.1000.1200	Other Origin	1.90
4.	Pascual Brand Pudding/Dessert (Various Flavors)	0405.1000	2106.9090.1000	Spain	1.85
	Zottis Brand Pudding/Dessert (Various Flavors)	0405.1000	2106.9090.1100	Germany	1.90



6.	Other Brand Pudding/Dessert (Various Flavors)	0405.1000	2106.9090.1200	Other Origin	1.95
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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. Furthermore, if subject goods are imported but do not specifically fall under the above provided description then the Collectorate may assess the same under section 25 of the Customs Act, 1969 or may invoke section 81 of 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.

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 (4) of Section 25-A 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 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. 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.

10. *This Valuation Ruling is issued in supersession of Valuation Database (VDB) Letter No. 74 dated 10.11.2016.*

(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.