

GOVERNMENT OF PAKISTAN  
DIRECTORATE GENERAL OF CUSTOMS VALUATION  
CUSTOM HOUSE KARACHI

File No. DG (V)/Val.Rev/963/2016

Dated: 25 January 2017

**Order in Revision No. 295/2017 under section 25-D of the Customs Act, 1969  
against Valuation Ruling No.966/2016 dated 15-11-2016**

- 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. Asian Consumer Care Pakistan (Pvt.) Ltd..... PETITIONERS

VERSUS

Director, Customs Valuation, Karachi ..... RESPONDENT

Date(s) of hearing 21-12-2016

For the Petitioners Mr. Javed Vohra

For the Respondent Mr. Safdar Abbas, Principal Appraiser

This revision petition was filed under section 25-D of the Customs Act, 1969 against customs value determined vide Valuation Ruling No.966/2016 dated 15-11-2016 issued under section 25-A of the Customs Act, 1969, inter alia, on the following grounds as reproduced below:

2. We would like to inform your honor that we are importers of 'Dabur Honey' from India which is cleared from Customs at Lahore.

3. In the above valuation ruling 966/2016, the values determined under Section 25-A of the Customs Act, 1969 for Dabur Honey is unrealistic and un-justified. It is pertinent to note that only a single meeting was held on 03.11.2016 wherein no samples of products/brands were put-up nor discussed in length. We therefore appeal for a review petition on the following reasons.

- a. Dabur Brand Honey is of India origin, it has no other origin.
- b. The C&F prices declared are True & Correct.



- c. Dabur Brand Honey is pure 100% without any artificial flavors.
- d. Dabur Brand Honey is packed in bottles of 500/400/250/100gm packs with MRP printed. Values can be determined by any method provided in Section 25 of the Custom Act, 1969.
- e. Having exported from India, the prices could have been verified through [www.icegate.gov.in](http://www.icegate.gov.in). Bills of Export of Indian Customs provided were probably not examined.
- f. Sales Tax invoices provided had not been considered to substantiate the benefit of price difference passed on to local buyers.

4. If the said valuation ruling is not reviewed and or set aside at an earliest date, we fear and foresee heavy loss. Further closure of Dabur Honey import business. There are other objections too which we would like to table during the review meeting. We look forward to an early revision in the matter.

5. 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:

6. This Directorate General earlier issued reference values for imported Honey vide Valuation Database letter No.68 dated 31-10-2016. It is pertinent to mention here that no valuation ruling existed at that time and the subject goods were identified as being persistently under-invoiced at import stage. The import values were examined in the light of international prices and the local market and it was observed that import values were not corresponding to market realities. Consequent to the issuance of reference values, a number of importers of subject goods requested for determination of custom values of imported honey under section 25-A of the Customs Act, 1969. In order to rationalize values of subject goods, an exercise was undertaken by the Directorate General of Customs Valuation, Karachi to determine the customs values of subject goods in terms of Section 25-A of the Customs Act, 1969. A meeting was held on 03-11-2016 with stakeholders of subject goods and representatives of clearance Collectorates also participated. All the stakeholders strongly contended that a ruling under section 25A of Custom Act, 1969 be issued and the said valuation reference value-letter may be revisited in light of prevailing international and local market prices and also raised their issues regarding clearance vis-à-vis packing mode. It was also highlighted that subject goods are perishable items and therefore have a limited shelf life, consequently, near the expiry dates; these perishable items are sold in sales at discounted prices. It was further contended by the traders that since the subject goods are mainly being sold on super and general stores, therefore, a lot more expenses (shelf-rents, marketing expenses etc., Notwithstanding Honey does not get de-natured or expired in optimal conditions) are contributed at retail level which cannot be managed without adding extra value to the subject goods. The importers contended that all these factors may also be considered in determining value of subject goods. Prices are also verified on the basis of location of market in the city and date of expiry of the product in question. While determining the prices the factors like mode and nature of essential packing have also been taken into account. 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 being not as per law and also because as per internationally prescribed regulations the actual supplier invoices are mostly not found inside containers





carrying the imported goods. Hence the requisite information 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 same importers provide 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, 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 utilized and 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 at assessable customs values of Honey and valuation Ruling No.966/2016 issued on 15-11-2016 under section 25A of the Customs Act, 1969.

7. Parawise Comments

- Para (1): Need no comments being related to introduction of imported items.
- Para (2): The subject consignment is liable to assessed as per determined values which issued vide Valuation Ruling No. 966/2016 dated 15-11-2016 under section 25A of the Customs Act, 1969.
- Para (3): Needs no comments.
- Para (4 to 6): Denied. 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 being not as per law and also because as per internationally prescribed regulations the actual supplier invoices are mostly not found inside containers carrying the imported goods. Hence the requisite information 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 same importers provide 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, 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 utilized and 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 at assessable customs values of Honey and valuation Ruling No.966/2016 issued on 15-11-2016 under section 25A of the Customs Act, 1969.

It is humbly requested to set-aside the petition being devoid of merits.

8. It is respectfully prayed that the customs values of subject goods were determined after associating all the possible relevant stakeholders and following the valuation methods as laid down in section 25 of Customs Act, 1969 and finally customs values were determined under section 25(9) of Customs Act, 1969 after obtaining the local market prices and deductions of profit margin and duty & taxes. Accordingly the appeal has no merit for consideration and is liable to be rejected.

#### ORDER

9. Mr. Javed Vohra appeared on behalf of M/s Asian Consumers Pvt. Ltd. He stated that they were declaring values of US\$ 2.77 – US\$ 3.95/kg for different sizes. They have same quality.

S.No.	Weight	Importer Value	Valuation Ruling
1	500gms	2.77/kg	4.50/kg

10. The market inquiry was conducted. The Principal Appraiser of group stated that 500gm pack is sold at 455 – 490. The market inquiry prices were accepted by the importer. On the basis of their prices, work back method shows prices much less than \$ 4.80/kg. Importer stated that large packing is cheap and small pack is expensive. He said the declared value can be checked at Ice Gate of Indian website.

11. He also provided letter of credit (L/C), remittances etc. He said that they are importing Natural Honey only and compared prices with brands of Langnese from Germany US\$ 4.95/kg but is being sold in the market at Rs.765/500ml which comes to US\$ 5.28/kg. He said above prices of India and Germany have been equated despite difference in quality and freight. The Principal Appraiser accepted that the price of 'Langnese' brand is Rs.765/500 ml. as stated by the importer. The importer further said that the prices of Langnese brand has been fixed on lower side as they have not filed any Revision Petition.





12. If this is the case and prices of 'Dabur' and other brands are confirmed by the importer and the department then prices of 'Dabur' should have been fixed at low level and other brands on higher side. As an interim arrangement the prices of Dabur brand are fixed at \$ 3.25/kg for Dabur brand.

13. As the prices have not been worked out properly the case is referred back and remanded to Director Valuation for re-fixing the prices in view of above observations. He may refix values in 15 days on the basis of retail packing and as per market prices.

  
(Syed Tanvir Ahmad)  
Director General

Registered copy to:

M/s. Asian Consumer Care Pakistan (Pvt) Ltd,  
D-25, Block-5, KDA Scheme No.5, Clifton, Karachi.

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.
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.