

GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

File No. DG (V)/Val.Rev/44/2017

Dated 17th May, 2017

**Order in Revision No. 340/2017 Under Section 25-D of the Customs Act, 1969
against Valuation Ruling No. 1023/2017 dated 30-01-2017**

- i. This copy is granted free of charge for the private use of the person to whom it is issued.
- ii. An appeal against this Order-in-Revision lies to the Appellate Tribunal, Customs having jurisdiction, under section 194-A of the Customs Act, 1969, within stipulated period as prescribed under the law. An appeal should bear a court fee stamp of Rs.1000/- (Rupees one thousand) only as prescribed under schedule-II item 22 of the Court Fee Act, 1870 and must be accompanied by a copy of this Order.
- iii. An extra copy of appeal, if filed, should simultaneously be sent to this office for information and record.
- iv. If an appeal is filed, the appellant should state whether he desires to be heard in person or through an advocate.

M/s. Grace Chemicals

..... PETITIONER

VERSUS

Director, Customs Valuation, Karachi

..... RESPONDENT

Date(s) of hearing

11-04-2017 & 16-05-2017

For the Petitioners

None

For the Respondent

Mr. Abdul Majeed, Assistant Director,
Mr. Hafiz M. Jikhio, Principal Appraiser,

This revision petition was filed under Section 25-D of the Customs Act, 1969 against Customs value determined vide Valuation Ruling No.1023/2017 dated 30-01-2017 issued under Section 25-A of the Customs Act, 1969, inter alia, on the following grounds:

2. That the prices of Sec Butyl Acetate, Ethyl Acetate in the Valuation Ruling No.1023/2017 dated 30-01-2017 is on higher side. They are regular importer from China.
3. The respondent department was asked to furnish comments to the arguments submitted by the petitioner in the case. Para-wise comments on the petition are given as under:-

PARAWISE COMMENTS

- a) M/s Grace Chemicals filed Revision Petition dated 28-2-2017 against the Valuation Ruling No.1023/2017 dated 30-01-2017 and requested to revise the impugned Valuation Ruling with submission that:

“As the prices of Sec-Butyl Acetate, Ethyl Acetate in the Valuation Ruling as higher side”. However supportive document like local sales invoice, prices

from international websites or any other document are not attached with the review application to support their view point.

- b) Before issuance of Valuation Ruling, meeting of stakeholders was held on 19-01-2017. Pakistan Chemical and Dyes Merchants Associations (PDCMA) also participated in the meeting. Value of the subject items were discussed in detail and input provided during meeting was taken into consideration for determination of Customs value in the impugned Valuation Ruling.
- c) Directorate issue Valuation Ruling by adopting Valuation methods provided in Section 25 of the Customs Act, 1969 were duly followed and applied sequentially to address the valuation issue at hand. Transaction value method provided in Sub-Section (1) of Section 25 was found inapplicable because it is generally known to all that majority of invoices produced at import stage are manipulated/fabricated and hence the requisite information required under the law was not available to arrive at the correct transaction value. Identical / similar goods value method provided in Sub-Sections (5) & (6) of Section 25 ibid were examined for applicability to determine Customs value of subject goods, this data provided some references, however, it was found that the same cannot be solely relied upon due to the absence of absolute demonstrable evidence of qualities, and quantities of commercial level etc. and also it was observed that importers usually provided misleading description while declaring goods, as other types and varieties of similar goods to avoid the application of valuation ruling. Information available was, hence, found inappropriate. In line with the statutory sequential order of Section 25, this office then conducted a market inquiry using Deductive Value Method under Sub-Section (7) of the Section 25 of the Customs Act, 1969, on the ground of printed price lists issued by the local importers. However, it was found that the determination of Customs value could not be based solely upon this method either. Therefore, valuation method provided vide Section 25 (8) of Customs Act, 1969, could not be applied as the conversion cost from constituent materials and allied expenses, at country of export were are not available. Finally, PRAL database, market information and international prices through Web were examined thoroughly. All the information so gathered was analyzed for determination of Customs Value of the subject good. Consequently, the Fall Back Method as provided under Section 25(9) of the Customs Act, 1969 was applied to arrive assessable Customs values of Chemicals listed in Valuation Ruling No.1044/2017 dated, 13-02-2017.



PRAYERS

In view of the above submissions, it is therefore respectfully prayed that revision applications may please be rejected.

ORDER

4. I have gone through the record of the case and submissions made by the petitioners as well as the DR. Scrutiny of record reveals that the applicant was asked by this office vide letter of even number dated 21-03-2017 to furnish import documents but he did not furnish the requisite documents like proforma invoice, commercial invoice, bill of lading, packing list, L/C so as to enable this forum to verify truth and accuracy of his declared value. As per Rule 109 of the

Valuation Rules issued under SRO 450(I)/2001 dated 18th June 2001 (Chapter-X), in the absence of valid import documents, the burden to prove correctness of transaction value shifts to the importers/applicants. The appellant who did not furnish import documents, thus failed to substantiate cause of his grievance with conclusive evidence.

5. Hearing in the subject case was fixed for 11-04-2017 and 16-05-2017. Nobody appeared for hearing. The main thrust of their arguments in the petition was that the Valuation Department did not follow the valuation methods properly and also objected to the market inquiry conducted by the department and stated that the values determined vide impugned valuation ruling in respect of Sec. Butyl Acetate/Ethyl Acetate not reflective of the prevalent market prices. No documents were produced in support of their contention. Departmental representatives explained in detail the valuation methodologies adopted by them to arrive at the Customs values determined vide the impugned valuation ruling. In support of their contention they presented various details of their valuation exercise/ working.

6. After listening to the detailed discussions/ arguments of the respondents/petitioners and perusal of case record; it is evident that the valuation department had duly taken on board the stakeholders including importers, trade bodies i.e. Pakistan Chemical and Dyes Merchants Association (PCDMA) and representatives from clearance Collectorates while issuing the impugned valuation ruling. They were given sufficient time and opportunity to give their inputs including documentary proof/evidence to substantiate their transaction value but they failed to provide any documentary proof or fact in support of their declared values which were abysmally low. On the other hand the DR presented details of comprehensive working on record to support the values determined by them.

7. In view of aforesaid factual improprieties and legal infirmities, the review application merits no consideration and is accordingly rejected.


(Suraiya Ahmed Butt)
Director General

Registered copy to:

M/s Grace Chemicals
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63-Circular Road, Lahore.

Copy to:

1. Member (Customs), FBR, Islamabad.
2. Chief Collectors Customs Appraisalment (South)/Enforcement, Karachi/
(North) Islamabad/ (Central) Lahore.
3. Collector, MCC Appraisalment (East)/ Appraisalment (West)/Port M. Bin Qasim/
Preventive, Karachi.
4. Collector, MCC, Appraisalment/Preventive, Lahore/Quetta/Peshawar/Faisalabad/
Sambrial/Multan/Hyderabad/Islamabad/Gilgit-Baltistan/Gawadar.