

To: The Karachi Customs Agents Association (KCAA)

Behar Roach
Karachi



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

The Collectors of Customs, Collectorate of Customs, (Appraisalment - West / Appraisalment - East / Appraisalment - Port Muhammad Bin Qasim / Enforcement JIAP / Export / Export PMBQ), Karachi / / Hyderabad / (Appraisalment / Enforcement), Quetta / Gawadar / (Appraisalment / Enforcement / AIIA), Lahore / Appraisalment, Faisalabad / Appraisalment Sambrial (Sialkot) / Enforcement, Multan / Islamabad / Gilgit - Baltistan / (Appraisalment Enforcement), Peshawar / Enforcement, Dera Ismail Khan.

DETERMINATION OF CUSTOMS VALUES OF RIDE-ON TO SECTION 25A OF THE CUSTOMS ACT, 1969.

(VALUATION RULING NO. 1892 /2024)



No. Reg. Mis/01/2007-IX/610

Dated: 12-06-2024

In exercise of the powers conferred under Section 25A of the Customs Act, 1969, the Customs values of Ride-on Toy cars/bikes are determined as follows:

2. **Background of the valuation issue:** Earlier, the Customs values of Ride-on Toy cars/bikes were determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No.1703/2022 dated 07-12-2022. However, different stakeholders requested to re-determine Customs values afresh in line with values prevalent in the international market. Therefore, an exercise has been undertaken by this Directorate to determine the same.

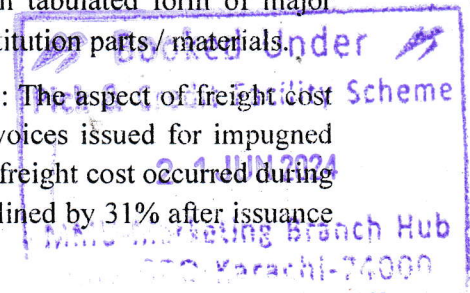
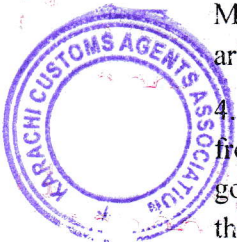
3. **Stakeholders' participation in determination of Customs values:** Meetings were convened on 29-04-2024 & 21-05-2024 which were attended by all the relevant stakeholders. The issues pertaining to the valuation of the subject goods were deliberated upon in detail in the afore-referred meeting. The stakeholders submitted their proposals and the same were considered pertaining to the valuation of subject goods. The importers contended that the customs values of Ride-on Toy cars/bikes determined vide Valuation ruling No. 1703/2022 dated 07-12-2022 are higher and the same need to be revised according to prevailing international prices. M/s Mehnas Enterprises contested that bumper cars are specified under PCT heading 9508.2300 (UOM is per unit). These cars are used in amusement parks and cannot be termed as toy. Their weight is normally between 100 to 200 kgs and assessment made on the basis of Kgs as per impugned VR has resulted in exorbitantly high amount of duty and taxes equal to duties payable on 800 cc vehicle. Weight of their car is normally between 100 to 200 Kg and on various websites their prices range between US\$ 600 to 800 per unit/ Piece. M/s Farsha Traders requested that after issuance of impugned VR No 1703/2022, their import had reduced to zero and requested for rationalization and re-determination of customs value of Ride-on Toys, so that they could begin import of the same. M/s Farsha Traders also submitted suggested customs values in tabulated form of major articles imported by them on the basis of actual values of the constitution parts / materials.

4. **Analysis / Exercise done to determine Customs Values:** The aspect of freight cost from China was checked through websites as well as freight invoices issued for impugned goods imported from China. The analysis showed that increase in freight cost occurred during the last 2 to 3 years. Moreover, quantity of toys imported has declined by 31% after issuance

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Mehmood ul Hasan Awan
General Secretary
Karachi Customs Agents Association

GOVERNMENT OF PAKISTAN
Directorate General of
Customs Valuation
Custom House, Karachi.



24/05/2024

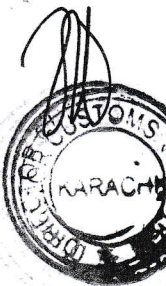


of VR No.1703/2022 dated 07-12-2022. Import data analysis shows that increase in import volume & duty /taxes is negligible. Subsequently, market inquiry has been conducted and examined in the light of this Directorate's Office Order No.17/2014 dated 19-03-2014 and in terms of Section 25 (7) read with Section 25(9) of the Customs Act, 1969, which supported the stance of the stakeholders that value of Ride-on Toys has reduced considerably.

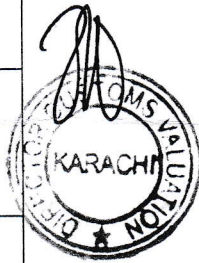
5. **Method (s) adopted to determine Customs values:** Valuation methods specified in Section 25 of the Customs Act, 1969, were duly applied in sequential order to arrive at the Customs values of subject goods. The transaction value method as provided in sub-section (1) of Section 25 of the Customs Act, 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. The data provided some reference; however, it was found that the same could not be solely relied upon due to absence of absolute demonstrable evidences of quantities and qualities. Information available was, hence, found incomplete. Subsequently, similar goods value method provided in Section 25(6) was examined for applicability to determine Customs value of subject goods. However, Declared Values of similar goods had shown 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 Ride-on Toy cars/bikes. Finally, the Customs values of the subject goods have been determined under Section 25(9), read with Section 25(7), 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 Ride-on Toys cars/bikes:** Ride-on Toy cars/bikes hereinafter specified, shall be assessed to duty / taxes at the Customs values as per the following table:-

| Sr. No | Description of Goods | Category | Specifications | PCT | Proposed PCT for WeBOC | Origin | Custom Values (C&F) US\$/Kg |
|------------|----------------------|----------------|---|-----------|------------------------|---------------|-----------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | Toys | Ride-On Toys | Simple Pedal Type / Push Type | 9503.0010 | 9503.0010.1000 | China | 1.99 |
| | | | | 9503.0090 | 9503.0090.1000 | | |
| | | | Simple Pedal Type / Push Type (Branded) | 9503.0010 | 9503.0010.1100 | Other Origins | 4.15 |
| | | | | 9503.0090 | 9503.0090.1100 | | |
| Swing Type | 9503.0010 | 9503.0010.1200 | All origins | 6.64 | | | |
| | 9503.0090 | 9503.0090.1200 | | | | | |
| Swing Type | 9503.0010 | 9503.0010.1300 | China | 9.35 | | | |
| | 9503.0090 | 9503.0090.1300 | | | | | |



| Sr. No | Description of Goods | Category | Specifications | PCT | Proposed PCT for WeBOC | Origin | Custom Values (C&F) US\$/Kg |
|--------|----------------------|----------|---|------------------------|----------------------------------|----------------------------------|-----------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| | | | | 9503.0010 9503.0090 | 9503.0010.1400 9503.0090.1400 | Other Origins | 18.70 |
| | | | Swing Type (Branded) | 9503.0010 9503.0090 | 9503.0010.1500 9503.0090.1500 | All origins | 27.20 |
| | | | Tricycles | 9503.0010 9503.0090 | 9503.0010.1600 9503.0090.1600 | China | 2.38 |
| | | | | 9503.0010 9503.0090 | 9503.0010.1700 9503.0090.1700 | Other Origins | 4.68 |
| | | | | Tricycles (Branded) | 9503.0010 9503.0090 | 9503.0010.1800 9503.0090.1800 | All origins |
| | | | Battery Operated / Electric Scooters | 9503.0010 9503.0090 | 9503.0010.1900 9503.0090.1900 | China | 3.74 |
| | | | | 9503.0010 9503.0090 | 9503.0010.2000 9503.0090.2000 | Other Origins | 4.23 |
| | | | Battery Operated / Electric Scooters (Branded) | 9503.0010 9503.0090 | 9503.0010.2100 9503.0090.2100 | All origins | 11.62 |
| | | | Battery Operated / Electric Hover Boards / Self balancing scooter | 9503.0010 9503.0090 | 9503.0010.2200 9503.0090.2200 | China | 9.80 |
| | | | | 9503.0010 9503.0090 | 9503.0010.2300 9503.0090.2300 | Other Origins | 13.65 |
| | | | Battery Operated / Electric Hover Boards / Self balancing scooter (Branded) | 9503.0010 9503.0090 | 9503.0010.2400 9503.0090.2400 | All origins | 25.20 |
| | | | Battery Operated / Electric Cars | 9503.0010 9503.0090 | 9503.0010.2500 9503.0090.2500 | China | 3.65 |
| | | | | 9503.0010 9503.0090 | 9503.0010.2600 9503.0090.2600 | Other Origins | 5.81 |
| | | | Battery Operated / Electric Cars (Branded) | 9503.0010 9503.0090 | 9503.0010.2700 9503.0090.2700 | All origins | 9.96 |
| | | | Battery Operated / Electric Heavy Bikes | 9503.0010 9503.0090 | 9503.0010.2800 9503.0090.2800 | China | 25.50 |
| | | | | 9503.0010 9503.0090 | 9503.0010.2900 9503.0090.2900 | Other Origins | 42.50 |



| Sr. No | Description of Goods | Category | Specifications | PCT | Proposed PCT for WeBOC | Origin | Custom Values (C&F) US\$/Kg |
|--------|----------------------|----------|--|------------------------|----------------------------------|--------------------|-----------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| | | | Battery Operated / Electric Heavy Bikes (Branded) | 9503.0010 9503.0090 | 9503.0010.3000 9503.0090.3000 | All origins | 68.00 |
| | | | Battery Operated / Electric Heavy Cars | 9503.0010 9503.0090 | 9503.0010.3100 9503.0090.3100 | China | 46.75 |
| | | | | 9503.0010 9503.0090 | 9503.0010.3200 9503.0090.3200 | Other Origins | 68.00 |
| | | | Battery Operated / Electric Heavy Cars (Branded) | 9503.0010 9503.0090 | 9503.0010.3300 9503.0090.3300 | All origins | 127.50 |
| | | | Bumper Cars | 9503.0010 9503.0090 | 9503.0010.3400 9503.0090.3400 | China | 4.70 |
| | | | | 9503.0010 9503.0090 | 9503.0010.3500 9503.0090.3500 | Other Origins | 8.00 |
| | | | Battery Operated Ride-on Car / Bike Body only | 9503.0010 9503.0090 | 9503.0010.3600 9503.0090.3600 | Respective origins | 70 % of complete unit value |
| | | | Battery Operated Ride-on Car / Bike Body with seat | 9503.0010 9503.0090 | 9503.0010.3700 9503.0090.3700 | Respective origins | 75% of complete unit value |
| | | | Battery Operated Ride-on Car / Bike Body with seats and wheels | 9503.0010 9503.0090 | 9503.0010.3800 9503.0090.3800 | Respective origins | 80% of complete unit value |
| | | | Battery Operated Ride-on Car / Bike Body with seats, wheels and steering wheel | 9503.0010 9503.0090 | 9503.0010.3900 9503.0090.3900 | Respective origins | 85% of complete unit value |
| | | | Battery Operated Ride-on Car / Bike (CKD Condition) | 9503.0010 9503.0090 | 9503.0010.4000 9503.0090.4000 | Respective origins | 90% of complete unit value |



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-section (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 this Valuation Ruling are applied by the concerned staff without fail. Any anomaly observed may kindly be brought to the notice of this Directorate immediately. Customs values determined in the Ruling are for the description and specification as mentioned in the table above of this Ruling. PCT Codes are mentioned for illustrative purposes so that values in Valuation Rulings 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 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 15 of the Customs Act, 1969 or any other law in vogue therein.

11. *This Ruling supersedes the Valuation Ruling No. 1703/2022 dated 07-12-2022.*



(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, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.