



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

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

**Determination of Customs Values of Soap Noodles Under
Section 25-A of the Customs Act, 1969.**

No.Reg.Misc/34/2007-II

659

Dated: June 21, 2018

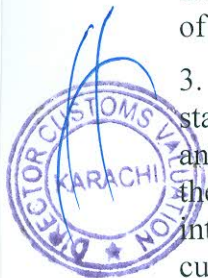
(VALUATION RULING NO. 1307/2018)

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

2. **Background of the Valuation Issue:** Earlier customs values of Soap Noodles were determined vide Valuation Ruling No. 1216/17 dated 10-10-2017. However, Director General of Customs Valuation vide Order-in-Revision No. 11/2018 dated 10-05-2018 remanded back the case to the Director Valuation with the direction to conduct comprehensive valuation exercise for re-determining Customs values of Soap Noodles. Hence an exercise was initiated by this Directorate General to determine the Customs Values of Soap Noodles in terms of Section 25-A of the Customs Act, 1969.

3. **Stakeholders' participation in determination of Customs values:** Meetings with stakeholders including importers, representatives from Pakistan Soap Manufacturers Association and representatives from field formations were held on 31-05-2018 and 20-06-2018, to discuss the current international prices of the subject goods. The importers contended that prices in the international market has gradually declined, therefore, while re-determining customs values, the current prices of soap noodles as published in the accredited journals shall be considered. Certain importers and Pakistan Soap Manufacturers Association contended that unscrupulous elements in the trade are misusing the specification given under serial no. 3 of the existing rulings and needs adequate treatment so that the element of mis-declaration in specifications and under-invoicing is addressed. The concerns expressed by the trade were also reflected in the clearance data. Vociferous concerns were expressed regarding vague description / specifications of soap noodles which could not be verified against certain criteria, resultantly numerous traders were indulging in under valuation. After marathon deliberations with stakeholders, all possible options were considered at length. The participants during the last leg of consultations agreed that customs values of soap noodles shall be given in three categories which may include such specifications which can be verified through physical examinations and lab tests and which may include all types of noodles, whether in the shape of lumps, powder, pieces, waste, broken noodles, or broken cake. The prices of different specifications of noodles as published in ICIS (Chemical Prices: Soap Noodles, Asia Pacific) for the past three months was also examined. The view point of all participants was heard in detail and considered to arrive at Customs values of the subject goods.

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 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 transaction value. Therefore, identical / similar goods value method as provided in Sub-Sections (5) & (6) of Section 25 ibid was examined for applicability to the valuation issue in the instant case, which provided some references 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 using Deductive Value Method under Sub-Section (7) of Section 25 of the Customs Act, 1969. As this commodity is mainly industrial input item, therefore, information obtained through market surveys could not be exclusively relied upon. Sub-Section (8) was examined but valuation under this sub-section could not be made due to non-availability of conversion and processing cost of the exporting country. All the information so gathered during the proceedings was evaluated for the purposes of determining customs values and consequently, customs values of Soap Noodles have been determined under Sub-Section (9) of Section 25 of the Customs Act, 1969.

5. **Customs values for Soap Noodles:** The Soap Noodles *hereinafter specified* shall be assessed to duty / taxes at the following Customs Values :

S.No.	Description	PCT	Proposed PCT for WeBOC	Origin	Customs value US\$/Per Kg
1.	Soap Noodles TFM 78% or above	3401.2000	3401.2000.1000	All Origins	0.700
2.	Soap Noodles less than TFM 78% but more than TFM 72%	3401.2000	3401.2000.1010	All Origins	0.665
3.	Soap Noodles TFM 72% and below	3401.2000	3401.2000.1020	All Origins	0.630
4.	Note: All types of soap noodles, in any shape, or form whether broken, lumped, powdered, pieces, waste, broken cakes shall not be assessed lower than the value mentioned at serial No. (3) above i.e. US\$ 0.630/kg				

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 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 (1) or (3) 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 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 descriptions and specifications 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 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 15 of the Customs Act, 1969 or any other law in vogue therein.

10. ***This Ruling supersedes Valuation Ruling No.1216/2017 dated 10.10.2017.***


(Muhammad Iqbal Muneeb)
Director 21/6/18

Copy for information to:

1. The Member (Customs), F.B.R., Islamabad.
2. The Director General, Customs Valuation, Custom House, Karachi.
3. The Chief Collector of Customs, South (Appraisalment), Custom House, Karachi.
4. The Chief Collector of Customs, South (Enforcement), Custom House, Karachi.
5. The Chief Collector of Customs (Central), Lahore.
6. The Chief Collector of Customs (North), Islamabad.
7. The Director General, Intelligence and Investigation-FBR, Islamabad.
8. The Director General, Audit (Customs & Petroleum), 1st Floor, PT&T Audit Building, Mauj-e-Darya Road, Lahore.
9. The Director General, Post Clearance Audit (PCA), Islamabad.
10. The Director General, Internal Audit (Customs), Karachi.
11. The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta, Peshawar/ Faisalabad.
12. The Director, Directorate of Customs Valuation (Camp Office), Lahore.
13. The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WeBOC database system and deleting Valuation Ruling No. 1216/2017 dated 10-10-2017.
14. The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
15. The 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. The Karachi Customs Agents Group, Bohri Road, Karachi.
19. The CHO, Customs Valuation, Custom House, Karachi.
20. Notice Board, Customs Valuation 7th Floor, Custom House, Karachi / MCC,
21. Appraisalment, 1st Floor, Custom House, Karachi.
22. Guard File.