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GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI
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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 CUSTOMS VALUES OF INORGANIC CHROME PIGMENTS PCT 3206.2010 UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. 1531 / 2021)

C. No. Misc/01/2020-II/ 1329 Dated: 04-05-2021

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, the Customs values of Inorganic Chrome Pigments under PCTs (3206.2010) are determined as follows:

2. **Background of the valuation issue:** Earlier customs values of Inorganic Chrome Pigments were determined vide Valuation Ruling No. 1522/2021 dated 11-03-2021, that was challenged before the Director General under section 25-D of the Customs Act, 1969. The Director General vide Order in Revision No. 14/2021 dated 30-03-2021 set aside the said valuation ruling with the directions to issue a fresh Valuation Ruling after giving proper opportunity of hearing to all the stakeholders. Therefore, this Directorate General initiated an exercise for determination of Customs Values of the subject goods in terms of Section 25-A of the Customs Act, 1969.

3. **Stakeholders' participation in determination of values:** Meetings were scheduled and held on 11-03-2021, 08-04-2021, 20-04-2021 &28-04-2021, which were attended by different stakeholders. The participants were requested to submit following documents before or during the course of meeting so that customs values could be determined: -

i. Invoices of imports during last three months showing customs 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.

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iv. Copies of Sales Tax Invoices issued during the last four months showing the difference in price (excluding duty and taxes) to substantiate their contentions.

During the meetings, the stakeholders were of the view that there is a considerable price difference in the values of the subject goods manufactured in different countries owing to the differences in costs of production, availability and quality of local raw materials and labor costs etc. Inorganic Chrome Pigment is an intermediary product used, inter alia, in the paint, printing ink, plastic and synthetic leather industries and is also used for road marking. The representative of M/s. Poplon Industries produced a number of emails showing correspondences/ negotiations on the price of pigments with manufacturers of different countries including China and Malaysia etc. They then produced a chart showing the negotiated prices. The representatives of M/s ICI admitted that prices of Malaysia are as per the document produced by M/s. Poplon Industries but avoided refuting Chinese prices on the pretext that they are not importing from China. He also admitted that there is an increase in the prices of the impugned goods during the last few months due to Covid pandemic but contended that the prevailing trend being un-natural should not be made basis of Valuation. He advised to wait for the markets to settle down at routine business norms and then determine the values.The view points of the participants wereheard in detail and the documents submitted by them were considered to arrive at Customs values of the subject goods.

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 because requisite information was not available as per law. The wide variation of values displayed in the import data as available on record also strengthened the aforementioned fact. Hence requisite information under law was not available to arrive at the transaction value. Therefore, 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. The same provided some reference values but could not be exclusively and solely relied upon. In line with the statutory sequential order of Section 25, this office conducted market inquiries under sub-Section (7) of section 25 of the Customs Act, 1969, however, this method of valuation could not be exclusively relied upon. Therefore, valuation method vide Section 25(8) was examined for valuation but the same also could not be applied as conversion cost from the

constituent material and allied expenses, at the country of export were not available for manufacturing of the subject goods. Finally, clearance data, market information and international prices through internet were examined thoroughly and the information so gathered were utilized and analyzed for determination of customs values of the subject goods under Section 25 (9) of the Customs Act, 1969.

5. **Customs values for Inorganic Chrome Pigments under PCTs (3206.2010)** *hereinafter specified* shall be assessed to duty/taxes on the minimum Customs values as under:

Sr. No.	Description of goods / items	Color, Shades	Origins	PCT	Proposed PCT for WeBOC	Customs Values (C&F) USS/Kg
1	Inorganic Chrome Pigments	Yellow (Middle, Lemon)	China	3206.2010	3206.2010.1000	4.50
2			Other Origins		3206.2010.1100	5.00
3		Molybdate (Orange, Scarlet)	China		3206.2010.1200	6.00
4			Other Origins		3206.2010.1300	6.50

6. In cases where declared / transaction values are higher than the Customs values determined in this Ruling or higher evidential data is available of stipulated period of 90 days, the assessing officer shall apply those values in terms of Sub-Section 25(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.

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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 mis declaration 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 Valuation Ruling No. 1522/2021 dated 11-03-2021.

(Shafique Ahmed Larki)
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 (Appraisement & 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.