

The Collectors of Customs, Model Customs Collectorates, Appraisement and Facilitation (East /West)/Port Muhammad Bin Qasim/JIAP, Karachi/ (Appraisement & Facilitation/Enforcement and Compliance), AIIA Lahore/Sambrial (Sialkot) / Faisalabad / Multan / Islamabad / Hyderabad /Quetta (Appraisement/Preventive) Peshawar (Appraisement & Facilitation /Enforcement and Compliance)/ Gwadar/Gilgit-Baltistan / Exports (Karachi / Port Qasim).

**DETERMINATION OF CUSTOMS VALUES OF PU/PVC COATED FABRIC,
TEXTILE LINING MATERIAL FABRIC AND TEXTILE INVISIBLE COATED
LINING MATERIAL FABRIC UNDER SECTION 25-A OF THE
CUSTOMSACT,1969.**

(VALUATION RULING NO. 1450/2020)

C. No.Misc/ 6/2020-IV /3074

Dated: 04-06-2020

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, the Customs values of PU/PVC coated fabric, Textile Lining Material Fabric and Textile Invisible Coated Lining Material Fabric are determined as follows:

2. **Background of the valuation issue:** The Customs values of the PU/PVC coated fabric, textile lining material fabric and textile invisible coated lining material fabric were earlier determined vide Valuation Ruling Nos. 978/2016 dated 25-11-2016, 919/2016 dated 26-08-2016 and 1123/2017 dated 11-04-2017. The Valuation Rulings were old and values of fabric, both in international and local market, had shown varying trends. Moreover, the EDE data of Chinese Exports to Pakistan also indicated variations in values of Chinese exports values viz-a-viz Pakistani import values of fabrics. Therefore, an exercise was undertaken by this Directorate General to determine the values of subject goods, accordingly.

3. **Stakeholders' participation in determination of Customs values:** Meetings with stakeholders were conducted on 14-01-2020 and 06-02-2020. All the participants had been requested to submit the following documents.

- i. Invoices of imports during last three months showing factual value.
- ii. Websites, names and E-mail addresses of known foreign manufacturers of the items 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 items in question.
- iv. Copies of Sales Tax Invoices issued during last three months showing the difference in price (excluding duty and taxes) to substantiate that the benefit of difference in price is passed on to the local buyers.

The participants submitted few documents which were examined. During meetings the variation in values of Chinese Exports viz-a-viz Pakistani imports as depicted in EDE data

were also discussed in detail. Most of the participants contented that the Chinese exporters show inflated values in their shipping bills to get benefits of higher rebate on such exports.

4. Methods 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. The Transaction value method as provided in Sub-Section (1) of Section 25 was found inapplicable because no substantial evidential documents were provided by the stakeholders to prove that their declared values were true transactional values. Moreover, there were different declared values by different importers for some product. Identical/similar goods value methods provided in Section 25(5) & (6) *ibid* were examined for applicability to determine Customs Value of subject goods. The data provided some references, however, it was found that the same cannot be solely relied upon due to the absence of absolute demonstrable evidence of qualities and quantities of commercial level etc. Information available was, hence, found inappropriate. 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, however, it was found that the determination of Customs value could not be based solely upon this method either. Valuation method provided vide Section 25 (8) of the Customs Act, 1969, could not be applied as the conversion cost from the constituent materials and allied expenses, at country of export, were not available. Finally, PRAL database, EDE data of Chinese export, to Pakistan, market information and international prices through web were examined thoroughly. All the information so gathered was analyzed for determination of Customs Value of the subject goods. Consequently, the Fall Back Method as provided under section 25(9) of the Customs Act, 1969 was applied to arrive at assessable customs Values of PU/PVC coated fabric, Textile Lining Material Fabric and Textile Invisible Coated Lining Material Fabric.

5. Customs Values of PU/PVC Coated Fabric, Textile Lining Material Fabric and Textile Invisible Coated Lining Material Fabric: PU/PVC coated fabric, textile lining material fabric and textile invisible coated lining material fabric of various origins *hereinafter specified*, shall be assessed to duty/taxes at the following minimum Customs values.

Sr. No	Description of Goods	P.C.T	Proposed PCT for WEBOC	Origin	Customs Values (C& F) US \$/Kg
(1)	(2)	(3)	(4)	(5)	(6)
01	PVC Coated Fabric	5903.1000	5903.1000.1100	China/Taiwan	2.55
				Korea / Japan / Thailand & far East	2.70

				U.K/U.S. A	3.00
02	PU Coated Fabric (Artificial Leather) Woven	5903.2000	5903.2000.1000	China / Taiwan	3.90
				Korea / Japan / Thailand & far East	3.95
				U.K / U.S.A	4.85
03	PU Coated Fabric (Artificial Leather) Non-Woven	5603.1300 5603.9400	5603.1300.1000 5603.1300.1100	China / Taiwan	4.50
				Korea / Japan / Thailand & far East	4.60
				U.K / U.S.A	5.65
04	Other Coated Fabric	5903.9000	5903.9000.1000	China/ Taiwan	3.90
				Korea / Japan / Thailand & far East	4.10
				U.K / U.S.A	5.00
05	Textile Lining Material Fabric	5407.4200 5407.5200 5407.6100	5407.4200.1000 5407.5200.1000 5407.6100.1000	China	4.50
			5407.4200.1100 5407.5200.1100 5407.6100.1100	Other Origin	4.60
06	Textile Invisible Coated Lining Material Fabric	5407.4200 5407.5200 5407.6100	5407.4200.1000 5407.5200.1000 5407.6100.1000	China	4.50
			5407.4200.1100 5407.5200.1100 5407.6100.1100	Other Origin	4.60

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 consignment imported by air, the assessing officer shall take into account the difference between air freight and sea freight while applying the Customs values determined in this Ruling.

7. **Validity of Valuation Ruling:** The values determined vide this Ruling shall be the applicable Customs values 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, 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 Directorate General immediately. Customs values determined in the ruling are for the description and specification as mentioned in the above table of this Ruling. HS Codes are mentioned for illustrative purpose 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 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 Valuation Ruling No.919/2016 dated 26-08-2016, 978/2016 dated 25-11-2016 and 1123/2017 dated 12-04-2017.*


(Shafique Ahmad Latki)
Director

Copy for information to:

- 1) The Member Customs (Policy/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.