

GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACH

File No. DG (V) Val. Rev/36/2019

Dated: 07th January, 2020

Order in Revision No. 01 /2019 Under Section 25-D of the Customs Act, 1969 against Valuation Ruling No. 1400/2019 dated 30-10-2019

- 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. Kohinoor Traders & Others

..... PETITIONER

VERSUS

Director, Customs Valuation, Karachi

..... RESPONDENT

Date(s) of hearing

19-12-2019

For the Petitioners

Mr. Naseem H. Zaidi, Mr. Moin Razak,
Mr. Danial Mehmood, Mr. Khalid Mehmood,
Mr. M. Altaf, Mr. Adnan Iqbal, Mr. Madan Lal,
Mr. Ilyas Ahsan Khan, Mr. Shahanshah Hasnain,
Mr. Umer Khan, Mr. Faraz, Mr. Amir,
Mr. Khalid Sharif, Mr. Wasim Ahmed.

For the Respondent

Mr. Hamood Ur Rehman, Principal Appraiser

This revision petition was filed under Section 25-D of the Customs Act, 1969, against Customs values determined vide Valuation Ruling No. 1400/2019 dated 30-10-2019 issued under Section 25-A of the Customs Act, 1969, inter alia, on the following grounds:

2. Being aggrieved and dissatisfied with Valuation Ruling No. 1400/2019 dated 30-10-2019 passed by the respondent in respect of the aforesaid valuation ruling, the petitioner prefers to file revision petition under section 25-D of the Customs Act, 1969, before the Director General Customs Valuation Karachi on the following facts and grounds.
3. That the petitioner is regular importer of the "Replacement Auto Parts" for use in various automobile vehicles imported from China, Thailand, Japan, Malaysia and other countries. Factually



in previous valuation ruling, the revision petitions were filed by various importers against the valuation ruling No. 1286/2018 dated 17-4-2018 for the revision of values in terms of Section 25D of the Customs Act, 1969. The Director General of Customs Valuation remanded the case to the Director for re-determination of the Customs values afresh as the referred valuation ruling was more than 18 months in terms of Order-In-Revision No. 13/2019 dated 18-09-2019. Consequently, the Director of Customs Valuation issued a valuation ruling No. 1400/2019 dated 30-10-2019 thereby, determining the Customs values under Section 25(7) of the Customs Act, 1969, to determine Customs values of Cam Shaft, crank shaft, Spark Plug, Lamp Light Lenses, Sealed Beam, Rubber Parts, Radiator Hose (Replacement Auto parts).

4. That the respondent abruptly enhanced the values comparing with the previous valuation ruling No. 1286/2018 without disclosing any basis of enhancement of values. Whereas the values of other parts i.e: Cam Shaft, crank shafts, Spark Plug, Lamp Light Lenses, Sealed Beam, Rubber Parts, and Radiator hose vide valuation ruling No. 1286/2018 dated 17-04-2018. However, the identical and similar goods valuation method provided in sub-Section (5) & (6) of Section 25 of the Customs Act, 1969, were not examined by the respondent, but the same had been discarded and no method of the calculation has been provided in order to arrive at the actual customs values and finally the respondent has exercised the provision of Section 25(7) of the Customs Act, 1969, however, no detail working was incorporated in said valuation ruling. However, no valuation method from rule number 113 to 121 of Custom Rules 2001 as notified vide SRO 450(I)/2001 dated 16-6-2001 was applied. The use of such breathtakingly contradictory expressions by the respondent in the impugned valuation ruling is tantamount to malafide and ulterior motives which render the impugned VR liable to be set aside out rightly.

5. It is submitted that the contents of impugned valuation ruling do not establish that the actual local market inquiry had indeed been carried out by customs functionary as suggested, no calculation method incorporated in impugned VR in order to show that cost-profit ratio the sale/purchase by importers/whole seller/dealers/retailers after proper application by work back method right from point of sale at the retailers end up to the point of purchase at the importer end.

6. The local manufacturers produce limited range of parts exclusively for use of local assemblers and supply as "OEM Parts" covering limited number of vehicles supplying to the OEM local assemblers and usually they sale at higher prices in market, therefore, poor socio-economic class group/user of old make vehicles cannot afford these parts manufactured by local manufacturers which are beyond their reach, resultantly impugned VR is irrational, not logical and the same has been issued in violation of the Rehan Umer case (2006 PTD 909) , wherein it was observed by the Honorable High Court that an exercise of market inquiry cannot be termed as legal without accommodating the view of majority of stockholders. Since the majority of users are using "Replacement Parts" therefore, the impugned valuation ruling is not applicable on the strength of judgment of Apex court.

7. From above it is clear that enhancement has been made in an arbitrary fashion without following and applying the sequential methodology of Section 25-A of the Customs Act, 1969. The fact that "replacement of new value" against previous value clearly reflects that the value have not been arrived at by means of "determination" & by means of "fixation", this unlawful act of valuation department is violation of the valuation method as stated in the provision mentioned supra.



