

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

Islamabad, the 18th June, 2001

**NOTIFICATION
(CUSTOMS)**

S.R.O. 450(I)/2001.-¹[In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), section 50 of the Sales Tax Act, 1990, section 40 of the Federal Excise Act, 2005 and section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Board of Revenue is pleased to make the following rules, namely:-]

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**CHAPTER IX
VALUATION**

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**SUB-CHAPTER-111
PRIMARY METHOD OF VALUATION**

113. Price actually paid or payable.-(1) The price actually paid or payable is the total payment made or to be made by the buyer to or for the benefit of the seller for the imported goods. The payment need not necessarily take the form of a transfer of money. It may be made by way of letter of credit or negotiable instruments, or by cash or credit or partly by cash and partly by credit and may be made directly or indirectly. As example of an indirect payment would be the settlement by the buyer, whether in whole or in part, of a debt owned by the seller

(2) Activities undertaken by the buyer on his own account, other than those for which an adjustment is provided in sub-section (2) of section 25 of the Act are not considered to be an indirect payment to the seller, even though they might be regarded as of benefit to the seller. The costs of such activities shall not, therefore, be added to the price actually paid or payable in determining the value of imported goods.

(3) The customs value of imported goods shall not include the following charges or costs, provided that they are distinguished from the price actually paid or payable for the imported goods, namely:-

- (i) charges for construction, erection, assembly, maintenance or technical assistance undertaken after importation of goods such as industrial plant, machinery or equipment;
- (ii) the cost of transport after importation; and
- (iii) duties and taxes in Pakistan.

(4) The price actually paid or payable refers to the price of the imported goods. Thus the flow of dividends or other payments from the buyer to the seller, which do not relate to the imported goods, shall not be part of the customs value.

(5) Charges for interest under a financing arrangement entered into by the buyer and relating to the purchase of imported goods shall not be regarded as part of the customs value provided that,

- (a) the charges are distinguished from the price actually paid or payable for the goods;

¹ Existing preamble substituted and shall be deemed always to have been so substituted vide SRO 831(I)/2018 dated 2nd July, 2018. At the time of substitution was as under:-
“In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), the Central Board of Revenue is pleased to make the following rules, namely:--”

- (b) the financing arrangement was made in writing; and
- (c) where required, the buyer can demonstrate that,
 - (i) such goods are actually sold at the price declared as the price actually paid or payable; and
 - (ii) the claimed rate of interest does not exceed the level for such transactions prevailing in the country where, and at the time when, the finance was provided.

Explanation.-The provisions of clause (c) shall apply regardless of whether the finance is provided by the seller, a bank or another natural or legal person. It shall also apply, if appropriate, where goods are valued under a method other than the transaction value.

(6) In determining the customs value of imported carrier media bearing data or instructions, only the cost or value of the carrier medium itself shall be taken into account. The customs value shall not, therefore, include the cost or value of the data or instructions, provided that this is distinguished from the cost or the value of the carrier medium.

Explanation.-For the purpose of this sub-rule, the expression “carrier medium” shall not be taken to include integrated circuits, semiconductors and similar devices or articles incorporating such circuits or devices and the expression “data or instructions” shall not be taken to include sound, cinematic or video recordings.]