



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

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

Determination of Customs Values of White Oil, Under Section 25-A of the Customs Act, 1969

(VALUATION RULING NO. 1396/2019)

C. No. Misc/26/2017-I/

12519

Dated: 28 October, 2019

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

2. **Background of the valuation issue:** The customs values of White Oil were determined under Section 25A of the Customs Act, 1969, vide Valuation Ruling No.1226/2017 dated 29-11-2017. However, various representations were received from importers and manufactures, wherein they requested the Directorate General of Customs Valuation for re-determination and rationalization of the existing Valuation Ruling in the light of values prevailing in the international market. M/s Reliance Petrochem Industry (Pvt) Ltd vide their representations informed that prices of the basic raw material for manufacturing of White Oil i.e. base oil are available in accredited publication i.e. (ICIS). If such prices are taken into consideration the true picture of values in international market would be clear. It was, thus, requested that values be rationalized keeping in view prices of constituent raw materials. Keeping in view above facts, an exercise was initiated to re-determine values of subject goods under section 25A of the Customs Act, 1969.

3. **Stakeholders' participation in determination of Customs values:** Meetings with stakeholders including importers, and representatives from field formations were held on 25-06-2019, 04-07-2019 & 24-09-2019, to discuss the current international prices of the subject goods. M/s Reliance Petrochem (Pvt) Ltd explained that the White Oil is manufactured from highly refined "base oil". White Oil (Light) is being produced from N-70, Medium from N-110 and N-150 and Heavy from N-500 with the blending composition of various additives. They further stated that the price of lighter grades of Base Oil ranges from USD 700-800 PMT. If prices of additives/chemicals and manufacturing cost is added in the prices of raw material, correct value of goods can be determined. He further contended that the prevalent ruling is on lower side and may be revised keeping in view values of constituent raw materials. Mr. Nayyer Marghub of M/s Nayyer Enterprises, Karachi stated that they are importing the White Oil from India and their declared value is fair which may be confirmed from Icegate. He requested to withdraw the determined customs values of White Oil of India origin from the current Valuation Ruling.

4. **Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969 were duly followed and applied sequentially to address the valuation issue at hand. Transaction value method provided in Sub-Section (1) of Section 25 was found inapplicable because of non-submission of requested documents by any of the stakeholder and also because of wide variation in declared values. Identical / similar goods value method provided in Sub-Sections (5) & (6) of Section 25 ibid were examined for applicability to determine Customs value of subject goods. This data provided some references, however, it was found that the same cannot be solely relied upon due to variation in quality and non-declaration of the grade/ Technical number on the Goods Declarations



(GDs). In line with the statutory sequential order of Section 25, this office then conducted a market inquiry using Deductive Value Method under Sub-Section (7) of the Section 25 of the Customs Act, 1969. As the subject goods are not commercially traded in retail sale etc. The said survey result could not be solely relied upon for determination of values of subject goods. Valuation method provided vide Section 25 (8) of Customs Act 1969 also provided some reference regarding values of constituent raw materials internationally. Although local manufacturer submitted production costs and profit margins, etc., the same could not be applied to manufacturer abroad keeping in view quality of machines, production, capacity, etc. Finally, import data, prices of raw materials, market information and international prices through the internet were examined thoroughly and the information so gathered was utilized and analyzed for determination of Customs Value of the subject good under Section 25(9) of the Customs Act, 1969.

5. Customs values for White Oil: The White Oil hereinafter specified shall be assessed to duty and taxes at the following Customs Values:

S. No.	Description of Goods	PCT Code	Proposed PCT for WBOC	Origin	Customs Values (C&F) US\$/kg
(1)	(2)	(3)	(4)	(5)	(6)
1	Light White Oil (Up to WOT100 having Kinematic Viscosity from 7 to 16 at 40°C)	2710.1996	2710.1996.1000	India/China	0.975
			2710.1996.1100	South. Korea	1.06
			2710.1996.1200	United Arab Emirates (UAE)	1.09
			2710.1996.1300	Other origins	1.09
2	Medium White Oil (Above WOT100 but less than WOT 400 having Kinematic Viscosity more than 16 and up to 75 at 40°C)	2710.1996	2710.1996.1400	India/China	1.09
			2710.1996.1500	South. Korea	1.17
			2710.1996.1600	United Arab Emirates (UAE)	1.20
			2710.1996.1700	Other origins	1.20
3	Heavy White Oil (WOT400 and above having Kinematic Viscosity more than 75 at 40°C)	2710.1996	2710.1996.1800	India/China	1.19
			2710.1996.1900	South. Korea	1.27
			2710.1996.2000	United Arab Emirates (UAE)	1.32
			2710.1996.2100	Other origins	1.24

Note: The Customs Values determined above are for imports in drum packing. In case the goods are imported in ISO tanks / bulk vessels US\$100/ M. Ton may be deducted for assessment purpose from above mentioned Custom Values.

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 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.

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:** 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.

9. 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 Custom 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.

10. *This ruling supersedes Valuation Ruling No.1226/2017, dated 29.11.2017.*


(Shafique Ahmad Latki)
Director

Copy for information to:

1. The **Member** (Customs, Operations), 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 Chief Collector of Customs, (Enforcement), Custom House, Quetta.
8. The Director General, Intelligence and Investigation-FBR, Islamabad.
9. The Director General, PCA& Internal Audit, Karachi.
10. The Director General, IOCO, Karachi
11. The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.
12. The Director, Directorate of Customs Valuation, Lahore.
13. The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WeBOC database system.
14. The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
15. The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
16. The Karachi Customs Agents Group, Bohri Road, Karachi.
17. The Webmaster, Federal Board of Revenue, Islamabad.
18. Guard File.