

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

DETERMINATION OF CUSTOMS VALUES OF SUBMERSIBLE MOTORS UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. 1869 /2024)

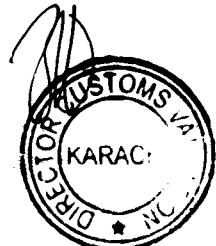
No. Misc/28/2016-VII/ **1325**

Dated: **02-04-2024**

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

2. Background of the valuation issue: Earlier, the Customs values of submersible motors were determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No.990/2016 dated 13-12-2016. Representation was received from HMA Pumps (PVT) LTD in this Directorate in which he requested to initiate process of issuance of Valuation Ruling related to Submersible Motors as previous Valuation Ruling of Submersible Motors is more than six years old and there is under invoicing in the import of the subject good. Moreover, he requested to include per Kg criteria to circumvent under invoicing of subject good as similar criteria is mentioned in VR No 1323/2018 dated 05.09.2018 of submersible pump. Similarly, Board's letter No C. No 3(32)/S/ Val & Audit/21 dated 28.12.2023 was also received in this office to revisit Valuation Ruling No. 990/2016 dated 13.12.2016. Therefore, an exercise has been undertaken by the Directorate to determine the same.

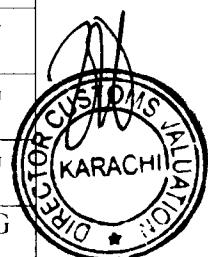
3. Analysis / Exercise done to determine Customs Values: In this regard, meetings dated 08-11-2023, 29-11-2023 and 17-01-2024 have been held in the Directorate of Customs Valuation, Karachi. Representative of Collectorate of Customs Appraisement (SAPT) also submitted FIR Copy of FIR No.03/2023 issued by R&D Section of the Collectorate in which importer tried to evade duty/tax by mis-declaration of description/specification/KWs of imported stainless steel submersible motors by way of pasting false/forged label of stainless steel submersible motors in order to evade legitimate government revenues by avoiding the correct application of the VR 990/2016 (which is based on KW). Ninety (90) days' clearance data has been retrieved and the same has been scrutinized. 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.



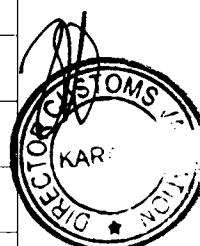
4. **Method (s) adopted to determine Customs values:** Valuation methods specified in Section 25 of the Customs Act, 1969, are duly considered in sequential order to arrive at the Customs values of subject goods. The transaction value method as provided in sub-section (1) of Section 25 of the Customs 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. However, it was found that the same could not be solely relied upon due to absence of demonstrable evidences of quantities and qualities. Information available was, hence, found incomplete. Subsequently, similar goods value method provided in Section 25(6) was also examined for applicability to determine Customs values of subject goods. The import data of Submersible Motors for the last 90 days was examined. However, Declared Values (DV) of both identical and similar goods showed 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 Submersible Motors. 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.

5. **Customs Values for Submersible Motors:** hereinafter specified, shall be assessed to duty / taxes at the Customs values as per following Table:

S.No	Description of goods	PCT	Proposed PCT for WeBOC	Origin	Customs Values (C&F) US\$/KW/KG Whichever is higher	
1	2	3	4	5	6	7
1	Submersible Motors (Stainless Steel) (up to 4 KW)	8501.5210	8501.5210.1000	China	38/KW	4.0/KG
			8501.5210.1100	Europe	77/KW	8.1/KG
			8501.5210.1200	Other Origins	49/KW	4.2/KG
2	Submersible Motors (Stainless Steel) (Above 4 KW and up to 11 KW)	8501.5210	8501.5210.1300	China	35/KW	5.0/KG
			8501.5210.1400	Europe	72/KW	10.2/KG
			8501.5210.1500	Other Origins	43/KW	5.2/KG
3	Submersible Motors	8501.5210	8501.5210.1600	China	27/KW	5.0/KG



	(Stainless Steel) (Above 11 KW and up to 15 KW)		8501.5210.1700	Europe	57/KW	10.2/KG
			8501.5210.1800	Other Origins	31/KW	5.2/KG
4	Submersible Motors (Stainless Steel) (Above 15 KW and up to 37 KW)	8501.5210	8501.5210.1900	China	21/KW	5.3/KG
			8501.5210.2000	Europe	44/KW	10.9/KG
			8501.5210.2100	Other Origins	22/KW	5.5/KG
5	Submersible Motors (Stainless Steel) (Above 37 KW and up to 65 KW)	8501.5210	8501.5210.2200	China	15/KW	5.5/KG
			8501.5210.2300	Europe	30/KW	11.2/KG
			8501.5210.2400	Other Origins	16/KW	5.7/KG
6	Submersible Motors (Stainless Steel) (Above 65 KW)	8501.5210	8501.5210.2500	China	08/KW	6.0/KG
			8501.5210.2600	Europe	17/KW	12.1/KG
			8501.5210.2700	Other Origins	09/KW	6.2/KG
7	Submersible Motors (Cast Iron) up to 4KW	8501.5290	8501.5290.1000	China	23/KW	2.4/KG
			8501.5290.1100	Europe	46/KW	4.9/KG
			8501.5290.1200	Other Origins	35/KW	2.5/KG
8	Submersible Motors (Cast Iron) (Above 4KW and up to 11 KW)	8501.5290	8501.5290.1300	China	21/KW	3.0/KG
			8501.5290.1400	Europe	43/KW	6.1/KG
			8501.5290.1500	Other Origins	25/KW	3.1/KG
9	Submersible Motors (Cast Iron) (Above 11 KW and up to 15 KW)	8501.5290	8501.5290.1600	China	16/KW	3.0/KG
			8501.5290.1700	Europe	34/KW	6.1/KG
			8501.5290.1800	Other Origins	18/KW	3.1/KG
10	Submersible Motors (Cast Iron) (Above 15 KW and up to 37 KW)	8501.5290	8501.5290.1900	China	12/KW	3.2/KG
			8501.5290.2000	Europe	26/KW	6.4/KG
			8501.5290.2100	Other Origins	13/KW	3.3/KG
11	Submersible Motors (Cast Iron) (Above 37 KW and up to 65 KW)	8501.5290	8501.5290.2200	China	09/KW	3.3/KG
			8501.5290.2300	Europe	18/KW	6.7/KG
			8501.5290.2400	Other Origins	10/KW	3.4/KG



12	Submersible Motors (Cast Iron) (Above 65 KW)	8501.5290	8501.5290.2500	China	05/KW	3.6/KG
			8501.5290.2600	Europe	10/KW	7.3/KG
			8501.5290.2700	Other Origins	06/KW	3.7/KG

6. 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.

7. **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 are rescinded or revised by the competent authority in terms of sub-section (4) of Section 25A of the Customs Act, 1969.

8. **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.

9. 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 of this Ruling. PCT 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 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.

10. *This Ruling supersedes Valuation Ruling No. 990/2016 dated 13-12-2016.*



(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, Appraisement (South), Custom House, Karachi.
- 4) The Chief Collector of Customs, Enforcement (South), Custom House, Karachi.
- 5) The Chief Collector of Customs, Appraisement (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.
- 14) The Director, Transit Trade, Custom House Karachi
- 15) The Director, Directorate of Customs Valuation, Lahore/Quetta/Peshawar.
- 16) The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WeBOC database system.
- 17) The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
- 18) The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
- 19) The Karachi Customs Agents Group, Bohri Road, Karachi.
- 20) The Webmaster, Federal Board of Revenue, Islamabad.
- 21) Guard File.