



ORDER-IN-ORIGINAL NO. 418 OF 2019-2020  
M/s. Balochistan Engineering Works, Ltd  
Adj-II/Coll/SCN-410/C.Rep-31/Exp-PMBQ/GD-6434/Balochistan Engg/2019



GOVERNMENT OF PAKISTAN  
COLLECTORATE OF CUSTOMS (ADJUDICATION-II)  
11<sup>TH</sup> FLOOR, CUSTOM HOUSE, DINSHAW ROAD, KARACHI

Adj-II/Coll/SCN-410/C.Rep-31/Exp-PMBQ/GD-6434/Balochistan Engg/2019 Dated 03.02.2020

**Before** : **Muhammad Iqbal Bhawana**  
Collector  
Collectorate of Customs (Adjudication-II), Karachi

**Respondents** : I) **M/s. Balochistan Engineering Works, Ltd**  
(NTN # 0700752 & STRN # 0601870800355),  
40-C Block-06, P.E.C.H.S Karachi.

II) **M/s. Royal Impex,**  
Plot No. 2, Sector C-VIII, Phase-1,  
Karachi Export Processing Zone, Landhi Industrial Area  
Extension, Mehran Highway, Karachi.

III) **M/s. Cosmos Trading Development C.H.A.L No. 1145**

**Date of Institution** : **03-10-2019 (show cause notice)**

**Dates of hearings** : 10-10-2019, 22-10-2019, 25-10-2019, 31-10-2019, 07-11-2019,  
19-11-2019, 31-12-2019, 02-01-2020 and 07-01-2020

**Date of judgment** : **02-02-2020**

**Present**

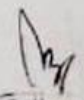
**For Respondents** : Mr. Hammad Raza Zaidi, Advocate from M/s. Revenue Advisory  
Services Karachi  
Mr. Ghulam Yaseen, Consultant

**For Department** : Mr. Muhammad Aftab, Deputy Collector along with Mr. Javed Khalid,  
Principal Appraiser  
Mr. Dost Muhammad, Superintendent appeared on behalf of the  
Directorate of Intelligence and Investigation-Custom, Karachi

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- 1) This copy is granted free of charge for the private use of the person to whom it is issued.
- 2) An appeal against this order lies with the Appellate Tribunal, Karachi, within 60 days from the date of communication of this order. The appeal shall be accompanied by a fee of Rs.1000/- (One thousand only) to be paid in the manner that may be prescribed by the Board.
- 3) The appellant should state in his Appeal if he desires to be heard in person or through a pleader.

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Collector  
Collectorate of Customs (Adjudication-II)  
Custom House, Karachi

Brief facts of the case as reported by the Model Customs Collectorate of Exports (PMBQ), Port Muhammad Bin Qasim, Karachi vide its Contravention Report No. SI/Misc.31/2019/Cus/EPZ dated 28-09-2019 are as under:-

a.	Name & Address of the importer Tariff Area.	M/s. Balochistan Engineering Works, Ltd (NTN # 0700752 & STRN # 0601870800355), 40-C Block-06, P.E.C.H.S Karachi.
b.	Name & Address of the Investor of KEPZ.	M/s. Royal Impex, Plot No. 2, Sector C-VIII, Phase-1, Karachi Export Processing Zone, Landhi Industrial Area Extension, Mehran Highway, Karachi.
c.	Name of the Custom House Agent	M/s. Cosmos Trading Development (CHAL No. 1145)
d.	Date and place of detection/examination	23.08.2019 – Export Processing Zone, Karachi.
e.	Declared Description of goods	Iron & Steel Sheets in Coils (Prime CRC) Quantity 32 Packages/Coils weighing 298.950 M/Tons vide GD No. KEPI-HC-6434-01-01-2019
f.	Bill of Lading No.	JNBGSIM1811001 dated 18.11.2018 ARONSEL1811001 dated 16.11.2018
g.	Invoice/Packing List No.	No. 1811-173 and 1811-172 both dated 12.11.2018
h.	Found Description	Iron & Steel Sheets in Coils (CRC of Secondary quality) Quantity 32 Packages/Coils weighing 298.950 M/Tons
i.	Declared PCT	7209.9090 (chargeable to Customs Duty @ 11%)
j.	Ascertained PCT	7209.1610 & 7209.1710 (chargeable to Customs Duty @ 20% Regulatory Duty @ 5%)
k.	Declared value of goods as per GD	Total USD 156949/- @ USD 525/- per M/Ton. However the assessment was made with application of prevailing LME price for prime quality goods provisionally @ US \$ 629.65/M/Ton.
l.	Ascertained Value of the goods	CRC Secondary Quality @ USD 565.64 per M. Ton Prevailing LME price for secondary goods. US \$ 172497/- (Rs. 23,994,326/-) (exchange Rate Rs @ 139.1)
m.	Leviable Duty/taxes	Customs Duty @ 20% Rs. 4,798,865/- Add. Customs Duty @ 2% Rs. 479,887/- Regulatory Duty @ 5% Rs. 1,199,716/- Sales Tax @ 17% Rs. 5,180,375/- Income Tax @ 5.5% Rs. 1,960,924/- Total Duty / Taxes Rs. 13,619,767/-
	Duty/taxes as per LME	Customs Duty @ 1% Rs. 265,029/- Add. Customs Duty @ 2% Rs. 529,466/-

		Sales Tax @ 17% Rs. 4,635,471/- Total Duty / Taxes Rs. 5,429,966/-
n.	Attempted Loss of Revenue	Rs. 8,239,380/ Note: Total leviable duty/taxes Rs. 13,619,767/- less already deposited by the importer Rs. 5,429,966/- resulted accumulated recoverable balance amount of taxes to the tune of Rs. 8,239,380/- Customs Duty Rs. 4,533,830/- Add. Customs Duty Rs. NIL Regulatory Duty Rs. 1,199,716/- Sales Tax Rs. 544,904/- Income Tax Rs. 1,960,924/- Total Rs. 8,239,380/-
o.	Nature of Offence	Sections 19, 32(1), 32(2), 32A, 79(1), 192(1) of the Customs Act, 1969 and Section 33 of Sales Tax Act, 1990 and Section 148 of Income Tax Ordinance, 2001, punishable under Clauses 10A, (14), (14A), (44), (45), (46) & (86) of Section 156(1) of the Customs Act 1969 read with SRO 655(I)/2006 dated 22.06.2006 further read with SRO 450(I)/2001 dated 13-06-2001 and Special Classification Provision 9917 and other allied laws.

2. The facts of the case leading to formulation of Contravention Report by the reporting agency and the resultant show cause notice are that M/s. Balochistan Engineering Works Limited, 40-C Block-06, P.E.C.H.S Karachi, claiming to be an industry and manufacturer filed a Goods Declaration bearing machine No. KEPI-HC-6434 dated 01.01.2019 in One Customs System for clearance of a consignment declared to contain Iron & Steel (CRC-Prime), 32 Packages/Coils weighing 298.95 MT through their designated Custom House Agent M/s. Cosmos Trading Development (CHAL 1145) for clearance thereof from M/s. Royal Impex (Pvt.) Ltd, KEPZ under PCT heading 7209.9090 (meant for prime quality goods) chargeable to Customs Duty @ 11% and also claimed the benefit of SRO 655(I)/2006 dated 22.06.2006 entitles the claimant to pay reduced rate of Customs Duty @ 1%, if otherwise admissible. The respondent submitted commercial invoices and packing lists bearing No. 1811-173 and 1811-172 both dated 12.11.2018 showing description of goods Iron & Steel Sheets (CRC) and HS Code 7209.9090 (meant for Prime quality goods) issued by M/s. Euro Steel Co Ltd., Korea, covered under Bills of Lading No. JNBGSIM1811001 dated 18.11.2018 & ARONSEL1811001 dated 16.11.2018 covering weight 598.220 MT and 587.900 MT respectively.

3. The said Goods Declaration was processed / assessed provisionally under Section 81 of the Customs Act, 1969 on the basis of declaration while applying the prevailing LME price for valuation purposes. Accordingly, the importer deposited the calculated duty & taxes to the tune of Rs. 5,429,966/- vide Cash No. 834 dated 28.03.2019 @ Customs Duty 1%, Additional Customs Duty @ 2% and Sales Tax @ 17% while claiming exemption from Income Tax valid upto 30.06.2019.

Collector  
Collectorate of Customs (I) & Excise II,  
Custom House, Karachi