GOVERNMENT OF PAKISTAN
REVENUE DIVISION
CENTRAL BOARD OF REVENUE
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C.No.1(25)S(Val)/98 Islamabad, the 30th December, 1999.

CUSTOMS GENERAL ORDER NO. 57/99

Subject :- IMPLEMENTATION OF THE NEW SYSTEM OF VALUATION BASED ON TRANSACTION VALUE.

With effect from 1st January 2000, the new system of valuation or transaction value under the WTO agreement of Customs Valuation is being implemented. The ITP based system of valuation with cease to operate with effect from 1st January,2000. In order to ensure a smooth changeover to the new system, the following steps has been taken:-

i) Necessary notification SRO-------------(I)/99 dated 28.12.1999 to give effect to revised sections 25 and 30 of the Customs Act,1969, has been issued by the Federal Government.

ii) Customs Pulses to regulate the Valuation of imported goods in accordance with the new system have been issued by the Board vide SRO------------(I)/99 dated 24.12.1999.

iii) In order to assist the Customs staff and trade, valuation data Base has been created. The Data Base of major items of imports has been prepared jointly by Valuation Department and Appraisement Collectorate Custom House, Karachi taking into account the following sources:
   a) Evidence of physical imports over the last three months.
   b) ITP valuation manual.
   c) Valuation advices issued in the recent past

2. The Data Base should not be taken as a substitute of ITP. It is intended to facilitate the acceptance of the declared values and to bring about transparency in those cases where Customs values may need to be enhanced. For use of Data Base, the following guidelines may be followed.

i. In those cases where the declared value is equal to or higher than the evidential values given in the Data Base, the Appraising Officer is to accept the declared values in terms of Article of the new system.

ii. Where the declared value is lower than that given in the Data Base, then the declared value should be scrutinized further. In such cases where the declared value is less by up to 5%, the Principal Appraiser can accept such variations.

iii. In case where the variation is more than 5% but less than 10%, the B/E should be submitted to the Assistant / Deputy Collector who can decide such cases on the merit of each case.

iv. If the variation is more than 10%, then all such cases should be submitted to the Additional Collector. The Additional Collector shall decide such cases on his own either finally or provisionally under section 81 of the Customs Act. 1969. All such cases which can not be decided bv

Additional Collector shall be referred to Valuation committee. The Committee will meet each Tuesday at 1400 hrs and will consist of the following members:-

a) Additional Controller of Valuation Karachi/Lahore (Chairman). In case of Dry Ports, Collector of Customs or Additional Collector may chair such Committees.
b) A representative of concerned Collectorate.
c) A representative of the relevant Association.
d) Any other person, on the invitation of the Chairman of the Committee, whose presence may be considered useful for resolving the issue under consideration.

3. The Valuation Committee shall decide the Customs value of imported goods keeping in view the provisions of section 25 of the Customs Act, 1969, read with Valuation Rules. In case of disagreement the issue shall be referred to the Valuation Committee of Appeals consisting of the following:-

i) Controller of Customs Valuation.
ii) Nominee of the relevant Collectorate.
iii) Nominee of the F.P.C.C.I.
iv) Nominee of the concerned Chamber of Commerce & Industry.

4. In the following cases, Transaction Values as declared in the bill of entry should be accepted:

i) Commodities where the incidence of taxes is less than 10% except such commodities, which are excluded from the system.
ii) Goods imported by the Federal/Provincial Governments, government/semi-governmental organizations and diplomatic missions.
iii) Goods of such individuals/companies which are at present being cleared under the immediate clearance system.

5. For keeping the Valuation Data Base up to date, the annexed procedure shall be adopted.

(MUHAMMAD ARSHAD)
CHIEF (CUSTOMS TARIFF)

Annex to CGO No. 57/99

SUBJECT: PROCEDURE REGARDING PREPARATION,IMPLEMENTATION AND MONITORING OF VALUATION DATA BASE (VDB)

The following procedure regarding preparation, finalization and implementation of Valuation Database shall be followed:

A. **PREPARATION OF VALUATION DATABASE:**

1. Valuation Department will finalize all the VDB values in the Computer System by 31st December 1999.
2. Master copy of the Valuation Database will be printed in the following format:
HS CODE VDB NO. DESCRIPTION ORIGIN VALUE CURRENCY UNIT OF MEAS URE
3. The entire Valuation Database will be placed on internet and made publicly available w. e. f. 1.1.2000.

B. **IMPLEMENTATION:**

1. At the time of appraisement, the Appraiser will seek assistance from valuation Database available in the Computer System and process the bill of entry in one of the following modes:

Modes

V Assessment is made as per Valuation Database.

L The assessment is made at lower value than database value.

H The assessment is made at higher value than database value.

D The assessment is made as per declaration, where the item is not listed in Valuation Database.

A The assessment is made as per I.T.P.(for bills on entry filed prior to 1.1.2000)

2. The Appraising Officer will write 5-digits VDB No. if not mentioned by the Clearing Agent/Importer on the bill of entry. However the VDB No. in case of assessment Type-V, L & H will invariably be fed to the Computer System by the Appraising Officer at the time of assessment.

C. **MONITORING SYSTEM:**

1. Following reports on weekly basis will be generated for regular updating of the valuation Database:
    i. Items, which were available in Valuation Database, but assessed at lower value.
    ii. Items available in VDB but assessed at higher value.
    iii. Items imported without reference to VDB No.
    iv. Items assessed at VDB.

2. Valuation Department will modify Valuation Database on fortnightly basis for onward updating on Internet.

3. A report showing the upward and downward revisions in Valuation Database by Valuation Department along with the additions made will be generated.