

GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

File No. DG (V)/Val.Rev/01/2017

Dated: 24th January, 2017

**Order in Revision No 296/2017 under section 25-D of the Customs Act, 1969
against Valuation Ruling No.964/2016 dated 11-11-2016**

- 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 Bright Industries Karachi PETITIONER

VERSUS

Director, Customs Valuation, Karachi RESPONDENT

Date(s) of hearing 12-01-2017

For the Petitioners Mr. Abdul Aziz

For the Respondent Mr. Shoaib Raza, Deputy Director
Mr. Allison Stephen, Principal Appraiser

This revision petition was filed under section 25-D of the Customs Act, 1969 against customs value determined vide Valuation Ruling No.964/2016 dated 11-11-2016 issued under section 25-A of the Customs Act, 1969, inter alia, on the following grounds:

2. That the value of Aluminum Metalized Metallic Yarn M-Type has been fixed at US\$ 4/- for China/India origin and US\$ 7/ for other origins. The raw materials used for production of the items of all origins are same. Then why there is vast difference in value of different origins.
3. That the M-type yarn pure silver coated is imported in a very small quantity and not in bulk quantity or container basis. Its price should be fixed at US\$ 21/- instead of US\$ 7/- per kg. Similarly the price of MX-Yarn pure silver coated should be fixed at US\$ 14/- instead of US\$ 9/-
4. That under valuation ruling No 876/2016 dated 23-06-2016, the value of raw material pet film uncoated film (HS Code 3920.6200) has been fixed at US\$ 1.90 for China origin and US\$



1.95 for other countries having difference of 5 Cents i.e. 2.63%. When there is nominal difference in valuation of finished product metallic yarn. Due to such a vast difference in valuation, the import of metallic yarn has become quite impossible from other countries (including Muslims countries).

5. In view of the above submission, we request that import of Aluminum Coated Metallic Yarn should be allowed from all countries at same rate.

6. 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 of Department

7. Description: Metallic Yarn is a synthetic yarn that has a metallic appearance. It contains certain metal elements which provide it with gloss and at the same time stability and tension, also called alu-metalized polyester yarn, contains a broad range of possible use covering more than 400 varieties. The metallic yarns are further diversified by the type of film, film thickness and the width and strength of the yarn. The most common end-use for metallic yarn is for up hosiery fabric and textiles.

8. Types: Major types of metallic yarn are:- M, MX, ST/TM/T type. In Pakistan M. Type and M.S. Type are imported.

(i) M is also called L further is known by flat metallic yarn and the major raw material is polyester film (based on 12 micron and width 1/69 inches = 0.368mm). Valuation ruling for polyester film is in field of US\$ 2.40/kg for China origin. Subject values are for polyester film metalized and color coated. Further process is of slitting/cutting from sheet of 0.368 widths then it becomes yarn Slitting/Cutting/Packing approx. cost is worked out to US\$ 1/kg i.e. from film to yarn the total value is worked out to approximately US\$ 3.40/kg.

(ii) MX is also called supported yarn and FX type (20 diner to 150 diner yarn).

(iii) ST type is also called MS type and TM type or Metallic or embroidery type or J type covers 150 diner yarns of polyester. Based on 12 micron and ratio of M. Type (which is based on polyester film) is 35% and rest 65% is polyester yarn of 150 FDY. Then the procedure of twisting/packing etc. 35% ratio of M. typed is worked out to US\$ 1.20/kg (from determine value of (i) above) and value of FDY Polyester yarn is U.S.\$ 0.80/kg (as per VR of Polyester Yarn). It comes to US\$ 2/kg manufacturing cost/packing material cost etc. are calculated to US Total =US\$ 3.50/kg.

(iv) Category (ii) & (iii) raw material is M+ polyester of different, Diners.

9. Import: Major import sources in Pakistan are:-



- (i) China 90%
- (ii) India 8%
- (iii) Others 2% (Japan etc.)

- (a) From China mostly different colors shades are imported but commonly are golden and silver price range from US\$ 3.00/kg to US\$ 4.20/kg
- (b) From India values range from US\$ 4.15/kg
- (c) From Japan and other origin price silver/golden metallic yarn is also imported at very lower values.

10. Beside these metallic different shades original pure golden and silver metalized yarn are also imported and are assessed under grab of values determination for shades of metallic yarn silver/golden as these are also based on 12 micron and of 150 diner therefore, cannot be determine on account of weight basis. Therefore need is felt to also determine the values of metallic yarn of pure silver/golden yarn also. Accordingly, the following structure is designed covering for new VR of different origins, types, values etc.

S.No.	Item Description	Origin	Price in US\$
1	Aluminum metalized metallic yarn china/India (All Types)	China/India	US\$ 4.00/kg
		Others	US\$ 7/kg
2	Pure Silver metalized metallic yarn (All types)	China/India	US\$ 30/kg
		Others	US\$ 40/kg
3	Pure Gold Metalized metallic yarn (All types)	China/India	U.S \$ 80/kg
		Others	US\$ 120/kg

Fact of the case are as under:

11. The values have been worked out keeping in view the following exercise and thereafter the values were determined:

- i) Scrutiny of the import data for China / India / Japan and other origins.
- ii) Market Inquiry work back prices
- iii) Zauban data
- iv) Prices referred by local manufactured along with their import proforma invoice copy of L/Cs indicating different type of metallic yarn

12. Number of importers vide their letter of dated 6th October, 2016 requested for revision of metallic yarn VR No.796/2016 dated 18-01-2016 being 90 days old and due to change in prices in the international market.

13. Several meetings were scheduled i.e. on 12-08-2016, 30-08-2016 no one appeared on the meetings finally a final meeting were scheduled on 10-11-2016 wherein all the stake holders participated including complainant M/s Lorex Industries (Local Manufacturer) and putforth their point of view regarding prevailing international prices of different origins.



14. M/s Lorex Industries (Complainant) forwarded copy of his import proforma invoices / L/Cs and the main thrust of the complainant was that the goods was misdeclaration of different types whose values varies, once the all types are mentioned in the valuation ruling the matter will be solved. Weighted was given to the contention of complainant and his suggestion was regarded.

15. Now M/s Bright Industries who are also the second factory of the same complainant owned by his son has come up with the issue that the values are determined of other origins higher than China and India as the raw material of goods are same it is submitted in this respect that values of the other origins were considered keeping in view the import evidence of imports from Japan, UK, Germany etc. wherein the declared values were found from \$7 to \$9/kg.

16. Ruling for pure silver coated metallic yarn of any type is not mentioned in the ruling because of the different reasons importability condition etc. As far the matter of difference in valuation ruling of pet film between china and other origin is concerned it is stated that pet metalized film is not used only for manufacturing of yarn but it had different multiple purposes that is packing of different products i.e. Betel Nuts, Potato Chips and other food items other than these shipping expenses of different countries are different for example Japan/Europe/China have different shipping expenses which effects their values it is not compulsory that if the difference in the pet film ruling is nominal of china and others the same may be in all imports of other items.

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17. Mr. Abdul Aziz of M/s Bright Industries Private Limited and M/s Lorex Private Limited appeared and stated that their matter relates to tariff commission of Pakistan as the duty structure of raw material of subject goods i.e. polyester fiber, aluminum wire, etc. where incident of customs duty is @20%, sales tax @20% income tax @5.5% while the tariff of finished product i.e. Metallic Yarn is 5% from Safta (India), 7% Customs duty from china (FTA), 20% Sales tax, @ 1% Income Tax. Earlier vide SRO 565 the duty was 0% on raw material but now under new taxation regime the duty structure on finished product has been changed and there is no exemption under fifth schedule for Metallic Yarn, therefore, their industries M/s Lorex and M/s Bright have been closed and they have switched over to imports of these finished goods. The import of these goods from Dubai falls in the category of "others" as per Valuation Ruling No. 964/2016 dated 11-11-2016 at the rate of US\$ 7/kg which is on very higher side than the values of China/Indian origin which is at the rate of US\$ 4/kg.

18. On a question raised to them that the said goods are not manufactured in Dubai they replied that there are some small factories and traders in Dubai imports these goods from Malaysia, Indonesia, Sri Lanka and Bangladesh. The subject goods are being imported from Dubai to survive in the market. The importers further contended they are paying the customs duty and other taxes like commercial importers but import value of US\$ 7/kg is not fair. In support of their contention they have submitted their import documents.

19. The Departmental representatives submitted several copies of GDs/ invoices of import of Japan origin goods indicating values from US\$ 7/kg to US\$ 9/kg. They further stated that 90% of



goods are imported from China, 8% from India and only 2% from other origins which includes Japan, Denmark, UK, Korea, Belgium and Germany. Although the import quantity ranging from 200 kg to 1000 kg but their values are on higher side. Furthermore, the values determined in the existing Valuation Ruling are on the higher side than suggested by the representative of local industries. The issue of M/s Bright industries only pertains to import from Dubai and they suggested that their values should be at par with the values of China /India.

20. Hearing in this case was fixed on 12-01-2017. The petitioner appeared and contested the customs values determined for Metallic Yarn vide Valuation Ruling No.964/2016 dated 11-11-2016 S.No.1 Column No. 4 "Others" value US\$ 7.00/kg. They contended that customs value for other origins @ US\$ 7/kg vide impugned Valuation Ruling No.964/2016 is on very higher side and arbitrarily enhanced without any evidence. They stated that their goods are imported from Dubai and their values should be at par with the values of China/India. In support of their contention they have forwarded the copies of their G.D.s, invoices, proforma invoices of US\$4/kg.

21. The respondent department replied that the meeting of all stakeholders was called and documentary evidence for reduced prices in international market was called but nothing was provided by them. Therefore, the department after going through the valuation methods sequentially under section 25 of the Customs Act, 1969, they have determined the customs value for others origins @ US\$ 7/kg based on evidences of import of Japan origin goods under section 25A (5)(6) of the Customs Act, 1969.

22. The record of the case has been examined thoroughly. I have considered the importers submission and import documents submitted by the manufacturer cum importer the Dubai should not fall in other origins and should not be equated with Japan. The values are therefore revised for Dubai origin @ US\$ 4.05/kg and Japan @ US\$ 7.00/kg.


(Syed Tanzeem Ahmad)
Director General

Registered copy to:

M/s Bright Industries,
Plot # S-59, Maripur Road, S.I.T.E, 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.