



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

The Collectors of Customs, Collectorate of Customs, (Appraisement - West / Appraisement - East / Appraisement - Port Muhammad Bin Qasim / Enforcement JIAP / Export / Export PMBQ), 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.

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

(VALUATION RULING NO 1567 /2021)

No.Misc/03/2012-VI/ 1148

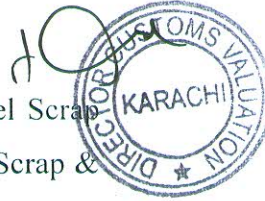
Dated:- 17 -11-2021

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

2. **Background of the valuation issue:** Earlier the customs values of Iron & Steel Scrap (Remeltable / HMS Scrap / Shredded Scrap / Re-Rollable Scrap, Compressor & Motor Scrap & other Scraps were determined vide Valuation Ruling No.1547/2021, dated 06-08-2021. However, the importers filed review petitions before the Director General Customs Valuation who, vide Order-in-Revision No. 30/2021 dated 24-09-2021 set aside the said Valuation Ruling in the following terms:

- i. *Revisit customs values of different types of scrap detailed at serial Nos. 01 and 02 (of the table in Para-6 of impugned ruling) for re-determination of customs values and where deemed appropriate to link them with prices published in LMB. Further, Iron & Steel RE-meltable Scrap, Shredded Scrap, HMS Scrap, Press Bundle Scrap etc. need to be separately indicated (with appropriate PCT heading). This exercise to be completed within aforementioned time frame.*
- ii. *The Director Customs Valuation shall take into account the freight difference between sea and land routes (i.e. imports through land route from Iran and Afghanistan) while determining customs values in respect of the items mentioned in Para-6 of the impugned ruling.*

Number of representations were also received wherein it was contended that the fixed values in the ruling were causing problems to importers at the clearance stage because the international



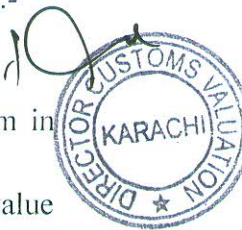
market prices vary with demand and supply factor. Moreover, it was also brought into the notice that prices of scrap are also published in London Metal Bulletin (LMB), for Pakistan imports which may be utilized to ensure transparency, fairness and uniformity in assessment. Therefore, an exercise to determine 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:** Meetings were held on 21-10-2021, 06-11-2021 & 12-11-2021 with stakeholders including the representatives of trade bodies i.e. FPCC&I & KCC&I, GCC&I, QCC&I, Pakistan Steel Melters Association, Pakistan Steels Re-Rolling Mills Association and individual firms. 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. Most of the participants of the meeting contended that the absolute values determined on the basis of London Metal Bulletin are causing problems to the importers at the time of clearance stage. They further stated that the values may be determined separately for different types of scraps / 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 Customs Act, 1969 was conducted but could yield no results as prices varied according to selling point in the market. Online values were also checked. Since the manufacturers' costs and raw material prices of producing the goods in question in the country of exportation were not available. Computed value method as provided in Section 25(8) could not be applied for valuation of the aforesaid goods. 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. London Metal Exchange (LME) prices of different types of scrap were checked from the London Metal Bulletin (LMB), within the meanings of proviso to sub-section (1) of 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: -

S.No.	Description of goods	PCT	Proposed PCT for WEBOC	Origin	Customs Values (C&F) (Per MT)
(1)	(2)	(3)	(4)	(5)	(6)
01.	Aluminium Broken Parts without Iron attachments (including Aluminum Beverage Can Scrap)	7602.0090	7602.0090.1000	All Origins (by sea)	LME price published in LMB for Aluminum Scrap, plus actual freight
02.	Aluminium Broken Parts with Iron attachment	7602.0090	7602.0090.1100	All Origins (by sea)	85% of the LME price published in LMB for Aluminum Scrap, plus 15% of the LME price published in LMB for iron & steel shredded scrap, plus actual freight
03.	Aluminium Auto Parts Scrap (unserviceable)	7602.0010	7602.0010.1000	All Origins (by sea)	85% of the LME price published in LMB for Aluminum Scrap, plus 15% of the LME price published in LMB for iron & steel shredded scrap, plus actual freight

NOTE 1: For imports made through Land Routes, 35% discount on LMB on account of freight from values mentioned at column 6 of the above table shall be allowed and thereafter actual land freight charges incurred for respective land import station shall be added.

NOTE 2: For the purpose of LMB prices for Pakistan Imports, the applicable price shall be taken from the date of Purchase Contract, L.C. opening date or Bill of Lading issuance date, whichever is available in the said sequence.

NOTE 3: This ruling is not applicable on aluminium cable cutting scrap. However, the Collectorates may determine the values of aluminium cable cutting scrap under Section 25 of the Customs Act, 1969 keeping in view the LME prices of content ratios of aluminium and other metals as deemed appropriate.

7. 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.

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

9. **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 issue of this ruling, 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 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 tables above 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.

11. ***This ruling supersedes Valuation Ruling No.1547/2021 dated 06-08-2021.***


(Syed Fawad Ali Shah)
Director

Copy for information to: -

- 1) The Member Customs (Policy/Operations), F.B.R., Islamabad.
- 2) The Director General, Customs Valuation, Custom House, Karachi.
- 3) The Chief Collector of Customs, South (Appraisalment), Custom House, Karachi.
- 4) The Chief Collector of Customs, South (Enforcement), 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), 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 Director General, Transit Trade, Custom House Karachi
- 12) The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.
- 13) The Director, Transit Trade, Custom House Karachi
- 14) The Director, Directorate of Customs Valuation, Lahore.
- 15) The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WEBOC database system.
- 16) The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
- 17) The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
- 18) The Karachi Customs Agents Group, Bohri Road, Karachi.
- 19) The Webmaster, Federal Board of Revenue, Islamabad.
- 20) Guard File.