



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
7TH FLOOR, CUSTOM HOUSE
KARACHI
Phone: 021-99214144

C. No. Misc/01/2014/I/872

Dated: 08-08-2024

VALUATION RULING NO. 1903/2024

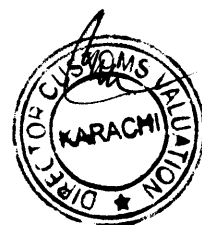
1. This ruling supersedes Valuation Ruling No. 1884/2024 dated 30-05-2024.
2. This Ruling shall be applicable until the same is rescinded or revised in terms of sub-section (4) of Section 25A of the Customs Act, 1969.
3. The revision petition against this Valuation Ruling, can be filed under Section 25D of the Customs Act, 1969, within 30 days before the Director General, Customs Valuation.
4. The values in valuation ruling shall be applicable to the given description and specification of goods.

Subject: DETERMINATION OF CUSTOMS VALUE OF CANNED MUSHROOM UNDER SECTION 25A OF THE CUSTOMS ACT, 1969.

1.	Valuation Ruling	Redetermination / revision of values of earlier Valuation Ruling No. 1884/2024 dated 30.05.2024 Challenged U/s 25 D of the Customs Act, 1969.
2.	Date of meetings with stakeholders	The meetings with relevant stakeholders were conducted on 08.08.2024 & 20.08.2024

3. **Background of the Issue:** The Directorate had issued Valuation Ruling No. 1884/2024 dated 30.05.2024 which was subsequently challenged by the importers before the Director General, Valuation, Karachi under section 25-D of the Customs Act, 1969. The Director General, Valuation vide its Order-In-Revision No. 49/2024 dated 29.07.2024 has observed that the impugned VR was issued on the basis of value of unsigned proforma invoice which should have been evaluated with the actual clearance data. It is directed that the Directorate to re-visit the values of canned mushroom afresh after affording opportunity of hearing to the stakeholders. Previously, the impugned valuation ruling was issued u/s 25 (7) read with 25 (9) of the Customs Act, 1969. Accordingly, in pursuance of analysis of import data, current market trends, the difference in market prices and customs values, an exercise for the re-determination of customs values of subject goods was initiated under Section 25 and 25A of the Customs Act, 1969.

4. **Analysis to determine Customs Values:** The importers contended that the values of canned mushrooms were determined at a very high price and it should be maintained at a previous determined value. Moreover, they explained in detail that primary source of mushroom imports is China. China is a major producer and exporter of mushrooms,



including dry and canned varieties. China's mushroom production has surged in response to rising demand, growing from 15-20 MT to an impressive 1300 MT. This increase in production capacity has led to a reduction in mushroom prices. They further contended that the customs values should be decreased and actual value of subject item must be reduced due to the current international market prices and due to higher exchange rate of dollar which has affected their business and sales in the market due to high inflation rate. Whereas, manufacturers, on the other hand, argued that prices of canned mushrooms are higher in the international market and they also submitted pro-forma invoices previously. Manufacturers also argued that the canned mushrooms are supplied locally at higher prices at higher profit margins.

5. **Method (s) adopted to determine Customs values:** Valuation methods, provided in Section 25 of the Customs Act, 1969, were applied in sequential order. The transaction value method as provided in sub-section (1) of Section 25 of the Customs Act, 1969, was found inapplicable as declared values do not correspond to market prices. The values of Identical and similar goods as per sections 25 (5) & (6) ibid could not be solely relied upon due to absence of absolute demonstrable evidence of qualities and quantities of commercial level etc. A market enquiry as envisaged under Sub-Section (7) of Section 25 of the Customs Act, 1969 was conducted as per procedure of Office Order No. 17/2014 dated 19-03-2014. Various wholesale and retail markets were visited and the actual prices of subject goods were acquired and by adjusting the amounts of profits, the C&F value was determined under Section 25(7) of the Customs Act, 1969 read with customs rule 121(2) of the Customs Rules, 2001, which are as under:


6. **Customs values for Canned Mushroom** -*hereinafter specified* shall be assessed to duty / taxes on the Customs values given against them in the Table below: -

Sr. No.	Description of Goods	PCT Code	Proposed PCT Code for WeBOC	Origin	Customs Values (C&F) (USD/Kg) Net Weight
(1)	(2)	(3)	(4)	(5)	(6)
1.	Canned Mushroom	2003.1000 2003.9000	2003.1000 .1000 2003.9000 .1000	All origins	0.87



7. In cases, where declared values or values in invoice retrieved from the consignment, as the case may be, are higher than the customs values determined in this valuation ruling, the assessment shall be made on higher values in terms of sub-section (1) of Section 25 of the Customs Act, 1969.

8. In case of consignments imported by air, the difference between air freight and sea freight shall be added for the assessment of value.
9. The VR shall be applicable for the descriptions and specifications of goods as mentioned in the aforementioned table. HS Codes are mentioned for illustrative purposes.
10. The Collectorates of customs shall ensure the implementation of VR and in case of any anomaly may be brought to the notice of this Directorate immediately.


(Sanauallah Abro)
Director

Copy for necessary action and implementation:

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

Copy for information:

- 1) The Member Customs (Operations), F.B.R., Islamabad.
- 2) The Director General, Customs Valuation, Custom House, Karachi.
- 3) All Chief Collectors / Director Generals of Customs, Karachi / Lahore / Islamabad / Quetta / Peshawar.
- 4) All Collectors / Directors of Customs, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.
- 5) The Director, Directorate of Customs Valuation, Lahore / Quetta / Peshawar.
- 6) The Deputy Director (MIS), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WEBOC database system.
- 7) The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
- 8) The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
- 9) The Karachi Customs Agents Group, Bohri Road, Karachi.
- 10) The Webmaster, Federal Board of Revenue, Islamabad.
- 11) Guard File.