

GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACH

File No. DG (V)/Val.Rev/29/2019

3001

17th March, 2020

Order in Revision No. 10 /2020 Under Section 25-D of the Customs Act, 1969, against
Valuation Ruling No. 1418/2019 dated 02-11-2019

- 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. Clipsal Pakistan (Pvt) Ltd & Others

..... PETITIONER

VERSUS

Director, Customs Valuation, Karachi

..... RESPONDENT

Date(s) of hearing

25-02-2020

For the Petitioners

Faizan Pervez Madraswal

For the Respondent

Mr. Imtiaz Hussain Khan, Principal Appraiser

This revision petition was filed under Section 25-D of the Customs Act, 1969, against Customs value determined vide Valuation Ruling No. 1418/2019, dated 02-11-2019 issued under Section 25-A of the Customs Act, 1969, inter alia, on the following grounds:

2. This revision petition is filed against the Valuation Ruling No. 1418/2019. The Director, Directorate General of Customs Valuation has issued the aforesaid ruling and increased the value of Circuit Breakers. We are importers of Circuit Breakers and importing these items from China under the brand name of HIMEL falling under category 'C'.
3. There are three categories A, B & C in the old Valuation Ruling No. 1166/2017 dated 19-05-2017 and new Valuation Ruling No. 1418/2019 dated 02-11-2019. The values were fixed in 2017 vide valuation ruling 1166/2017. The Directorate General of Customs Valuation while converting values from weight (kg) to per piece (numbers) in the wake of new exercise by valuation department, have increased the values of our category arbitrarily. In case of Single Pole Circuit

Breaker, the values of categories A, B & C have been increased by 33%, 128% and 228% respectively, which is against the natural justice and placed our brand out of the business.

4. Perhaps there seems to be an inadvertent calculation/clerical mistake. This needs to be corrected otherwise we will go out of business. This valuation ruling has taken away the advantage of level playing field and created distortions in the market.

5. The following chart amply describes the abrupt increase of certain products without any justification and reason not known.

| Description | Category as per VR | VR No 1166/2017 19/05/2017 US\$ / Kg | Old VR 1166/2017 19/05/2017 Conversion Value US\$ / Pc | New VR 1418/2018, 02/11/2019 US\$ / Pc | Difference between Old & New VRS in Percentage % | Propose d Unit Prices |
|--|--------------------|---|---|---|--|-----------------------------|
| One Pole Circuit Breaker (China) | A | 13 | 0.98 | 1.3 | +33 | - |
| | B | 5.85 | 0.44 | 1.0 | +128 | - |
| | C | 3.05 | 0.23 | 0.75 | +228 | 0.27/Pc |
| Two Pole Circuit Breaker (China) | A | 14 | 2.17 | 2.62 | +21 | - |
| | B | 6.30 | 0.98 | 1.85 | +89 | - |
| | C | 3.45 | 0.53 | 1.30 | +143 | - |
| Three Pole Circuit Breaker (China) | A | 17 | 4.08 | 4.68 | +15 | - |
| | B | 7.65 | 1.84 | 3.28 | +79 | - |
| | C | 4.75 | 1.14 | 2.3 | +102 | 1.31/ Pc |
| Four Pole Circuit Breaker (China) | A | 20 | 7.0 | 7.4 | +6 | - |
| | B | 9.0 | 3.15 | 5.18 | +64 | - |
| | C | 5.50 | 1.93 | 3.63 | +89 | 2.12/Pc |

6. From the above chart, it clear that the values of "C" category have been increased by 228%, 143%, 102% and 89% whereas, the values of category "A" have been increased by 33%, 21%, 15% & 6%. Thus values have been fixed on much higher side in category C. It is, therefore, requested to review the value of aforesaid item as mentioned in table above.

7. **PRAYER**

a. In view of the foregoing facts and circumstances, it is requested to review the values.

b. The case may be remanded back to the Director Valuation for review.


8. The respondents were 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

BRIEF FACTS OF THE CASE

Custom values of Circuit Breakers were earlier determined vide Valuation Ruling No.1147/2017 dated 03.05.2017. The Federal Board of Revenue issued CGO No.15/2019 & 17/2019 dated 13.09.2019 & 19.09.2019 respectively, wherein, Unit of Measurements (UoM) of a number of commodities were changed from Kilogram to Unit (Per Piece) for the purpose of assessment. Moreover, representations were received in this Directorate General that the values of subject goods need redetermination as existing valuation ruling was old. Keeping in view the above facts, an exercise was carried out to determine the customs values of the subject goods under Section 25-A of the Customs Act, 1969.

Meeting with stakeholders was convened on 28.10.2019, which was attended by different stakeholders and importers. The participants were requested to submit the following documents before or during the course of meeting, so that the customs values could be determined.

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- i. Invoices of imports during last three months showing customs values.
 - ii. Websites, names and E-mail address of known foreign manufacturers of the item in question through which the actual current value can be ascertained.
 - iii. Copies of Contracts made/LCs opened during the last three months showing the value of item in question.
 - iv. Copies of Sales Tax Invoices issued during the last four months showing the difference in price (excluding duty and taxes) to substantiate their contentions.

Customs valuation methods given in Section 25 of the Customs Act, 1969, were applied in sequential order to address the valuation issue at hand. Transaction value method under Sub-Section (1) of Section 25 of the Act ibid was found inapplicable because requisite information under the law was not available. Identical and similar goods valuation methods provided in Sub-Section (5) and (6) of Section 25 of the Customs Act, 1969, provided some reference values but due

to wide variation and suppressed declarations, the same could not be relied upon. In the sequential order this office then resorted to conduct a market inquiry and consequently, deductive value method under Sub-Section (7) of Section 25 of the Customs Act, 1969, was applied to arrive at the assessable customs values of the subject goods being most appropriate for the purpose. All the information together was evaluated and analyzed for the purpose of determination of customs values.

Keeping in view the foregoing facts, it is prayed that the revision petition filed by the importer under Section 25D of the Customs Act, 1969, is baseless hence hold no merits and the same may be rejected.

ORDER

9. Hearing was held on 25.02.2020 regarding valuation ruling 1418/2019 dated 02.11.2019.

10. During the hearing proceedings, the valuation ruling was discussed thoroughly. The ruling was necessitated while converting the unit of measurement from kilogram to per piece in the light of CGO No. 15/2019 dated 13.09.2019 and CGO No. 17/2019 dated 19.09.2019 issued by the Federal Board of Revenue. The transposition of the unit of measurement was not properly done for determination of value particularly "Category C". The departmental representative also admitted that a large number of valuation rulings were issued to convert unit of measurement in light of above referred CGOs which resulted in flaws in ascertaining proper values. It further transpired that the value of "Category C" does not reflect the prevalent market value; therefore, the valuation ruling is remanded back to Director Valuation for re-determination of values to the extent of "Category C" afresh after consulting all stakeholders in accordance with laid down procedures.


(Dr. Wasif Ali Memon)
Director General

Registered copy to:

M/s. Clipsal Pakistan (Pvt) Ltd,
101-102, Sector-15, Korangi Industrial Area, Karachi.

M/s. Islam Trading Company Pvt Ltd, Lahore.
C/o Expert Law Associates,
Office No.4, Golden Heights, Ground Floor, Opp Custom House, Karachi

M/s. Usman Trading Company,
34A-1, Rehman Street No.90, Karam Elahi Park, Raj Ghar, Lahore.

M/s. Solo International,
62A, C Block, Gulshan Ravi, Lahore.

M/s. Ahmad Electrical Traders,
58-S-18, Sharif Street, Moh Chah Meeran, Lahore.

M/s. Azmat International,
Shop No. 5-B, Madina Market, Shahalam, Lahore.

M/s. Faraz Enterprises,
81-83B, Small Industrial Estate No.1, Gujranwala, Punjab

Copy to:

1. The Member (Customs Policy/Operations), FBR, Islamabad.
2. The Chief Collectors Customs Appraisement (South)/Enforcement, Karachi/
3. (North) Islamabad / (Central) Lahore.
4. The Collector, MCC Appraisement (East) / Appraisement (West) /Port M. Bin Qasim/
5. Preventive, Karachi.
6. The Collector, MCC Appraisement/Preventive, AIIA, Lahore/Quetta/Peshawar/Faisalabad/
7. Sambrial/Multan/Hyderabad/Islamabad/Gilgit-Baltistan/Gawadar.
8. The Directorate General of Intelligence & Investigation (Customs), Islamabad /Lahore
/Peshawar / Multan / Hyderabad / Gawadar / Quetta.
9. The Director, Customs Valuation, Karachi/Lahore.
10. The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi for
11. Uploading in One Customs and WeBOC Database.
12. Deputy Director (Revision), Directorate General of Customs Valuation, Karachi.
13. All Deputy/Assistant Directors (Valuation).
14. Guard File.