



**GOVERNMENT OF PAKISTAN**  
**DIRECTORATE GENERAL OF CUSTOMS VALUATION**  
**CUSTOM HOUSE KARACHI**

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**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 Phenolic Resin, Polyurethane Resin, Melamine Resin, and Epoxide Resin Under Section 25-A of the Customs Act, 1969**

No.Misc/26/17-II/1636

Dated: January 09, 2019

**(VALUATION RULING NO.1357/2019)**

In exercise of powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Phenolic Resin, Polyurethane Resin, Melamine Resin, and Epoxide Resin are determined as follows:

2. **Background of the Valuation Issue:** Earlier the Customs values of Phenolic Resin, Polyurethane Resin, Melamine Resin, Alkyd Resin and Epoxide Resin were determined vide Valuation Ruling No.1278/18 dated 29-03-2018. Several importers filed revision applications under section 25-D of the Customs Act 1969. The Director General vide Order-in-Revision No.31/2018 dated 31-08-2018 referred back the case to the Director of Customs Valuation for reconsideration. Meanwhile, various representations from different stakeholders were also received. Keeping in view the prevailing prices in the international market, this Directorate General initiated an exercise for re-determination of the Customs Values of the subject goods in terms of Section 25-A of the Customs Act, 1969.

3. **Stakeholders Participation in Determination of Customs Values:** Meetings with all the stakeholders including importers and representatives from clearance Collectorates was held on 26-11-2018 to discuss the current international prices of the subject items. The stakeholders were requested to furnish the following documents before or during the course of above said meeting:

- i. Invoices of imports during last three months showing factual 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. During the course of proceedings several written and verbal representations were made by the stakeholders. M/s Berger Paints and M/s. Diamond Paints contended that Epoxide Resin has different chemical compositions (Low, Medium, High viscosity) and used for different applications in Paint Industry; therefore, one value cannot be determined for the epoxide resin they import. They further





emphasized that their item is petro chemical based and its price varies with international oil prices which are verifiable. M/s. SICPA Links Pvt Ltd contended that they import different types of Alkyd Resins from Europe and that their company has a joint venture with Pakistan Security Printing Corporation, a wholly owned entity by State Bank of Pakistan. They contended that supply security printing inks for printing banknotes to Pakistan Security Printing Corporations. They emphasized that their transactions are always documented and verifiable, therefore, their import of alkyd resin shall not be included in the Ruling. In this regard, they submitted their imports showing grade wise division of the item and other corroborative evidences in support of their contentions. The feedback from representatives of PCDMA (Pakistan Chemical and Dyes Merchant Association) was also obtained. The contentions of all the stakeholder were considered for the determination of customs values.

5. **Method Adopted to Determine Customs Values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were duly applied in their 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 variations in declarations and incomplete description of specifications/grades. Hence requisite information required under law was not available to arrive at the transaction value. Identical / similar goods value methods provided in Sub-Section (5) & (6) of Section 25 of the Customs Act, 1969 provided some reference values but due to wide variations in the declarations the same could not be relied upon exclusively. Thereafter, market enquiries as envisaged under Section 25(7) of the Customs Act, 1969, was conducted. Online values were also obtained. Repeated market surveys were conducted so that values of Phenolic Resin, Polyurethane Resin, Melamine Resin, Alkyd Resin and Epoxide Resin could be covered in the ruling. The computed value method as provided in Section 25(8) of the Customs Act, 1969, could not be applied as the goods are used as raw materials and conversion costs from constituent material at the country of export were not available. All information so gathered was evaluated and analyzed for the purpose of determination of customs values. Consequently, the customs values of Phenolic Resin, Polyurethane Resin, Melamine Resin, and Epoxide Resin have been determined under section 25 (9) of the Customs Act, 1969.

6. **Customs values of Phenolic Resin, Polyurethane Resin, Melamine Resin, and Epoxide Resin *hereinafter specified*** shall be assessed to duty / taxes at the following Customs Values :

S. No	Description of goods	Origin	PCT	Proposed PCT for WEOC	Customs Values (C&F) US\$/Kg
(1)	(2)	(3)	(4)	(5)	(6)
1	Phenolic Resin	China/ South Africa/ Turkey/ India	3909.4000	3909.4000.1000	1.80



2	Phenolic Resin	Korea	3909.4000	3909.4000.1100	<b>2.20</b>
3	Phenolic Resin	Europe	3909.4000	3909.4000.1200	<b>2.35</b>
4	Polyurethane Resin (Liquid Form)	China	3909.5000	3909.5000.1000	<b>2.80</b>
5	Polyurethane Resin (Granules, Pellets Form)	China	3905.5000	3905.5000.1100	<b>3.50</b>
6	Polyurethane Resin (Pre Polymer For Shoe Sole)	China	3905.5000	3905.5000.1200	<b>2.10</b>
7	Polyurethane Resin	Korea/ Malaysia/ Singapore	3909.5000	3909.5000.1300	<b>3.30</b>
8	Polyurethane Resin	Europe	3909.5000	3909.5000.1400	<b>4.00</b>
9	Melamine Resin	China	3909.2000	3909.2000.1000	<b>1.50</b>
10	Melamine Resin	Taiwan	3909.2000	3909.2000.1100	<b>1.80</b>
11	Epoxide Resin	China/ Taiwan	3907.3000	3907.3000.1000	<b>2.90</b>
12	Epoxide Resin	Korea/U.A.E	3907.3000	3907.3000.1100	<b>3.00</b>
13	Epoxide Resin (Lapox C-17 and C-51)	India	3907.3000	3907.3000.1200	<b>3.30</b>
<b>Note:</b> Epoxide Resin imported by Paint Industry shall be assessed by the Collectorate under section 25 of the Customs Act, 1969.					



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 differential between air freight and sea freight while applying the Customs values 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-Section (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, 7<sup>th</sup> 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 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.

11. *This ruling supersedes Valuation Ruling No.1278/2018, dated 29-03-2018.*

(Muhammad Iqbal Muneeb)

Director

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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), 1<sup>st</sup> Floor, PT&T Audit Building, Mauj-e-Darya Road, Lahore.
09. 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/ Multan.
12. The Director, Directorate of Customs Valuation (Camp Office), Lahore.
13. Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WeBOC database system and deleting Valuation Ruling No.1278/2018 dated 29.03.2018.
14. The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
15. The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta, Gujranwala, Faisalabad, Sialkot, Rawalpindi & Peshawar.
16. Law Section, Customs Valuation, 7<sup>th</sup> Floor, Custom House, Karachi.
17. Revision Section, Customs Valuation, 7<sup>th</sup> Floor, Custom House, Karachi.
18. Karachi Customs Agents Group, Bohri Road, Karachi.
19. CHO, Customs Valuation, Custom House, Karachi.
20. Notice Board, Customs Valuation 7<sup>th</sup> Floor, Custom House, Karachi / MCC, Appraisalment, 1<sup>st</sup> Floor, Custom House, Karachi.
21. Webmaster, Federal Board of Revenue, Constitution Avenue, Islamabad, for uploading on FBR Website.
22. Guard File.