



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

The Collector of Customs, Model Customs Collectorates, Appraisalment and Facilitation (East / West) / Port Qasim / Enforcement and Compliance, JIAP Karachi / (Appraisalment and Facilitation / Enforcement and Compliance), Lahore / Sambrial (Sialkot) / Faisalabad / Multan / Islamabad / Hyderabad / Quetta / Appraisalment and Facilitation Peshawar / Gwadar / Gilgit-Baltistan / Exports (Karachi / Port Qasim).

**DETERMINATION OF CUSTOMS VALUES OF NON-WOVEN POLY
PROPYLENE SPUN BOND FABRIC UNDER SECTION 25-A OF THE CUSTOMS
ACT, 1969**

(VALUATION RULING NO. 1515 / 2021)

No.Misc/01/2020/IV(Pt-IV) /109

Dated: 16 -02-2021

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Non-Woven Poly Propylene Spun Bond Fabric are determined as follows:

2. **Background of the valuation issue:** The Customs values of Non-Woven Poly Propylene Spun Bond Fabric were earlier determined under Section 25-A of the Customs Act, 1969, vide Valuation Ruling No.1471/2020 dated 11-09-2020. Numerous revision petitions were filed against the impugned Valuation Ruling and vide Order in Revision No.43/2020 dated 04-12-2020, the Director General upheld the values given therein from S. No. 1-4. However, he remanded back Ruling to the extent of serial No.5 of the impugned VR with the directions to re-determine the Customs values of Non-Woven Poly Propylene Spun Bond Fabric afresh. Therefore, an exercise was undertaken by this Directorate General to re-determine the same according to the trends prevailing in the international market.

3. **Stakeholders' participation in determination of Customs values:** A meeting with stakeholders was conducted on 31-12-2020. All the participants were requested to submit the following documents:

- i. Copies of invoices of imports (including GDs, ER, PL, BL, & all related imported documents each GD-wise) during last one year 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 one year showing the value of item in question, each GD-wise.
- iv. Copies of Sales Tax Invoices issued during last one year 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, each GD-wise.

- v. Latest price catalogue issued from manufacturer.
- vi. Manufacturer's discount schedule if any.
- vii. Copies of export GDs of manufacturer.

During the meeting, representatives from packaging industries and diaper manufacturing industries explained their points of view. They explained that earlier, the subject goods were being assessed @ US \$ 2.10 by the MCCs on the basis of letter issued by Collector of Customs, MCC Appraisement-West, Karachi, bearing No. SI/MISC/36/2017-IV(AW) dated 05.07.2018. However, as the values in international markets had shown downward trend, the importers sought provisional clearance against values given in the said letter but the Directorate General instead enhanced the value double fold. The Director General, after considering the facts, remanded back the VR only to the extent of just one item. They produced documents in support of their claims which have been scrutinized.

4. **Method adopted to determine Customs values:** Valuation methods given 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 because no substantial documents were provided by the stakeholders to prove that their declared values were true transactional values. Moreover, different values were declared 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 as the product is majorly used as an industrial raw material which cannot be found in the retail market. 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 exports to Pakistan, market information and international prices through web were examined thoroughly. All the information so gathered was analyzed for determination of Customs values 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 Non-Woven Poly Propylene Spun Bond Fabric.

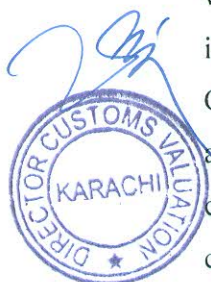
5. **Customs values for Non-Woven Poly Propylene Spun Bond Fabric:** Non-Woven Poly Propylene Spun Bond Fabric of various origins hereinafter specified shall be assessed to duty/taxes at the following minimum Customs values: -

S. No.	Description of Goods	PCT	Proposed PCT for WEOC	Origin	Customs Values (C&F) US\$/KG
(1)	(2)	(3)	(4)	(5)	(6)
1.	Non-Woven Polypropylene Spun Bond Fabric	5603.1100 5603.1200	5603.1100.1000	China	2.00
			5603.1200.1000		
			5603.1100.1100	Malaysia	2.12
			5603.1200.1100		
			5603.1100.1200	Others	2.75
			5603.1200.1200		

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. 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. 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 the assessing officers. The assessment shall be finalized in the correct classifications after fulfilling requisite formalities relating to importability or other certifications required thereon.

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:** 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, 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 this Directorate General immediately.

10. *This ruling supersedes serial No.5 of Valuation Ruling No.1471/2020 dated 11-09-2020.*


(Shafique Ahmed Latki)
Director

Copy for information to: -

1. Member (Customs), FBR, Islamabad.
2. Director General, Customs Valuation, Custom House, Karachi.
3. Chief Collector of Customs, South (Appraisement), 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), 1st Floor, PT&T Audit Building, Mauje-Darya Road, Lahore.
09. Director General, Post Clearance Audit (PCA), Islamabad.
10. Director General, Internal Audit (Customs), Karachi.
11. Directors, I & I, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.
12. Director, Directorate of Customs Valuation (Camp Office), Lahore.
13. Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in WeBOC database system and deleting Valuation Ruling No.1122/2017 dated 10-04-2017.
14. Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
15. Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
16. Law Section, Customs Valuation, 7th Floor, Custom House, Karachi.
17. Review Section, Customs Valuation, 7th Floor, Custom House, Karachi.
18. Karachi Customs Agents Group, Bohri Road, Karachi.
19. CHO, Customs Valuation, Custom House, Karachi.
20. Notice Board, Customs Valuation 7th Floor, Custom House, Karachi / MCC, Appraisement, 1st Floor, Custom House, Karachi.
21. Guard File.