

**GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACH**

File No. DG (V)/Val.Rev/26/2018

Dated 26th September, 2018

Order in Revision No. 33 /2018 under Section 25-D of the Customs Act, 1969
against Valuation Ruling No. 1302/2018 dated 10-05-2018

- 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. A.R. Traders & Others

..... PETITIONERS

VERSUS

Director, Customs Valuation, Karachi

..... RESPONDENT

Date(s) of hearing

19-07-18

For the Petitioners

Mr. Zohaib

Mr. Asif Malik

Mr. Abdul Razzak

For the Respondent

Mr. Abdul Hameed, Principal Appraiser,

This revision petition was filed under Section 25-D of the Customs Act, 1969 against Customs values determined vide Valuation Ruling No. 1302/2018 dated 10-05-2018 issued under Section 25-A of the Customs Act, 1969, inter alia, on the following grounds:

2. That we are importing Iron and Steel and Stainless Steel Kitchenware from several years from worldwide at serial No. 1 & 2 of the Valuation Ruling which is now @ 2.60 and 3.75/Kg. Which is very higher side than the actual purchase? Previously there was no valuation ruling in the field and goods were assessed range @ US\$ 1.00 to 1.60/Kg and there was no dispute regarding assessment of the product. Suddenly the Directorate issued the impugned valuation ruling without giving proper hearing to the stake holders. The said Ruling is very discriminatory and not sustainable

in the eyes of law therefore you are requested to consider our humble request to reduce the same on the basis of Raw Material of the product which is imported @ US\$ 0.80 US\$ 1.10/Kg.

3. That the consignment for which we were contracted to our suppliers in the month of February and March are now arrived on the Port. The Directorate without considering our view point issued the impugned valuation ruling which may kindly be set-aside and Directorate may be ordered to re-issue the said Ruling on the basis of physical ground and physical evidences in their hand.

4. The method adopted by the Department as explain in the above Valuation Ruling is as under:

Method adopted to determine Customs values: Valuation methods given in Section 25 of the Customs Act, 1969 were applied sequentially to address the valuation issue at hand. Transaction value method under sub-Section (1) of Section 25 of the Act ibid was found inapplicable because required information under the law was not available. Identical / Similar Goods Valuation methods provided in sub-Section 9%) and (6) of Section 25 of the Customs Act, 1969 were examined for applicability to the valuation issue in the instant case but the same could not be exclusively relied on due to wide variations in the declared values of the subject goods. Thereafter market enquiries as envisaged under Section 25(7) of the Customs Act, 1969 were conducted. On line prices were also obtained to corroborate the findings of the market survey. Consequently the Customs values of Iron and Steel and Stainless Steel Kitchenware (Utensils) have been determined under Section 25(7) of the Customs Act, 1969.

The method adopted deductive value is not justified and no working of the same is shown to the stake holders. The Department mentioned in para 3 of the Valuation Ruling that they have No of meetings with different stake holders but they have not mentioned even a single name of the importer are manufacturer in the said valuation ruling. The raw material which is used for the manufacturer said items is imported very cheaper side from the values determine by the Directorate. You are humbly requested the values may kindly be reduce so that stake holder can continue their business.

5. All evidences and arguments will be submitted at the time of hearing.

6. The respondent department was asked to furnish comments to the arguments submitted by the petitioners in the case. Para-wise comments on the petition are given as under:-

PARAWISE COMMENTS

Para-(1)&(2): Denied. It is submitted that the transaction value under Section 25(1) of the Customs Act, 1969, had not been accepted due to the reason that the requisite information with respect to complete description of goods, sizes, contract with the supplier, proforma invoice, L/C and proof of payment through normal banking channel etc. had not been provided by the importer at the time of exercising the determination of Customs value under Section 25A of the Customs Act, 1969. It is submitted that due to the reasons above, next valuation method in terms of Section 25(5) and 25(6) of the Customs Act, 1969, could also not be applied. However, reliance was made upon Deductive Value method as envisaged under Section 25(7) of the Customs Act, 1969. Accordingly,



local market enquiry was conducted and the Customs values of each size having different weight were determined accordingly for uniform assessment purposes.

Para-(3)&(4): Not agreed. It is submitted that the customs value of under reference goods had been determined strictly in accordance with the provisions of Section 25 of the Customs Act, 1969. Moreover, the petitioners, on the other hand, did not submit requisite import documents or any evidence to substantiate their cause of grievance and to enable this forum to verify the truth and accuracy of transaction value of the applicant. As per Rule-109 of the Valuation Rules issued under SRO No.450 (I)/2001, dated 18-06-2001 (Chapter-IX), in the absence of valid import documents, the burden to prove correctness of transaction value shifts to the importers / applicants. Online values were also checked. Since the manufacturers' costs and raw material prices of producing the goods in question in the country of exportation were not available, computed value method as provided in Section 25(8) could not be applied for valuation of the aforesaid goods. As such the impugned Valuation Ruling No.1302/2018, dated 10-05-2018, is not against the principles of law rather the same is based on factual ground realities.

Para-(5) : It is submitted that the impugned Valuation Ruling No. 1302/2018, dated 10-05-2018 is self explanatory which clearly reveals whole the process of issuance of the same. Further, it is pertinent to mention here that the Customs values in the said ruling were determined after properly holding meetings with stakeholders and after following all the valuation methods sequentially as envisaged under Section 25 of the Customs Act, 1969. The participants as well as the association were requested to provide following documents like copies of contracts made / LCs, Sales Tax Paid Invoices to substantiate their contention of decrease in market prices : -

- (i) Invoices of imports made during last three months showing factual value
- (ii) Websites, names and E-mail addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained
- (iii) Copies of contracts made / LCs opened during the last three months showing value of item in question and ;
- (iv) Copies of Sales Tax paid Invoices issued during last four months showing the difference in price to substantiate that the benefit of difference in price was passed on to the local buyers.

Instead of furnishing any documentary evidence about downfall in prices in international market, they relied upon their rhetoric of decline in international market prices. They were repeatedly requested to furnish sales tax invoices along with monthly sales tax return filed with Inland Revenue Department as sales tax invoices are authentic document to ascertain local market price and as the Customs has authority in terms of Sub-Section (11) of Section 25 of the Customs Act, 1969, to call any documents to satisfy themselves about the truthfulness or accuracy of any information or declaration made to Customs for valuation purpose. None of them submitted sales tax invoices along with monthly sales tax return, on one excuse or the other. Since the matter was lingering on, it was decided to proceed on merits in the light of available record as well as local market enquiry conducted by the Department. Import data of previous 90 days was analyzed and evaluated and after gathering all



information, the customs values have been determined in terms of Section 25(7) of the Customs Act, 1969, vide above referred Valuation Ruling.

P R A Y E R

In view of above, it is prayed that the said Valuation Ruling may be allowed to hold filed for assessment being lawful and valid. Further, transaction value cannot be accepted in absence of any tangible import documents. As such under reference petition being not maintainable is liable to be rejected accordingly.

ORDER


7. Hearing in the subject case was fixed for 19-07-18. The petitioners appeared for hearing and reiterated the same arguments as already given in their petitions. The main thrust of their arguments was that the Valuation Department did not follow the valuation methods properly and also objected to the market inquiry conducted by them, and that the values determined vide impugned Valuation Ruling No.1302/2018 dated 10-05-2018 in respect of low end brands iron and steel & stainless Steel kitchenware/utensils (magnetic and non-magnetic) do not reflect the prevalent market prices. They insisted on accepting their declared values as correct transaction value; however, no supportive documentary evidence was produced to substantiate their contention. The departmental representative (DR) explained the background of the issue that references were received from clearance Collectrates regarding imports of subject items at very low values which warranted proper investigations by the Directorate General of Valuation and determination of Customs values for assessment purpose. The DR explained in detail the valuation methodologies adopted by them to work out the Customs values determined vide the impugned valuation ruling.

8. The arguments of petitioners have been heard in detail. 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 such proof or fact in support of their declared values which were abysmally low. The petitioners could not come up with any substantive evidence to suggest that the values determined are exaggerated.

9. In view of the above mentioned record of the case, the revision petitions merit no consideration and are therefore rejected.

10. Being identical on facts and law point, this order shall apply mutatis mutandis to following (02) petitions.

Petitioners Name	File No.
M/s. S. Ejaz & Brothers	DG (V) Val.Rev/ 26/2018
M/s. Abdullah Enterprise	DG (V) Val.Rev/ 26/2018


(Suraiya Ahmed Butt)
Director General

Registered copy to:

M/s A.R. Traders

Plot No. N.P. 8/9, Ali Bhai Akbar Street, Juna Market, Karachi.

M/s S. Ejaz & Brothers

Suit# 7, 2nd Floor, Waar Centre Jodia Bazar Karachi

M/s Abdullah Enterprise

Office No. 21, Mezzanine Floor Gul Plaza M.A Jinnah road sadder , Karachi

Copy to:

1. Member (Customs), FBR, Islamabad.
2. Chief Collectors Customs Appraisement (South)/Enforcement, Karachi/
(North) Islamabad / (Central) Lahore.
3. Collector, MCC Appraisement (East) / Appraisement (West) /Port M. Bin Qasim/
Preventive, Karachi.
4. Collector, MCC, Appraisement/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. Deputy Director (Review), Karachi.
8. All Deputy/Assistant Directors (Valuation).
9. Guard File.