

**GOVERNMENT OF PAKISTAN
(REVENUE DIVISION)
CENTRAL BOARD OF REVENUE

C. No. 9(6)/99-CB

Islamabad, the 2nd October, 1999.

CUSTOMS GENERAL ORDER NO. 39/99

Subject: INSURANCE CHARGES AS PART OF CIF VALUE OF IMPORTS FOR PURPOSE OF ASSESSMENT OF DUTIES AND TAXES.

According to section 25 of the Customs Act, 1969, the "normal value" of imported goods is determined on the basis of certain assumptions which inter alia, include actual insurance charges. However, over a period of time it was observed that certain unscrupulous importers in collusion with insurance companies declared ridiculously low insurance charges, causing loss to the government inchequer by evasion of duties and taxes leviable on the insured goods. Thereafter as a routine practice 1% of normal value of the imported goods was taken as insurance charges for the purpose of calculation of actual value of the goods.

2. Certain importers have recently requested that instead of addition @1% of normal values, actual insurance premium should again be taken into account as they insure their goods through well reputed insurance companies. The matter has been examined in the Board and it is felt that importers and insurance companies may be related in business, or through parent holding companies, therefore declaration of false and excessively low insurance charges remains a distinct possibility.

3. In view of the aforesaid and in order to provide equal treatment, it is hereby ordered that if the insurance cost of an imported consignment is declared less than 1% of the normal value as determined under section 25 of the Customs Act, 1969; the minimum such cost shall be added at the rate of 1% in order to compute the normal value for assessment purposes, irrespective of the origin of the import or status of the importer and the insurance company. In case the declared insurance cost is more than 1% of the normal value, it may be added on actual basis.

4. This supersedes all previous orders practices on the subject.

**(Dr. Naeem Ajaz Qureshi)
Secretary (Customs Budget)**