

**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-IV
SECONDARY METHODS OF VALUATION**

119. Deductive value method.-(1) For the purposes of this rule, the expression "unit price at which goods are sold in the greatest aggregate quantity" means the price at which the greatest number of units is sold in sales to persons who are not related to the persons from whom they buy such goods at the first commercial level after importation at which such sale takes place.

Explanation -(i) When goods are sold on the basis of a printed or advertised price list which grants favourable unit prices for purchase made in larger quantities, the unit price at which goods are sold in the greatest aggregate quantity shall be ascertained as per the following example:-

Sale quantity.	Unit price.	Number of sales.	Total quantity sold at each price.
One to ten units.	100	10 sales of 5 units. 5 sales of 3 units.	65
Eleven to twenty five units.	95	5 sales of 11 units.	55
Over twenty five units.	90	1 sale of 30 units. 1 sale of 50 units.	80

Note- In this example, the greatest number of units sold at a price is eighty therefore; the unit price in the greatest aggregate quantity is ninety.

(ii) In case when there are two separate sales. For example, in the first sale five hundred units are sold at a price of ninety-five currency units each. In the second sale four hundred units are sold at a price of ninety currency units each. In this example, as the greatest number of units sold at a particular price is five hundred, therefore, the unit price of the greatest aggregate quantity shall be ninety-five.

(iii) In case where various quantities are sold at various prices. For example:-

(1) Sales:

Sales Quantity.	Unit Price.
(1)	(2)
40 units	100

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:--"

30 units	90
15 units	100
50 units	95
25 units	105
35 units	90
05 units	100

Total quantity sold.	Unit Price.
(1)	(2)
65	90
50	95
60	100
25	105

Note.-In this example, the greatest number of units sold at a particular price is sixty-five; therefore, the unit price in this greatest quantity is ninety.

(2) Any sale in Pakistan, as provided in sub-rule (1), to a person who supplies directly or indirectly free of charge or at reduced cost for use in connection with the production and sale for export of the imported goods any of the elements specified in clause (c) of sub-rule (2) of section 25 of the Act shall not be taken into account in establishing the unit price for the purposes of sub-section (7) of section 25 of the Act.

(3) For the purposes of the rules, the phrase "profit and general expenses" as used in sub-clause (i) of Clause (a) of sub-section (7) of section 25 of the Act, shall be taken as a whole for the purpose of determination of value. The figure for the purposes of this deduction shall be determined on the basis of information supplied by or on behalf of, the importer unless his figures are inconsistent with those obtained in sales in Pakistan, of the same class or kind of goods. Where the importer's figures are inconsistent with such figures, the amount for profit and general expenses may be based upon relevant information other than that supplied by, or on behalf of, the importer.

(4) Local taxes payable by reason of the sale of the goods for which a deduction is not made under sub-clause (iv) of clause (a) of sub-section (7) of section 25 of the Act shall be deducted under sub-clause (i) of clause (a) of that sub-section.

(5) In determining either the commissions of the usual profits and general expenses under clause (a) of sub-section (7) of section 25 of the Act, the question whether certain goods are "of the same class or kind" as other goods must be determined on case to case basis by reference to the circumstances involved. Sales in Pakistan of the narrowest group or range of imported goods of the same class or kind, which includes the goods being valued, for which necessary information can be provided, should be examined. For the purposes of sub-section (7) of section 25 of the Act "goods of the same class or kind includes goods imported from the same country as the goods being valued as well as goods imported from other countries.

(6) For the purpose of clause (b) of sub-section (7) of section 25 of the Act, the "earliest date" shall be the date by which sales of the imported goods or of identical or similar goods are made in sufficient quantity at the established unit price.

(7) Wherever the method of Valuation provided in clause (c) of sub-section (7) of section 25 of the Act is used, deductions made for the value added by further processing shall be based on objective and quantifiable data relating to the cost of such work. Accepted industry formulas, recipes, methods of construction, and other industry practices would form the basis of the calculations.

(8) The method of valuation provided in clause (c) of sub-section (7) of section 25 of the Act shall normally not be applicable when, as a result of the further processing, the imported goods lose their identity. However, there can be instances where, although the identity of the imported goods is lost, the value added by the processing can be determined accurately without reasonable difficulty. on the other hand, there can also be instances where the imported goods maintain their identity but

form such a minor element in the goods sold in Pakistan that the use of this valuation method would be unjustified. Accordingly, each situation of this type must be considered on a case to case basis.