

GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACH

File No. DG (V)/Val.Rev/32/2019 /2768

Dated: 26th December, 2019

Order in Revision No. 23 /2019 Under Section 25-D of the Customs Act, 1969 against Valuation Ruling No. 1413/2019 dated 01-11-2019

- 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. Khan Business Trading & Others

..... PETITIONER

VERSUS

Director, Customs Valuation, Karachi

..... RESPONDENT

Date(s) of hearing

20-12-2019

For the Petitioners

Mr. Naseer Ahmed Khan (Advocate), Mr. Danial,
Mr. M. Arif Iqbal, Mr. Abdul Momin, Mr. Mujtaba,
Mr. Farhan Saeed, Mr. Naeem Sharif,
Mr. M. Waseem, Mr. Shariq Khan, Mr. Naveed Ahmed
Mr. Abdul Haseeb, Mr. Hanif Memon.

For the Respondent

Mr. Ghulam Muhammad, Deputy Director,
Mr. Nadeem Sheikh, Valuation Officer.

This revision petition was filed under Section 25-D of the Customs Act, 1969, against Customs values determined vide Valuation Ruling No. 1413/2019 dated 01-11-2019 issued under Section 25-A of the Customs Act, 1969, inter alia, on the following grounds:

2. With reference to above, this is to inform you that we are regular importers of used printing machinery & used photocopiers from all over the world in gross volume and generate revenue in millions in the account of state exchequer regularly.
3. However, above valuation ruling proposed assessment of used photocopier machine to fall under PCT 8443.3100 & 3910 (all origins) on volume of measurement in CPM.



4. In this connection, it is regretted to inform you that we do not agree with the aforesaid proposed values for assessment based upon CPM because the same stand at higher side and not comparative to previously issued valuation ruling No. 913/2016 dated 23.08.2016, which proposed assessment on weight basis @US\$ 1.65/kg (all origins). The assessed value in the subject cited valuation ruling is enhanced more than 600% than previously issued valuation ruling which does not bear any justification at all. The 90 days data of values also stand at US\$ 1.65/kg. We do not understand under what circumstances the assessed value is raised by 600% suddenly. The 60% of the brand new machine has been imposed after grant of 40% discount which does not bear any justification in the eyes of law. The values of old/used photocopiers could not be compared with brand new machines because the prices thereof vary at gross level.

5. It is not out of place to mention here that local market prices of abovementioned commodity stands @ Rs. 45000/- to Rs. 55000/unit whereas the prices in international markets stands much lower than local market prices. This fact may be verified from websites as well as by way of conduct of local market enquiry. It is not out of place to mention here that all kinds of used machineries' prices valuation criteria for assessment are proposed @ US\$ 1.65/Kg. We do not understand under what circumstances used photocopier is deleted from adopted criteria.

6. It is not out of place to mention here that online bidding of abovementioned commodity is made without prior physical inspection. The commodity usually consisting of untested assorted old version and obsolete models without warranty and without claim, and on as is where is basis. Some of the goods are found in damaged and not fit for use condition; therefore, we are unable to utilize such goods for its designated purpose except to remove workable condition parts for other machines and sale out rest of the machine as scrap.

7. In the event, if the assessed value is not revised in the light of international markets scenario and conduct of local markets enquiry, the importation of abovementioned commodity in future will be completely stopped which will result in revenue losses to state exchequer.

8. In view of the submissions furnished above please, your kind honor is therefore, requested to kindly give us an opportunity to hold a meeting with all importers/traders/stakeholders to justify and clarify the issue in length for the purposes of revision of subject cited valuation ruling within 30 days under the provision of section 25-D of the Customs Act, 1969, so that the importation of above commodity may be continued in future and oblige.

ORDER

9. Hearing held on 20.12.2019. The petitioners submitted that the impugned valuation Ruling had resulted in increase of 7-10 times for a normal lot being carried in a container. Resultantly, since the issuance of the Valuation Ruling, the importers had stopped clearance of their consignments and their containers are at the Ports under demurrage.

10. The DR was asked to consult the record and explain how the value had been determined by the Director. The VR mentions that it has been determined in terms of Section 25(7), i.e. on the basis of market survey. Therefore, the DR was asked to share the working for one of the machines. A Ricoh machine with capacity of 25 copies per minute (CPM) was selected for scrutinizing its calculation. It was found that its market price had been recorded as Rs. 48000/-. As per VR, the



assessment was @ US\$ 12 per CPM, resulting in assessable value of US\$ 400, which translates into value of Rs.62,400, which is 30% higher than the market price of duty paid product in which the profit of importer/whole seller is included. Due to this discrepancy, the price & working of a higher CPM machine was scrutinized which showed the C&F value of that machine equaled about Rs. 300,000/- whereas the market price was less than RS.100,000/-.

11. When the DR was confronted with these anomalies, it was found that the value obtained from market inquiry had not been utilized. Rather, the Director took the value of new machines of various capacities, depreciated them by a certain percentage (40% in the examined case) and determined that to be the value of used machines. This arbitrary calculation has resulted in the C&F values being determined much higher than the actual market prices.

12. Keeping in review the above stated position, the Valuation Ruling 1413/2019 is found to be issued in an arbitrary manner and not in accordance with the provisions of section 25A, read with customs Rules 2001. Therefore, in exercise of powers conferred upon me under Section 25-D of the Customs Act, 1969, I hereby order the impugned valuation Ruling No.1413/2019 to be set aside.

13. During the hearing, it was also found that most of the imports of used photocopiers originate from the US and the rest from the E.U. Due to stringent financial controls in the US, it is difficult and risky for importers to carry out misinvoicing, which is also not feasible due to low value of goods. Accordingly, the Director (Valuation) may also ponder see whether the item (used photocopier) suffers from the issue of group under-invoicing or wide variations in declarations or not. The issuance of another VR may be considered in case there are sufficient reasons to believe/justification that such a phenomena exists.


(Mukarram Jah Ansari)
Director General

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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.