

The Collectors of Customs, Model Customs Collectorate, Appraisement (East / West) / Port Qasim / Preventive, Karachi / Lahore (Appraisement / Preventive) / Sambrail (Sialkot) / Faisalabad / Multan / Islamabad /Hyderabad/ Quetta / Peshawar/ Gawadar/ Gilgit-Baltistan/Exports (Karachi/PQ)/ Director Transit.

**Determination of Customs Values of Tropical Multi System/ Chiller Type /
Ductless Air conditioners under Section 25-A of the Customs Act, 1969**

(Valuation Ruling No. 1178/ 2017)

No. Misc./11/2015-VII

1398

Dated: **June 9, 2017**

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Tropical Multi System/ Ductless Air conditioners are determined as follows: -

2. **Background of the valuation issue:** Customs values of Air conditioners were determined, under Section 25A of the Customs Act 1969, vide Valuation Ruling No.1053/2017, dated 23-02-2017. Several importers filed Revision Petitions under section 25-D of the Customs Act, 1969 before the Director General of Customs Valuation. The Director General directed vide Order in Revision No. 343/2017 dated 24-05-2017 that Customs values for Window type and Tropical Multi System/Ductless Air Conditioners be re-determined and notified within three weeks of the issuance of the Revision Order. Therefore, this Directorate General initiated an exercise for determination of customs values of all types of Tropical Multi System/ Ductless/Chiller Type Air conditioners.

3 **Stakeholders' participation in determination of Customs Values:** Meeting with stakeholders was held on 06.06.2017. Importers had been requested to furnish the following documents before or during the course of meeting:

- A. Invoices of imports during last three months showing factual value.
- B. Websites, names and E-mail addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained.
- C. Copies of Contracts made / LCs opened during the last three months showing the value of item in question.
- D. 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.

4. During the Revision proceedings and during the course of the meeting, the stakeholders agitated that Values determined vide the Valuation Ruling No.1053/2017, dated 23-02-2017 were much higher than the actual values. They were shown quotations taken by the department from the market. At this they pointed out that the prices taken by the department to work back values of Tropical Multi System/ Ductless/ Chiller Type Air conditioners included installation costs. They also claimed that installation cost ranged from a minimum of 40% to 60% of the total cost of the air conditioners. They also stated that the value of MPS air conditioners was not higher than split type air conditioners. They presented clearance data wherein they were clearing goods at much lower values (13\$/KW) before the issuance of Valuation Ruling No.1053/2017 dated 23-02-2017. They stated that increase in



assessable values of MPS/ Chiller type air conditioners has resulted in disturbing of the market. They were requested to submit import invoices, sales tax invoices, literature, evidences and other relevant requisite import documents in support of their contentions. They provided documents to substantiate their contentions, which were examined and taken into account. The input of Collectorates was also taken into account.

5. **Method adopted to determine Customs values:** Valuation methods given in Section 25 of the Customs Act, 1969 were followed to arrive at customs values of Tropical Multi System/ Ductless Air conditioners. Transaction value method provided in Section 25 (1) was found inapplicable owing to wide variation in the values being declared to the customs. Identical / similar goods value methods provided in Section 25 (5) & (6) were examined for applicability to the valuation issue in the instant case which provided some reference values of the subject goods but the same could not be exclusively relied upon due to wide variation in declared values of subject goods. Thereafter, market enquiry as envisaged under section 25(7) of the Customs Act, 1969, was conducted. For the purpose, different markets were surveyed repeatedly. The computed value method as provided in Section 25(8) of the Customs Act, 1969, could not be applied as the conversion costs from constituent material at the country of export were not available. Online values of subject goods were also obtained. All the information so gathered was evaluated and analyzed for the purpose of determination of customs values. Consequently, the Customs values of different types of Tropical Multi System/ Ductless Air conditioners have been determined under Section 25(9) of the Customs Act, 1969.

6. **Customs values for Tropical Multi System/ Ductless Air conditioners:** Tropical Multi System/ Ductless/Chiller Type Air conditioners specified in **Annex-A** to this Valuation Ruling shall be assessed to duty / taxes at the Customs values mentioned therein.

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 element of air freight while assessing the goods.

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 (1) or (3) of Section 25-A of the Customs Act, 1969.

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 this Valuation 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. Customs values determined in the ruling are for the description and specification as mentioned in this Valuation Ruling. HS Codes are mentioned for illustrative purposes so that valuation ruling values are made accessible to the assessing officers. 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.

11. *This ruling supersedes Annex-C to Valuation Ruling No.1053/2017, dated 23-02-2016.*


(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 of Customs Valuation, Karachi, for uploading in WeBOC database system and deleting Valuation Ruling No.1053/2017, dated 23-02-2017
14. Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
15. Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta, Gujranwala, Faisalabad, Sialkot, Rawalpindi & 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, Appraisalment (East/West), Custom House, Karachi.
21. Webmaster, Federal Board of Revenue, Constitution Avenue, Islamabad, for uploading FBR website and deleting Valuation Ruling No. 1053/2017, dated 23-02-2017
22. Guard File.

Annex-A



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

Annex to Valuation Ruling No. 1178/2017 dated June 9, 2017

File No. Misc/11/2015-VII

Dated: June 9, 2017

Tropical Multi System/ Ductless/ Chiller Type Air conditioners						
S. No.	Description of goods	PCT Code	Proposed PCT for WeBOC	Origin	Customs Value	
					Conventional US\$/KW	Inverter US\$/KW
1	2	3	4	5	6	7
1	Outdoor Unit Up to 30000 BTU	8415.1030	8415.1030.1000	China	56/KW	70/KW
		8415.1090	8415.1090.1000			
2		8415.1030	8415.1030.1100	Far East	67/KW	84/KW
		8415.1090	8415.1090.1100			
3		8415.1030	8415.1030.1200	Japan/Europe/ USA	77/KW	98/KW
		8415.1090	8415.1090.1200			
4		8415.1030	8415.1030.1300	Other Origins	65/KW	80/KW
		8415.1090	8415.1090.1300			
5	Outdoor Unit Up to 42000 BTU	8415.1030	8415.1030.1400	China	48/KW	60/KW
		8415.1090	8415.1090.1400			
6		8415.1030	8415.1030.1500	Far East	57/KW	72/KW
		8415.1090	8415.1090.1500			
7		8415.1030	8415.1030.1600	Japan/Europe/ USA	66/KW	84/KW
		8415.1090	8415.1090.1600			
8		8415.1030	8415.1030.1700	Other Origins	55/KW	70/KW
		8415.1090	8415.1090.1700			
9	Outdoor Unit Above 42000 BTU	8415.1030	8415.1030.1800	China	38/KW	45/KW
		8415.1090	8415.1090.1800			
10		8415.1030	8415.1030.1900	Far East	44/KW	52/KW
		8415.1090	8415.1090.1900			
11		8415.1030	8415.1030.2000	Japan/Europe/ USA	50/KW	60/KW
		8415.1090	8415.1090.2000			
12		8415.1030	8415.1030.2100	Other Origins	42/KW	50/KW
		8415.1090	8415.1090.2100			
13	Ceiling Cassette/ Ceiling Exposed/ Ceiling Concealed Type	8415.1030	8415.1030.2200	China	27/KW	33/KW
		8415.1090	8415.1090.2200			
14		8415.1030	8415.1030.2300	Far East	31/KW	36/KW
		8415.1090	8415.1090.2300			
15		8415.1030	8415.1030.2400	Japan/Europe/ USA	34/KW	39/KW
		8415.1090	8415.1090.2400			
16		8415.1030	8415.1030.2500	Other Origins	29/KW	31/KW
		8415.1090	8415.1090.2500			

Patim
Principal Appraiser
Customs Valuation
Custom House
Karachi

Deputy Director
Customs Valuation
Custom House, Ka:

Additional Director
Customs Valuation
Custom House, Karachi



17	Chiller type air conditioners	8415.8200	8415.8200.2600	China	55/KW	65/KW
		8415.8300	8415.8300.2600			
18		8415.8200	8415.8200.2700	Far East	65/KW	80/KW
		8415.8300	8415.8300.2700			
19	Chiller type air conditioners	8415.8200	8415.8200.2800	Japan/Europe/USA	70/KW	90/KW
		8415.8300	8415.8300.2800			
20		8415.8200	8415.8200.2900	Other Origins	62/KW	80/KW
		8415.8300	8415.8300.2900			
21	Fan Coil Units	8415.8200	8415.8200.3000	China	21/KW	28/KW
		8415.8300	8415.8300.3000			
22		8415.8200	8415.8200.3100	Far East	29/KW	39/KW
		8415.8300	8415.8300.3100			
23		8415.8200	8415.8200.3200	Japan/Europe/USA	34/KW	43/KW
		8415.8300	8415.8300.3200			
24		8415.8200	8415.8200.3300	Other Origins	28/KW	37/KW
		8415.8300	8415.8300.3300			

(Nadeem Ahmed Sheikh)
Valuation Officer

(Ch. Rizwan Bashir Kalair)
Deputy Director

(Iqbal Ali)
Principal Appraiser

(Mumtaz Ali Khoso)
Additional Director

(Dr. Wasif Ali Memon)

