

GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

File No. DG (V)/Val.Rev/940/2016

Dated: 15/12/16 December, 2016

**Order in Revision No. 273 /2016 under section 25-D of the Customs Act, 1969
against Valuation Ruling No.931/2016 dated 21-09-2016**

- 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 M.A.S Enterprises

PETITIONER

VERSUS

Director, Customs Valuation, Karachi

RESPONDENT

Date(s) of hearing

09-11-2016

For the Petitioners

Mr. Avais Shuja

For the Respondent

Mr. Iqbal Ali, Principal Appraiser



This revision petition was filed under section 25-D of the Customs Act, 1969 against customs value determined vide Valuation Ruling No.931/2016 dated 21-09-2016 issued under section 25-A of the Customs Act, 1969, inter alia, on the following grounds as reproduced below:

2. We are commercial importers & have imported electricity sub meters both digital & non-digital single phase & three phase. Proforma invoice # 16XF18007 dt. 08 Aug 2016 is attached for your perusal.
3. Transactional value is through bank & ETA Certificate from China is also with documents. We hereby state that our transactional value is 100% fair, transparent & independently available in International market. Contacts of our supplier are given in P-1 and open for verification.

4. Values given in valuation ruling are exaggerated, grossly overvalued & without any substantial support/proof badly affecting our commercial interests. All commercial importers have stopped further import until fair values are arrived at.
5. Our imported sub meters are simple in technology & used as sub arrangement b/w power utility consumer & his sub user. These are 180 degree different in nature & prices viz a viz meters being approved by power distribution companies & being procured from local assemblers/manufacturers. You may see our imported representative samples & verify our statement with other stakeholders.
6. We are also submitting sales tax invoices to support our contention.
7. Furthermore, we are ready to surrender our goods against payment at our declared value to any entity who emerges as stakeholder and is potential affectee.
8. Impugned valuation ruling has harassed commercial importers fraternity who find in no way commercially viable import of this category & resultantly illegal import will thrive at cost of legitimate import causing loss of millions of rupees to national exchequer.
9. You are also requested to verify our above submissions from market surveys. We are also submitting our commercial samples for your convenience & better understanding of product/ category.
10. We request you to declare impugned valuation ruling null & void restoring earlier issued Valuation Ruling # 565/2013 or initiate fresh exercise.
11. 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:
12. Customs Values of Electricity Meters were determined vide Valuation Ruling No.565/2013, dated 02-07-2013. As the Valuation Ruling has been notified about three years back, therefore, it needed revision in line with the prevailing prices in the international market. Hence, this Directorate General initiated an exercise for determination of customs values of Electricity Meters.



Meeting with stakeholders was held on 25-08-2016. The stakeholders had been requested to submit the following documents before during the meeting:-

- a) Invoices of imports during last three months showing factual value.
- b) Websites, names and E-mail addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained.
- c) Copies of Contracts made / LCs opened during the last three months showing the value of item in question.
- d) Copies of Sales Tax Invoices issued during last four months showing the difference in price (excluding duty and taxes) to substantiate that the benefit of difference in price is passed on to the local buyers.

14. The importers abstained from attending the schedule meeting. No documents were submitted in this Directorate General on or before the said scheduled meeting.

15. Valuation methods given in Section 25 of the Customs Act, 1969 were followed to arrive at customs value of Electricity Meters. Transaction Value Method provided in Section 25 (1) was found inapplicable owing to wide variation in the values being declared to the customs and incomplete descriptions. Identical/Similar goods valuation methods provided in Sections 25 (5) & (6) were examined for applicability to the valuation issue in the instant case which provided some reference values of the subject goods but the same could not be exclusively relied on due to wide variation in declared values of subject goods. Thereafter, market inquiry as envisaged under section 25 (7) of the Customs Act, 1969, was conducted. Different types of Electricity Meters are available in the market. Online prices were also obtained to corroborate the findings of the market surveys. Computed Value Method as provided in Section 25 (8) could not be applied for valuation of the aforementioned goods as the cost of raw material and fabrication charges under clause (a) and amount of profit and general expenses under clause (b) of Section 25 (8) of the Act, in the country of export, could not be ascertained. All the information so gathered was evaluated and analyzed for the purpose of determination of customs values of Electricity Meters. Consequently, the customs values of Electricity Meters have been determined under Section 25 (9) of Section 25 of the Customs Act, 1969.

PARAWISE COMMENTS

16. The petitioner M/s MAS Enterprises, Karachi have submitted that the customs values determined vide Valuation Ruling No. 931/2016, dated 21-09-2016, does not reflect for various kind of non-digital and digital single phase household Electricity Meters but they have not mentioned the names of various kind of meters

17. Scrutiny of the physical import data as well as local market inquiries, it reveals that their exist only single phase and three phase non-digital and digital Electricity Meters

18. As regards the importers request to initiate brought base exercise which addresses all kinds household meter, it is pointed out that suggested the existing Valuation Ruling was issued on 21-09-2016 and it may be continue at-least 90 days which are going on 21-12-2016. However, importer may be asked to furnish the detail of various kinds of meters including their import documents/evidences in support of their contention.

ORDER

19. Hearing in this case was fixed on 09-11-2016. The petitioner Mr. Awais owner of MAS Co; appeared. He contended that single phase meters were clear vide valuation ruling No. 565/2013 dt US\$ 2.37/PC, non-digital at US\$ 4.00/pc and digital meters at US\$ 8.00/pc. He said that he is willing to surrender goods at his value.

20. Principal Appraiser Valuation stated that Mian Machinery Company is owned by Mr. Avais Shuja. The department did not fix value of sub-meters (small meters) for individual use. The respondent department said that quotations were got from market but these meters were big

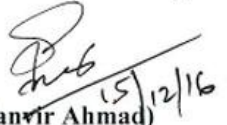


and approved by KESC and WAPDA. PA further stated that when occurs shortage occurs in the market and cannot be supplied by manufactures (M/s Syed Bhai, PEL, Siemens and Micro Tech) then KESC and WAPDA directs the consumers to buy meters themselves. The revision was filed by the present importer only. No other importer filed revision application.

21. The petitioner submitted written argument on 11-11-2016. He stated that they are importing sub-meters which are simple in technology and used as sub meters between power utility consumer of his sub user. These are mostly used in villages. These are mechanical meters and are not digital. The department was asked to complete market inquiry again.

22. Respondent department retrieved the import data from M/s PRAL showing from July 2015 showing different declared values from US\$ 1.00/pc to US\$ 2.37/pc and assessed as per existing valuation ruling. The department further stated that the values of digital meters single phase and three phase were correctly fixed, however, the values of S.No.1 mechanical non-digital is on higher side and proposed to reduce it.

23. In view of the above it is inferred that customs values of S.No.2 – 4 were determined after examining the import data and market inquiry and analyzing all informations for 3 categories. However, the values of single phase non-digital mechanical electricity meters given at S.No. 01 needs revision and is fixed at US\$ 2.50/pc and US\$ 4/pc for China and Other Origins respectively. Rest of all values given at S.No 02 to 04 are maintained.


(Syed Tanvir Ahmad)
Director General

Registered copy to:

M/s M.A.S Enterprises,
14-Mian Chamber, Shahrah-e-Liaquat, Karachi.

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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.
5. Director, Customs Valuation, Karachi/Lahore.
6. Deputy Director (HQ), Directorate General of Customs Valuation, Karachi for uploading
in One-Customs and WeBOC database.
7. Asstt. Director (Review), Karachi.
8. All Deputy/Assistant Directors (Valuation)
9. Guard File.