



GOVERNMENT OF PAKISTAN

DIRECTORATE GENERAL OF CUSTOMS VALUATION  
CUSTOM HOUSE KARACHI

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

**Determination of Customs Values of Formic Acid under Section 25-A**  
**of the Customs Act, 1969**

(VALUATION RULING NO. **1367** / 2019)

No. Misc/09/2009-II **11978**

Dated: April 30, 2019

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

2. **Background of the valuation issue:** Earlier the Customs values of Formic Acid were determined vide Valuation Ruling No. 807/2016, dated 22-01-2016. There were several representations from importers and from Pakistan Chemicals and Dyes Merchants Association (PCDMA) and Karachi Chamber of Commerce and Industry, wherein they contended that prices of Formic Acid have declined in the international markets. Therefore, customs values determined in the existing valuation ruling are not reflective of prices in international markets. Keeping in view the prevailing prices of the subject goods, this Directorate General initiated an exercise for re-determination of the Customs Values of the Formic Acid in terms of Section 25-A of the Customs Act, 1969.

3. **Stakeholders' participation in determination of Customs values:** Several meetings with stakeholders including importers and representatives from field formations were held in this Directorate General to discuss the prices of the subject goods. The importers / stakeholders were requested to submit the following documents before or during the course of stakeholders meetings so that customs values could be determined:

- Invoices of imports during last three months showing customs value.
- Websites, names and E-mail addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained.
- Copies of Contracts made / LCs opened during the last three months showing the value of item in question.
- 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 meetings the importers and representatives from KCC&I and Pakistan Chemicals and Dyes Merchants Association (PCDMA) stated that the customs values of Formic Acid were determined vide Valuation Ruling No 807/2016, dated 22-01-2016 which is more than three years old and need to be revised. They contended that the prices of subject item have decreased in the international markets and also provided documentary evidences in support of their contentions. The view point of all participants was heard in detail and considered to arrive at Customs values of subject goods.





5. **Method adopted to determine Customs values:** Valuation methods given in Section 25 of the Customs Act, 1969 were applied sequentially to address the valuation issue in hand. The transaction value method under Sub-Section (1) of Section 25 of the Act, 1969, was found inapplicable because it is generally known to all that most of the invoices are manipulated / fabricated locally, hence, total reliance thereon cannot be made to ascertain the correct transactional value. Identical / similar goods value methods provided in Sub-Sections (5) & (6) of Section 25 *ibid* were also not found applicable in view of the reason mentioned above in case of Sub-Section (1). Market inquiry as envisaged under Section 25 (7) of the Customs Act, 1969 was conducted to determine customs value for chemicals of various types/brands/grades and origins, but could not be solely relied upon owing to variety of market location and types of these items. The computed method as provided under 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. Finally import data obtained from PRAL was analyzed and international prices from various sources on internet were also checked in addition to prices worked back through market inquiry. All the information so gathered was evaluated and analyzed for the purpose of determination of customs values. Consequently, the customs values of Formic Acid have been determined under Section 25 (9) of the Customs Act, 1969.

6. **Customs values for Formic Acid:** Formic Acid *hereinafter specified* shall be assessed to duty/taxes at the following Customs:



S. No	Description	Specifications	PCT	Proposed PCT for WeBOC	Origin	Customs Value (C&F) US\$/Kg
1.	Formic Acid	85% Manufactured by BASF	2915.1100	2915.1100.1000	China	0.53
		85% (All other Manufactures)	2915.1100	2915.1100.1100	China	0.505
			2915.1100	2915.1100.1200	Other origins	0.53
2.	Formic Acid	Above 85% and up to 97% (All Manufactures)	2915.1100	2915.1100.1300	All origins	1.05
		Above 97% (All Manufactures)	2915.1100	2915.1100.1400	All origins	1.85

**Note:** The values have been determined for packing of 25/35 Kg drums. A further reduction of US\$ 30/ton is allowed on account of bulk packing, which includes 250 Kg drums and above.

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 determined in this Ruling. In case imported items are not specifically fall under any of above mentioned brands, the same may be assessed under Section



25-A, otherwise if appropriate the same may be referred to Directorate of Customs Valuation for necessary action at their end.

**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. In case imported items are not specifically fall under any of above mentioned brands, the same may be assessed under Section 25-A, otherwise if appropriate the same may be referred to Directorate of Customs Valuation for necessary action at their end.

**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 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 Ruling supersedes the Valuation Ruling No. 807/2016 dated 22-01-2016.*



  
(Shafique Ahmad Latki)  
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), 1<sup>st</sup> Floor, PT&T Audit Building, Mauj-e-Darya Road, Lahore.
9. Director General, Post Clearance Audit (PCA), Islamabad.
10. Director General, Internal Audit (Customs), Karachi.
11. Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta, Peshawar/ Faisalabad.