

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

File No. DG (V)/Val.Rev/30/2019

04th March, 2020

Order in Revision No. 07 /2020 Under Section 25-D of the Customs Act, 1969 against Valuation Ruling No. 1406/2019 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. Z. R. K Industries and others

..... PETITIONER

VERSUS

Director, Customs Valuation, Karachi

..... RESPONDENT

Date(s) of hearing

25-02-2020

For the Petitioners

M/s. Z. R. K Industries Pvt Ltd,

For the Respondent

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. 1406/2019, dated 01-11-2019 issued under Section 25-A of the Customs Act, 1969, inter alia, on the following grounds:

2. Being aggrieved by and dissatisfied with the Valuation Ruling No. 1406 of 2019 dated 01.11.2019, the petitioner prefers this revision petition under Section 25-D of the Customs Act, 1969, before this learned Authority on the following facts and grounds, namely:

3. **FACTS**

1. That the applicant is manufacturer of Medium Density Fiber Board (MDF) falling under PCT Heading 4411.1200, 4412.1300, 4412.1400 and 4412.9390 having manufacturing unit located at I.E Jamrud Road, Peshawar. The jurisdiction of this honorable forum is being invoked against the subject valuation ruling as the applicant being local manufacturer is aggrieved of the ruling that brought Customs values of the imported MDF board to the lowest ebb viz-a-viz value of the locally manufactured MDF. It is settled by the superior judiciary that valuation ruling can be issued on the request of any person who can be individual firm, company or any other local manufacturer.

Therefore, the applicant being stakeholder in the matter invokes the jurisdiction of this worthy forum.

2. That the primary duty of customs is to control the inflow and outflow of goods and to regulate tariffs, keeping in view the overall economic condition of the country including protection of local industry, curbing smuggling and to regulate the market force with regard to pricing of commodities. Customs duties are assessed by many countries according to the Brussels Definition of Value (BVD). Under this method, a normal market price, defined as "the price that a good would fetch in an open market between a buyer and seller independent of each other," is determined for each product, according to which the duty is assessed. Factual deviations from this price were only fully taken into account where the declared value was higher than the listed value. However, section 25 read with section 25-A of the Customs Act, 1969, provides for determination of value in Pakistan. Directorate General of Valuation has been created under the said law to take into account the interest of the country in importation and exportation that affect the economics of the country as well as the adverse impact on the revenue.

3. That contrary to the purposes of creation of Directorate General of Valuation, the Director Valuation passed Valuation Ruling No. 1309/2018 whereby customs values of Medium Density Fiber Board (MDF) were determined under section 25-A of the Customs Act 1969. The applicant is aggrieved of the determination of values of MDF and holds that the said valuation ruling was not in conformity with the legal provisions and killer of the local MDF industry on the following grounds.

4. That revision petition was filed against Ruling 1309/2018 before this office i.e. Director General of Valuation Karachi wherein all the lapses and international prices were highlighted but instead of determination of Customs Value on the factual position, the matter was referred to Director Customs Valuation Karachi vide Office Note No. DG (V)/Misc./1/2018 dated 23/07/2018 to revisit the Valuation of MDF Board meeting out fair treatment to all stakeholders and engaging the applicant as well as Federation's representative in the meeting. Neither action whatsoever has been taken nor any compliance of the DG's order was made.

5. That the matter was hectically perused in the office of the Director General but to no avail. To sheer surprise of the applicant, Valuation Ruling No. 1406/2019 was issued whereby the already determined values were further considerably reduced. The Statement showing reduction in customs value of different thicknesses of MDF is annexed for ready reference. The applicant being stakeholder was completely ignored. The meetings referred to in the impugned Valuation Ruling pertained to the dispute raised by the applicant on valuation ruling No. 38/2018.



