

The Collectors of Customs, Collectorates of Customs (Appraisement – West)/ Appraisement – East / SAPT / Appraisement – Port Muhammad Bin Qasim / Enforcement / JIAP), Karachi / Hyderabad/ (Appraisement/Enforcement), Quetta/Gawadar/ Khuzdar (Appraisement/ Enforcement/ AIIA), (Appraisement East/West), Lahore, Faisalabad/ Appraisement, Sargodha/ Enforcement, Sambrial (Sialkot)/ Enforcement, Multan/ Islamabad/ Gilgit-Baltistan/ (Appraisement/ Enforcement), Peshawar/ Enforcement, Dera Ismail Khan/Exports (Port Qasim/Custom House, Karachi)/Transit Trade. Karachi.

DETERMINATION OF CUSTOMS VALUES OF OLD AND USED MOBILE PHONES (WITHOUT ANY PACKING AND ACCESSORIES) IN COMMERCIAL QUANTITY UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969.

(VALUATION RULING NO. 1858/2024)

No.Misc/01/V-KHI/2024/VII/183

Dated: 28-02-2024

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

2. **Background of the valuation issue:** The Directorate of Customs Valuation, Karachi, received Collectorate of Customs Allama Iqbal International Airport (AIIA), Lahore's letter C.No. 04/APR/AFU/02/2024/83 dated 15.01.2024 in which issue of valuation of commercial import of Old and Used Mobile Phones was referred to this Directorate. The issue was that the commercial importers of Old and Used Mobile Phones contested that Valuation Ruling No. 1834/2023 dated 06.12.2023 was not applicable on their imported goods as the mobile phones imported by them were purchased from auction / markets dealing in used / second hand mobile phones without any packing or accessories. Hence, this Directorate, after scrutiny of the matter in detail and analysis of import data of Old and Used Mobile Phones, decided to issue a new Valuation Ruling for Old and Used Mobile Phones in commercial quantity. Therefore, an exercise has been undertaken by the Directorate to determine the same.

3. **Stakeholders' participation in determination of Customs values:** Meeting was convened on 31-01-2024 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 participants also submitted their proposals and the same were considered for valuation of the subjects goods. The stakeholders requested that the values of Old and Used Mobile Phones in commercial quantity should be determined in a new Valuation Ruling as currently subject goods are being imported in huge quantities and are being cleared on data which sometimes causes disputes as to appropriate valuation of the subject goods.

4. **Analysis / Exercise done to determine Customs values:** For the purpose of analysis, clearance data of last two years of subject goods was retrieved and scrutinized. During the

said period, there are a good number of import Goods Declarations (GDs) of iPhone 11 Pro Max, iPhone 11 Pro and iPhone 11 wherein majority of cases are assessed at US\$ 340, US\$ 300 and US\$ 250 per piece, respectively. Similarly, in case of iPhone 8 Plus and iPhone 8 majority of GDs are assessed at US\$ 98 and US\$ 95 per piece, respectively. Same trend has been observed in other imported used mobile phones. Moreover, it is also observed that the Rupee appreciated in last six months viz a viz US dollar but assessed values of mobile phones show a downward trajectory. For instance, in September 2023, interbank exchange rate of USD was 307, whereas, in Feb 2024, interbank exchange rate of USD is 280. All the above noted data/figures/trends have been taken into account to determine the Customs values of the subject goods.

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 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. The import data of Old and Used Mobile Phones in commercial quantity for the last 90 days was examined. However, Declared Values (DV) of both identical and similar goods 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 only yield results to some extent because of variations 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 Old and Used Mobile Phones. Finally, the Customs values of the subject goods have been determined under Section 25(9), read with Section 25(5), 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 Customs Act, 1969 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 Old and Used Mobile Phones (without any packing and accessories) in commercial quantity *hereinafter specified*** shall be assessed to duty / taxes at following Customs Values:

Sr. No	BRAND	Model	Customs Value C&F in USD \$/Piece
(1)	(2)	(3)	(4)
1	APPLE	USED IPHONE 12 PRO MAX	425

2	APPLE	USED IPHONE 12 PRO	395
3	APPLE	USED IPHONE 12	300
4	APPLE	USED IPHONE 11 PRO MAX	390
5	APPLE	USED IPHONE 11 PRO	355
6	APPLE	USED IPHONE 11	285
7	APPLE	USED IPHONE XS MAX	225
8	APPLE	USED IPHONE XS	210
9	APPLE	USED IPHONE XR	195
10	APPLE	USED IPHONE X	185
11	APPLE	USED IPHONE 8 PLUS	125
12	APPLE	USED IPHONE 8	115
13	APPLE	USED IPHONE 7 PLUS	110
14	APPLE	USED IPHONE 7	105
15	APPLE	USED IPHONE SE (3RD GENERATION)	125
16	APPLE	USED IPHONE SE (2ND GENERATION)	105
17	APPLE	USED IPHONE SE	100
18	SHARP	USED SHARP AQUOS R3	90

Note 1: Old and Used Mobile Phone (without any packing and accessories), of models specified in Column (3) above, imported in commercial quantity shall be assessed on the Customs values given in Column (4) above.

Note 2: Old and Used Mobile Phone should be activated 6 months before exportation to Pakistan which should be declared by the importer and verified by the respective assessing officers of the Collectorate.

Note 3: For assessment of brands and models of Old and Used Mobile Phones which are imported in commercial quantity but are not mentioned in table above, the clearance collectorates are advised to assess those under Section 25 (5) & (6) of the Customs Act, 1969.

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 is rescinded or revised by the competent authority in terms of Sub-Sections (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 the Valuation Ruling, for the given description of goods, are applied by the concerned assessing officers / officials without fail. Any anomaly observed may kindly be brought to the notice of this

Directorate immediately. The Customs values determined in this ruling are for the descriptions and specifications as mentioned in Para-6 of this Ruling. HS Codes are mentioned for illustrative purposes so that Valuation Ruling is made accessible to the assessing officers. The assessments shall be finalized on the basis of correct classifications after fulfilling all formalities related to importability or other certifications required thereon.


(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 General, Transit Trade, Custom House Karachi
- 14) The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.
- 15) The Director, Transit Trade, Custom House, Karachi.
- 16) The Director, Directorate of Customs Valuation, Lahore /Quetta/Peshawar.
- 17) The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs &WEBOC database system.
- 18) The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
- 19) The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta &Peshawar.
- 20) The Karachi Customs Agents Group, Bohri Road, Karachi.
- 21) The Webmaster, Federal Board of Revenue, Islamabad.
- 22) Guard File.