

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

DETERMINATION OF CUSTOM VALUES OF REFRIGERATION GASES
(IN RETAIL PACKING AND ISO TANKS/DRUMS)
UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. 1463 / 2020)

C. No. Misc/09/2012-II/ 5033

Dated: 12, -08-2020

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

2. Background of the valuation issue: Customs values of Refrigeration Gases were determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No. 1377/2019 dated 12-06-2019. Several representations were received from the importers and M/s Pakistan HVACR Importers and Traders Association for re-determination of values in accordance with the prevailing prices in the international market. Therefore, an exercise to re-determine the Customs values of the subject goods under Section 25-A was initiated in this Directorate General, keeping view price trend in international market.


3. Stakeholders' participation in determination of values: Meetings with the stakeholders were held on 20-02-2020 and 24-03-2020. The stakeholders including importers and the representatives from field formations and M/s Pakistan HVACR Importer and Traders Association participated in the meeting to discuss the current international price of the subject goods. They contended that the international values of the refrigeration gases have decreased significantly. The stakeholders were requested to furnish the following requisite 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 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 that the benefit of difference in price is passed on to the local buyers.

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 variations of values displayed in the import data. Moreover, the stakeholders did not provide substantial documents to establish the correct transaction value of the goods. Thereafter, identical / similar goods value methods as provided in Sub-Sections (5) & (6) of Section 25 *ibid* were examined for applicability to the valuation issue in the instant case but wide variations in declarations were observed. Information available was hence found inappropriate. In line with the statutory sequential order of Section 25, this office then conducted market inquiries under Sub-Section (7) of Section 25 of the Customs Act, 1969. However, the prices of refrigeration gases due to various brand of gases of the same type varied significantly and were heavily dependent on quality / brand of the refrigeration gases and the location of the selling points or shops in the city, therefore a number of surveys were conducted to arrive at customs values. However, it was found that determination of customs values could not be based solely upon this method either. Therefore, Valuation method vide Section 25(8) of the Customs Act, 1969 was examined for valuation but the same also could not be applied as the conversion cost of manufacturing of refrigeration gases at the country of export were not available. All the information so gathered was then analyzed for determination of Customs Values of subject goods. Consequently, fall back method as provided under Section 25(9) of the Customs Act 1969 was applied to arrive at assessable customs values of refrigeration gases.

5. Customs values for Refrigeration Gases in Retail Packing and ISO Tanks/Drums: Refrigeration Gases in Retail Packing and ISO Tanks/Drums *hereinafter specified* shall be assessed to duty/ taxes on the following minimum Customs values given against them in the Table below: -



Sr. No	Description of Goods	Origin	PCT	Proposed PCT for WeBOC	Customs Values (C&F) US\$/Kg
(1)	(2)	(3)	(4)	(5)	(6)
1.	R22 (Chlorodifluoromethane)	China	2903.7100	2903.7100.1000	2.13
2.	R134A (1,1,1,2- Tetrafluoroethane)	China	2903.3930	2903.3930.1000	3.29
3.	R141B (Dichlorofluoroethane)	China	2903.7300	2903.7300.1000	2.49
4.	R600A (Isobutane)	China	2901.1010	2901.1010.1000	2.04
5.	R290 (Propane)	China	2711.1200	2711.1200.1000	2.65
6.	R32 (Dichlorofluoromethane)	China	2903.3920	2903.3920.1000	2.82
7.	R125 (Pentafluoroethane)	China	2903.3990	2903.3990.1000	2.85
8.	R404A (Trifluoroethane/ Pentafluoroethane/1,1,1-Trifluoroethane)	China	3824.7800	3824.7800.1000	2.86
9.	R407C (Difluoromethane/1,1,1,2- Tetrafluoroethane)	China	3824.7800	3824.7800.1100	2.86
10.	R410A (Difluoromethane /Pentafluoroethane)	China	3824.7800	3824.7800.1200	2.51

6. In cases where declared/ transaction values are higher than the Customs value determined in this Ruling, the assessing officer 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.

7. **Validity of this Valuation Ruling:** The value 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. **Review of the value determined vide this Valuation Ruling:** A review 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 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 Customs 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 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 misdeclaration 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 the Valuation Ruling No. 1377/2019, dated 12-06-2019.


(Shafique Ahmad Lafki)
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 & Facilitation), Custom House, Karachi.
4. The Chief Collector of Customs, South (Enforcement & Compliance), 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 & Compliance), 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.