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**DETERMINATION OF CUSTOMS LUBRICATING OILS UNDER SECTION 25A
OF THE CUSTOMS ACT, 1969**

(VALUATION RULING NO. 1836 /2023)

C.No. Misc/17/2013-I/

Dated: 08-12-2023

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

2. **Background of the valuation issue:** Earlier, the Customs values of Lubricating Oils were determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No.1805/2023 dated 14-09-2023 which was remanded back by the Director General of Customs Valuation vide O-in-R No. 58/2023 dated 07-11-2023 with directions to re-determine the Customs values of Lubricating Oils. In the afore-referred Order-in-Review, it is observed that wholesale / retail market prices of most brands, as mentioned by the petitioners, were not considered in the market survey. And, the process of determination of values suffered (as a result) from procedural impropriety since it fell short of complying with the market survey guidelines laid down in Office Order 17/2014 dated 19-03-2014, hence, requiring review of Valuation Ruling No. 1805/2023 dated 14-09-2023. Therefore, an exercise has been undertaken by this Directorate to re-determine the customs values of the subject goods.

3. **Stakeholders' participation in determination of Customs values:** Meeting was convened on 23-11-2023 which was attended by the relevant stakeholders. The issues pertaining to the valuation of subject goods were deliberated upon in detail in the afore-referred meeting. The stakeholders stated that the customs values determined in the Valuation Ruling No. 1805/2023 dated 14-09-2023 are on higher side and need to be revised according to International market. They further added that Lubricating Oils are made from Base oil. Different additives are added to base oil to produce different grades of Lubricating Oils. Therefore, the values of base oil & additives may be considered in determining the values of lubricating oils. They further contended that the values of high-end brands should not be considered while determining the values of subject goods. In support of their claims, they submitted documents including Proforma Invoices, packing lists, Sales Tax Invoices, Bills of



Lading, Bank contracts and GDs. The documents submitted by M/s AA Lubricants (Private) Limited have been checked and examined. The stakeholders claimed that the market values of Lubricating Oils are just 5% higher than the values determined in the Valuation Ruling No. 1140/2017 dated 21-04-2017 and the values, in the Valuation Ruling No. 1805/2023 dated 14-09-2023, are far higher than those.

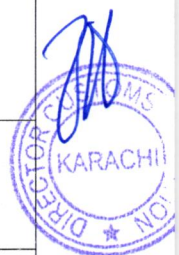
4. **Analysis / Exercise done to determine Customs Values:** Detailed analysis of all the above-referred documents has been done and ninety (90) days' clearance data has been retrieved and the same has been scrutinized. The viewpoint of the importers is not substantiated by the relevant records. For example, in case of Lubricating Oils, the sales tax invoices provided by the importer(s) have been examined/scrutinized which reveal that the prices of the goods (at which they are sold) are for higher than (and disproportionate to) the Customs values of the same goods in the Valuation Ruling No. 1140/2017 dated 21-04-2017. And, the market inquiry – conducted on the basis of the price list of the importer(s) – corroborated the afore-stated discrepancy / increase. Moreover, Customs Values of Base Oils (main constituent of Lubricating Oil) of different groups were analyzed from 2017 to November 2023 and the values are also increased significantly during the above-mentioned period.

5. **Method (s) adopted to determine Customs values:** Valuation methods specified in Section 25 of the Customs Act, 1969, are duly considered in sequential order to arrive at the 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 absence of information as required under sub-section (2) of Section 25 of Customs Act, 1969. Therefore, identical goods value method provided in Section 25(5) was examined for applicability to determine Customs values of subject goods. However, it was found that the same could not be solely relied upon due to absence of absolute demonstrable evidences of quantities and qualities. Information available was, hence, found incomplete. Subsequently, similar goods value method provided in Section 25(6) was also examined for applicability to determine Customs values of subject goods and was not considered (for application) due to afore-stated reasons. Moreover, Declared Values (DV) of similar goods had showed consistent variations. Hence, this method was also found inapplicable. Market enquiry as envisaged under Sub-Section (7) of Section 25 of the Customs Act, 1969 was also conducted but could yield results to some extent because of variation in market prices. In line with statutory sequential order of section 25, Computed value method, as provided in Section 25(8) of the Customs Act, 1969 was examined, but the same also could not be applied as the conversion cost from the constituent materials and allied expenses, in the country of export, were not available for manufacturing of Lubricating Oils. Finally, the Customs values of the subject goods have been determined inter alia considering sales tax invoices of the importer(s) under Section 25(9) read with Section 25(7) and Customs Rule 121(2) of Customs Rules, 2001 which provides that the methods of valuation, to be employed under sub-section (9) of section 25 of the Act may be inclusive of those laid down in sub-sections (1), (5), (6), (7) and (8) of the said section, but a reasonable flexibility in the application of such methods would be in conformity with the aims and provisions of sub-section (9) of that section.

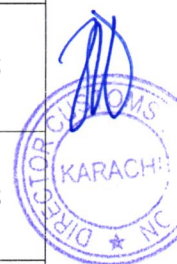
6. **Customs values of Lubricating Oils:** Lubricating Oils, shall be assessed to duty / taxes at the Customs values as per following Table:



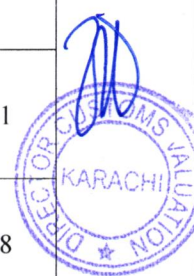
S. No.	Description Of Goods	Packing	Origin	HS Code	Proposed PCT For WeBOC	Customs Values (C&F) US\$ Per Liter	Customs Values (C&F) US\$ Per KG
(1)	(2)	(3)	(4)	(6)	(7)	(8)	(9)
1	Gasoline Engine Oil API Grade: SP/SN Plus	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.1000	2.20	2.45
2	Gasoline Engine Oil API Grade: SP/SN Plus	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.1000	2.10	2.33
3	Gasoline Engine Oil API Grade: SN	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.1100	2.13	2.35
4	Gasoline Engine Oil API Grade: SN	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.1100	1.96	2.16
5	Gasoline Engine Oil API Grade: SM	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.1200	1.92	2.12
6	Gasoline Engine Oil API Grade: SM	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.1200	1.79	1.98
7	Gasoline Engine Oil API Grade: SL	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.1300	1.83	2.02
8	Gasoline Engine Oil API Grade: SL	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.1300	1.71	1.89
9	Gasoline Engine Oil API Grade: SJ	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.1400	1.66	1.82
10	Gasoline Engine Oil API Grade: SJ	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.1400	1.54	1.71
11	Gasoline Engine Oil API Grade: SF, SG	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.1500	1.47	1.62
12	Gasoline Engine Oil API Grade: SF, SG	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.1500	1.36	1.50
13	Diesel Engine Oil API Grade: CK-4, CK	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.1600	1.94	2.16



14	Diesel Engine Oil API Grade: CK-4, CK	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.1600	1.89	2.10
15	Diesel Engine Oil API Grade: CI-4, CI	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.1700	1.87	2.06
16	Diesel Engine Oil API Grade: CI-4, CI	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.1700	1.74	1.91
17	Diesel Engine Oil API Grade: CH-4, CH	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.1800	1.68	1.86
18	Diesel Engine Oil API Grade: CH-4, CH	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.1800	1.56	1.72
19	Diesel Engine Oil API Grade: CG-4	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.1900	1.50	1.65
20	Diesel Engine Oil API Grade: CG-4	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.1900	1.43	1.58
21	Diesel Engine Oil API Grade: CF-4, CF	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.2000	1.43	1.58
22	Diesel Engine Oil API Grade: CF-4, CF	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.2000	1.33	1.46
23	Diesel Engine Oil SAE Grade: CD, CC, SC	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.2100	1.33	1.46
24	Diesel Engine Oil SAE Grade: CD, CC, SC	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.2100	1.22	1.34
25	Motorcycle Engine Oil API Grade: SL, SJ, SG	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.2200	1.33	1.47
26	Motorcycle Engine Oil API Grade: SL, SJ, SG	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.2200	1.25	1.39
27	Motorcycle Engine Oil API Grade: SF, SE, SD	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.2300	1.26	1.40



28	Motorcycle Engine Oil API Grade: SF, SE, SD	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.2300	1.19	1.32
29	Gear Oil # 90, 140, 75W 80, 80W-90, 85W-140 (GL-5)	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.2400	1.89	2.08
30	Gear Oil # 90, 140, 75W 80, 80W-90, 85W-140 (GL-5)	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.2400	1.75	1.94
31	Gear Oil # 90, 140 (GL-4)	1L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1951	2710.1951.2500	1.71	1.89
32	Gear Oil # 90, 140 (GL-4)	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.2500	1.62	1.78
33	Gas Engine Oil API Grade: CF	Drum	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.2600	1.37	1.51
34	Marine Engine Oil API Grade CF	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1952	2710.1952.2700	1.34	1.48
35	CVTF (Continuously Variable Transmission Fluid) All Grades	1L-4L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1999	2710.1999.1000	1.71	1.89
36	CVTF (Continuously Variable Transmission Fluid) All Grades	Drum	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1999	2710.1999.1100	1.61	1.77
37	ATF (Automatic Transmission Fluid) Dexron II, III, IV	1L-4L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1999	2710.1999.1200	1.61	1.77
38	ATF (Automatic Transmission Fluid) Dexron II, III, IV	Drum	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1999	2710.1999.1300	1.51	1.68
39	Hydraulic Oil/Spindle Oil # 10, 15, 32, 46, 68, 100, 150	4L-10L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1999	2710.1999.1400	1.25	1.39
40	Hydraulic Oil/Spindle Oil # 10, 15, 32, 46, 68, 100, 150	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1999	2710.1999.1500	1.21	1.34
41	Gear Lubes EP 68, 100, 150, 220, 320, 460, 680	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1999	2710.1999.1600	1.32	1.46



42	Compressor Oil # 32, 46, 68, 100	Drum	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1999	2710.1999.1700	1.28	1.42
43	Turbine Oil # 32, 46, 68	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1999	2710.1999.1800	1.29	1.43
44	Heat Transfer Oil # 22, 32, 46, 68	20L-210L	China, Turkey, Korea, Middle East, Thailand & Russia	2710.1999	2710.1999.1900	1.27	1.41
45	Motor Oil Grade: CD, CC, SC	1L-10L	Iran	2710.1951	2710.1951.2600	0.95	1.05
46	Motor Oil Grade: CD, CC, SC	20L-210L	Iran	2710.1952	2710.1952.2800	0.86	0.96

7. In cases, where declared 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 officers shall take into account the difference between air freight and sea freight while applying the Customs values in this Ruling.

8. **Validity of this Valuation Ruling:** This Ruling, containing the Customs values for assessment of subject imported goods, shall be applicable until and unless the same are rescinded or revised by the competent authority in terms of sub-section (4) of Section 25A of the Customs Act, 1969.

9. **Revision of the values determined vide this Valuation Ruling:** If aggrieved, a revision petition may be filed against this ruling as provided under Section 25D of the Customs Act, 1969, within 30 days from the date of its issuance, before the Director General, Directorate General of Customs Valuation, 7th Floor, Custom House, Karachi.

10. The Collectors of Customs may kindly ensure that the values given in this Valuation Ruling are applied by the concerned staff without fail. Any anomaly observed may kindly be brought to the notice of this Directorate immediately. Customs values determined in the Ruling are for the description and specification as mentioned in the table of this Ruling. PCT Codes are mentioned for illustrative purposes 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 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 15 of the Customs Act, 1969 or any other law in vogue therein.

11. *This Valuation Ruling supersedes the Valuation Ruling No.1805/2023 dated 14-09-2023.*


(Fayaz Rasool Maken)
Director

Copy for information to: -

- 1) The Member Customs (Operations), Federal Board of Revenue, Islamabad.
- 2) The Director General, Customs Valuation, Custom House, Karachi.
- 3) The Chief Collector of Customs, Appraisalment (South), Custom House, Karachi.
- 4) The Chief Collector of Customs, Enforcement (South), Custom House, Karachi.
- 5) The Chief Collector of Customs, Appraisalment (Central), Custom House, Lahore.
- 6) The Chief Collector of Customs, Enforcement (Central), Custom House, Lahore.
- 7) The Chief Collector of Customs (North), Custom House, Islamabad.
- 8) The Chief Collector of Customs, Baluchistan, Custom House, Quetta.
- 9) The Chief Collector of Customs, Khyber Pakhtunkhwa, Custom House, Peshawar.
- 10) The Director General, Intelligence and Investigation (Customs), FBR, Islamabad.
- 11) The Director General, PCA & Internal Audit, Karachi.
- 12) The Director General, IOCO, Karachi
- 13) The Director, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.
- 14) The Director, Transit Trade, Custom House Karachi
- 15) The Director, Directorate of Customs Valuation, Lahore/Quetta/Peshawar.
- 16) The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WeBOC database system.
- 17) The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
- 18) The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
- 19) The Karachi Customs Agents Group, Bohri Road, Karachi.
- 20) The Webmaster, Federal Board of Revenue, Islamabad.
- 21) Guard File.