



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

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

Determination of Customs Values of Engine Parts (Replacement Auto Parts)
Under Section 25-A of the Customs Act, 1969.

(VALUATION RULING NO. 1285 / 2018)

No. Misc /22/2009-VIIIA

/Part-III

Dated: April 17, 2018

In exercise of the powers conferred under Section 25A of the Customs Act, 1969, custom values of Engine Parts (Replacement Auto Parts) are determined as follows:

2. **Background of the Valuation Issue:** Earlier the Customs values of Replacement Auto Parts were determined vide Valuation Ruling No.1193/2017 dated 07.07.2017. A number of representations were received from importers namely M/s. Allied Trading Co., M/s. Universal Auto Engineering, M/s. A. B. Memon & Sons and others, wherein they desired that values of the Replacement Auto Parts need to be realigned by taking into consideration the category of Light Transport Vehicle (LTV) and Heavy Transport Vehicle (HTV) replacement auto parts separately in accordance with the prevailing international market prices. They further stated that in the existing valuation ruling the Customs values of the subject goods were increased despite the fact that the prices of iron & steel and other raw materials were declining in international markets. They contended that the view point of Pakistan Auto Spare Parts Importers and Dealers Association (PASPIDA) and commercial importers were not taken into account while issuing the existing Valuation Ruling. They further pointed out that the market survey conducted was not comprehensive and the quality, weight and market price of LTV and HTV were not focused fully by the department. They requested to determine the applicable customs values afresh in accordance with the trend of values in the international markets of replacement auto parts of Light Transport Vehicles (LTV) and Heavy Transport Vehicles (HTV).

They have successfully argued before the Director General for separately determining the customs values of replacement auto parts for HTVs and LTVs. Consequently the ruling was remanded for redetermination of customs values of subject items with reference to HTV and LTV.

3. **Stakeholders' Participation in Determination of Customs Values:** Numerous meetings with stakeholders, including representatives of clearance collectorates, were held in this Directorate General. The importers / stakeholders had been requested to submit the following documents before or during the course of stakeholders meetings so that customs values could be determined:

- i) Invoices of imports during last three months showing customs value.
- ii) Websites, names and E-mail addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained.

- iii) Copies of Contracts made / LCs opened during the last three months showing the value of item in question.
- iv) Copies of Sales Tax Invoices issued during last four months showing the difference in price (excluding duty and taxes) to substantiate their contentions.

4. The importers contested their point of view as briefed above and submitted that the replacement Auto Parts values may be rationalized according to market prices since the raw material prices and manufacturing cost have decreased due to technology advancement; magnitude of import and after sale demand of goods of China and other origins. The representatives, from clearance Collectorates contended that customs values are already on the lower side and most of the values in the existing ruling have been determined after feedback from different stakeholders. However, they conceded that the difference between HTV and LTV vehicles needs to be re-determined. The view point of all participants was heard in detail and considered to arrive at Customs value for subject goods.

5. **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 arrive at customs values of subject goods. The transaction value method as provided in Sub-Section (1) of Section 25 of the Customs Act, 1969 was found inapplicable due to wide variation of values displayed in the import data. Hence requisite information required under law was not available to arrive at the correct transaction value. Therefore, identical / similar goods value method as provided in Sub-Sections (5) & (6) of Section 25 *ibid* were examined for applicability to the valuation issue in the instant case but due to wide variations in declarations this method could not be relied upon exclusively. In line with the statutory sequential order of Section 25, this office conducted market inquiries under Sub-Section (7) of Section 25 of the Customs Act, 1969. As there were certain differences in prices in different markets therefore, a number of surveys were conducted to arrive at customs values. Finally reliance had to be made on Sub-Section (7) of Section 25 of the Customs Act, 1969 to determine customs values of Engine Parts (Replacement Auto Parts).

6. **Customs Values for Engine Parts (Replacement Auto Parts):** Engine Parts (Replacement Auto Parts) *hereinafter specified* shall be assessed to duty / taxes at the following Customs Values :-

S#	Description of goods	PCT Code	Proposed PCT for WeBOC	Origin	Customs values (C&F) US\$/Kg
1	2	3	4	5	6
1.	<u>Piston Set</u>	8409.9910	8409.9910.1000	China	(a) 3.34 (b) 3.05
	(a) Weighing less than 2 kgs.			Malaysia, Thailand, Indonesia, Korea, Taiwan	(a) 4.16 (b) 3.80
	(b) Weighing 2 kgs and above			Japan	(a) 6.33 (b) 5.75
				Europe	(a) 6.90 (b) 6.30



				Other origins	(a) 4.16 (b) 3.80
2.	<u>Ring Set</u> (a) Weighing less than 500 grams. (b) Weighing 500 grams and above	8409.9910	8409.9910.1100	China Malaysia, Thailand, Indonesia, Korea, Taiwan Japan Europe Other origins	(a) 11.00 (b) 10.50 (a) 12.65 (b) 12.10 (a) 14.85 (b) 14.10 (a) 16.50 (b) 15.50 (a) 12.65 (b) 12.10
3.	<u>Liners</u> (a) Weighing less than 4kgs. (b) Weighing 4kgs and above	8409.9910	8409.9910.1200	China Malaysia, Thailand, Indonesia, Korea, Taiwan Japan Europe Other origins	(a) 3.13 (b) 2.32 (a) 3.69 (b) 2.73 (a) 5.00 (b) 3.70 (a) 5.40 (b) 4.00 (a) 3.69 (b) 2.73
4.	Engine Valves, Valve Tappers,, Valve Guide, Gasket, Cylinder Head, Cylinder Block, Connecting Rod, Bearings / Bushes Connecting Rods, (a) Light Transport Vehicle (LTV) (b) Heavy Transport Vehicle (HTV)	8409.9020 8409.9920 8409.9930 8484.1022 8484.1029 8413.3050 8483.0010 8483.3090	8409.9020.1000 8409.9920.1000 8409.9930.1000 8484.1022.1000 8484.1029.1000 8413.3050.1000 8483.0010.1000 8483.3090.1000	China Malaysia, Thailand, Indonesia, Korea, Taiwan Japan Europe Other origins	(a) 3.13 (b) 2.85 (a) 3.70 (b) 3.35 (a) 5.00 (b) 4.40 (a) 5.40 (b) 4.80 (a) 3.70 (b) 3.35
5.	<u>Pump Parts</u> (e.g. Nozzle, Plungers/ Delivery Valve) (a) Light Transport Vehicle (LTV) (b) Heavy Transport Vehicle (HTV)	8413.3010 8413.3050	8413.3010.1000 8413.3050.1400	China Malaysia, Thailand, Indonesia, Korea, Taiwan Japan	(a) 8.73 (b) 7.95 (a) 12.19 (b) 11.10 (a) 17.48 (b) 15.90

				Europe	(a) 19.16 (b) 17.45
				Other origins	(a) 12.19 (b) 11.10
6.	<u>Other Engine Parts</u>	8409.9930	8409.9930.1100	China	(a) 3.13 (b) 2.90
	(a) Light Transport Vehicle (LTV)			Malaysia, Thailand, Indonesia, Korea, Taiwan	(a) 3.69 (b) 3.40
	(b) Heavy Transport Vehicle (HTV)			Japan	(a) 5.00 (b) 4.60
				Europe	(a) 5.40 (b) 4.95
				Other origins	(a) 3.69 (b) 3.40

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 and the same may be communicated to this Directorate General forthwith. 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 (1) or (3) of Section 25-A of the Customs Act, 1969.

9. **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.

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. The Customs 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 requisite formalities relating to importability or other certifications 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 of the Customs Act, 1969 or any other law in vogue therein.

11. *This ruling supersedes Valuation Ruling No.1193/2017, dated 07-07-2017 to the extent of items mentioned in this Valuation Ruling.*



(Muhammad Iqbal Muneeb)

Director

17/4/18

Copy for information to : -

- i. The Member (Customs), F.B.R., Islamabad.
- ii. The Director General, Customs Valuation, Custom House, Karachi.
- iii. The Chief Collector of Customs, South (Appraisalment), Custom House, Karachi.
- iv. The Chief Collector of Customs, South (Enforcement), Custom House, Karachi.
- v. The Chief Collector of Customs (Central), Lahore.
- vi. The Chief Collector of Customs (North), Islamabad.
- vii. The Director General, Intelligence and Investigation-FBR, Islamabad.
- viii. The Director General, Audit (Customs & Petroleum), 1st Floor, PT&T Audit Building, Mauj-e-Darya Road, Lahore.
- ix. The Director General, Post Clearance Audit (PCA), Islamabad.
- x. The Director General, Internal Audit (Customs), Karachi.
- xi. The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta Peshawar/ Faisalabad.
- xii. The Director, Directorate of Customs Valuation (Camp Office), Lahore.
- xiii. The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WeBOC database system and deleting items mentioned in this Valuation Ruling from Valuation Ruling No. 1193/2017, dated 07-07-2017 from the system on the date of issue of this ruling.
- xiv. The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
- xv. The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
- xvi. Law Section, Customs Valuation, 7th Floor, Custom House, Karachi.
- xvii. Review Section, Customs Valuation, 7th Floor, Custom House, Karachi.
- xviii. The Karachi Customs Agents Group, Bohri Road, Karachi.
- xix. The CHO, Customs Valuation, Custom House, Karachi.
- xx. Notice Board, Customs Valuation 7th Floor, Custom House, Karachi / MCC,
- xxi. Appraisalment, 1st Floor, Custom House, Karachi.
- xxii. Guard File.