



GOVERNMENT OF PAKISTAN  
DIRECTORATE GENERAL OF CUSTOMS VALUATION  
CUSTOM HOUSE, KARACHI

**The Collector of Customs**, Collectorate of Customs, (Appraisement - West / Appraisement - East/ Appraisement - Port Muhammad Bin Qasim / Enforcement / JIAP), Karachi / Hyderabad / (Appraisement / Enforcement), Quetta / Gawadar / (Appraisement / Enforcement / AIIA), Lahore/Appraisement, Faisalabad/Appraisement, Sambrial(Sialkot)/Enforcement, Multan / Islamabad/ Gilgit -Baltistan / (Appraisement / Enforcement), Peshawar / Enforcement, Dera Ismail Khan/ Exports (Port Muhammad Bin Qasim/Custom House), Karachi.

**DETERMINATION OF CUSTOMS VALUES OF COPPER SCRAP UNDER SECTION 25A OF THE CUSTOMS ACT, 1969.**

1550  
**(VALUATION RULING NO /2021)**

C. No. Misc/01/2021-VI/735

Dated: 20-09-2021

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

2. **Background of the valuation issue:** A reference was received from, M/s Mughal Iron & Steel Industries Limited, for determination of customs value of Copper Scrap, so far not covered in any other valuation ruling, as a single item. Therefore, an exercise to determine the Customs values of the subject goods afresh was initiated under section 25A of the Customs Act, 1969.

3. **Stakeholders' participation in determination of Customs values:** Meeting was held on 26-08-2021, which was attended by various stakeholders including the representatives of trade bodies i.e. FPCC&I & KCC&I, manufacturers, importers as well as representatives of Clearance Collectorates. All the participants were requested to submit following documents so that correct customs values could be determined:-

- i) Invoices of imports during last three months 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 three months showing the value of item in question.
- iv) Copies of Sales Tax Invoices issued during last four months 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.

4. During the meeting commercial importers argued that there was no need for determining values of Copper Scrap, as its value had already been determined (in the form of compressor scrap and motor scrap) vide Valuation Ruling No.1547/2021, dated 06-08-2021.



They contended that value of Compressor Scrap was determined not only on the basis of iron & steel scrap but also on the basis of percentage of copper in it. However, manufacturer i.e. M/s Mughul Iron & Steel Industries Limited was of the view that values of copper scrap as a single item should be separately determined on the basis of London Metal Exchange (LME), giving discount of secondary quality. Again importers of copper scrap argued that LME prices are for prime quality and not for copper scrap, and neither the scrap can be taken as of secondary quality and hedging copper scrap value with LME would complicate the criteria. However, it was noted during the meeting that the London Metal Bulletin (LMB) explicitly provides on regular basis the prices of copper scrap as a separate item. The documents submitted by the stakeholders, arguments advanced during meeting, LME price trends and imports data were examined for determination of customs value of subject goods.

5. **Method adopted to determine Customs values:** Valuation methods given in Section 25 of the Customs Act, 1969 were applied sequentially to address the valuation issue at hand. Transaction value method provided in Section 25 (1) of the Act *ibid* was found inapplicable because the required information under the law was not available. Identical and Similar goods valuation methods provided some reference values but could not be relied upon due to variation in data. Market enquiry as envisaged under Sub-Section (7) of Section 25 of the Act was also conducted but could not yield reliable results as prices varied according to selling points in the market. Online values were also checked. Computed value method as provided in Section 25(8) could not be applied for valuation of the aforesaid goods because of variation in the countries of origins, ports of shipments and possible attachments given the nature of the item being traded globally. All the information so gathered was evaluated and, analyzed for the purpose of determination of customs values. Consequently, reliance was placed upon Sub-Section (9) of Section 25 of the Customs Act, 1969, for the determination of customs values, along with proviso to Section 25A *ibid* inserted vide Finance Act, 2021.

6. **Customs values hereinafter specified** shall be assessed to duty / taxes at the following minimum Customs Values:-

Sr. No.	Description of goods	Origin	PCT	Proposed PCT for WeBOC	Customs Values (C&F) (US\$ per MT)
(1)	(2)	(3)	(4)	(5)	(6)
1	Copper Scrap (as a single separate item)	All Origins	7404.0090	7404.0090.1000	LME price published in LMB, plus actual freight.
2	Copper Scrap attached with Ferrous Scrap (Excluding Motor/Compressor Scrap)	All Origins	7204.4990	7204.4990.1000	LME prices published in LMB for respective contents of Copper Scrap and each material attached less up to 25% discount on account of wastage and processing cost, plus actual freight.



3	Copper Scrap with plastic or other content that becomes wastage	All Origins	7404.0090	7404.0090.1100	LME price of Copper Scrap published in LMB, less 10% discount on account of processing charges & wastage, plus actual freight.
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7. For the purposes of assessment, the average price shall be calculated for the LME prices of copper scrap or other constituent materials (composite materials) attached, published in LMB for the whole month prior to opening of L/C or contract or B/L whichever is applicable. The average price so obtained plus the actual freight shall be the minimum customs value for assessment of copper in the next month.

8. 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.

9. **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-Section (4) of Section 25-A of the Customs Act, 1969.

10. **Revision of the value determined vide this Valuation Ruling:** 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 issuance of this ruling, before the Director General, Directorate General of Customs Valuation, 7th Floor, Custom House, Karachi.

11. The Collectors of Customs may kindly ensure that the values given in this Valuation 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. Customs values determined in the ruling are for the description and specification as mentioned in the above table of this Ruling. HS 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 certification 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.

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(Syed Fawad Ali Shah)  
Director

Copy for information to: -

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