

GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACH

File No. DG(V)Val-Rev/14/2020 /4076.

24th July, 2020

Order in Revision No. 20 /2020 Under Section 25-D of the Customs Act, 1969, against
Valuation Ruling No. 1453/2020 Dated: 24-06-2020.

- 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. Sanaulla Textile Mills & Others

..... PETITIONER

VERSUS

Director, Customs Valuation, Karachi

..... RESPONDENT

Date(s) of hearing

21.07.2020,

For the Petitioners

Mr. Arqam Mehmood, M/s. AAA Finsol,
Mr. Ghazali Junaid, M/s. Sanaulla Textile Mills,
Mr. M. Junaid Nawab, Blanket Manufacturers Association
of Pakistan,
Mr. Muhammad Ashraf, M/s. Chez Tex Pvt. Ltd.,
Mr. Amir Khan, M/s. Al-Imdad Textile Pvt Ltd.,
Mr. Hamza Iftikhar, M/s. Al Falah Trader Center,
Mr. Asif Malik, M/s. Usman Textile,
Mr. M. Razaq, M/s. Zara Balanket,
Mr. M. Sufyan, M/s. Qadri Bedding Store,
Mr. M. Rahim, M/s. Abdul & Sons,
Mr. M. Bilal, M/s. G. Gold Enterprises,

For the Respondent

Mr. Junaid Ahmed Khan, Valuation Officer,

This revision petition was filed under Section 25-D of the Customs Act, 1969, against customs values determined vide Valuation Ruling No. 1453/2020, dated 24.06.2020, 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. 1453/2020, dated 24.06.2020, respectively by the respondent (hereinafter referred to as the impugned Ruling), the applicant begs to prefer this petition inter-alia on the following facts and grounds:-



3. **FACTS**

- 1) That the Director Valuation has issued the Valuation Ruling without consulting the stakeholders including local Blanket Manufacturers. In the meeting convened on 06-02-2020 by Director in this regard, it was decided that another meeting would be called after a while where the participants would be required to submit documents required for ascertaining prevalent values of imported product for determining the custom value.
- 2) That on 09-02-2020, Director Valuation issued a Valuation Ruling No. 1436/2020 for finished item i.e. Blankets, prima facie without participation of stakeholders including us and other stakeholders that was contested by importers of blankets as the Ruling had proposed disproportionate increase in Custom values which would encourage under invoicing, smuggling, mis-declaration of Blankets under used clothing etc. with prayers for retaining the superseded ruling till fixation of prices after 90 days which apparently, has not been decided as yet.
- 3) That due to increase in levies (Custom Duty & Sales Tax) on imports, both the material (Blanket fabric) and finished goods (Blankets), quantity of imports are decreased by 49.91 % from 24,153 tonnes in 2017-18 to 12,054 tonnes in 2019-20, which can be verified from Weboc data for the said period.
4. That vide subject ruling, the Director Valuation has proposed 80% increase in Custom Value of Blanket Fabric (From USD 2.45/kg to USD 4.40/kg) without adopting proper procedure to arrive at prevailing / transaction value of the item as following basis of Para (4) of the ruling which do not appear to be in conformity to the ground realities;
 - a) It is incorrect to suggest that the Transaction Valuation method provided in subsection (1) of section 25 of the Custom Act, 1969, was found inapplicable because no documents were provided by stakeholders to prove that declared values were transaction values. In fact, in the meeting conducted on 06-02-2020, it was decided that another meeting would be called again after a while since the main exporting country i.e. China was closed due Chinese New Year and COVID-19 pandemic had also affected China. The stakeholders were required to provide documents in the rescheduled meeting which has not been called as yet. The contention of Director that transaction value method is not applicable appears to be not valid. It is also incorrect to suggest that different values were declared by different importers as it is evident from the Weboc import data that identical / similar goods were cleared within the similar price range with normal price band.
 - b) As regard to option of market inquiry of subject valuation item, it is clarified that there is no open market(s) of the item under scrutiny as it is consumed by importer themselves for manufacturing / converting into finished goods.
 - c) PRAL import data base for the last 11 months does not show such high price level for the item No. 1 of subject ruling (Chinese origin Polyester Pile Fabric for Blanket) imported into Pakistan which reveals the following.



Period	July-19 to May-2020
Quantity (tons)	6,472
Total Assessed value (PKR)	2,528.581 Million
Unit Assessed Value (PKR)	390.63
DV Range (USD / PKG)	2.00 to 2.45

5. Director Valuation has skipped the initial method of "Transaction Value" and moved to second step of "Deduction Value Method" to arrive at assessable custom value for Polyester Pile Fabric. It may be noted, that the data for adopting the "Transaction Value Method" could have been provided, had the postponed meeting been called. The prevailing prices of the subject item reveals that since January 2020, it is continuously declining and presently it is in the range of USD 2.10/kg to USD 2.45/kg as evident from the shipments of different Chinese shippers to local Blanket manufacturers in Pakistan. We have attached China export GD of our group concern for your perusal with supporting documents to further prove our contention. Moreover, we are attaching our current contract with Chinese supplier which will prove that the current price is not over USD 2.45/Kg.
6. From the evidence being provided herewith, it is evident that current price level is ranging from USD 2.12/kg to 2.45/kg for the subject item, the new ITP should reflect the prices of Chinese origin as average of the above range i.e. US\$ 2.32/Kg as the items imported at higher price would automatically assessed at higher value.
7. Moreover, in preamble of the ruling, the Director Valuation has specified (as per superseded ruling) minimum weight of "225 GSM and above" for blanket fabric to avoid misuse by other end users in garb of blanket fabric. However, lately the minimum weight of blanket fabric (especially of summer blanket) has been reduced from 225 GSM to 200 GSM which need to be reflected when issuing revised ruling.



5. PRAYER

- a) In view of the above submissions, we request you to issue revision to the subject ruling by replacing the existing Para 5 with the following:-
- Customs Values of Polyester / Acrylic Pile Fabrics for Blankets (200 GSM and above).
 - Polyester/Acrylic Pile Fabric for Blanket (200 GSM and above) various origins hereinafter specified shall be assessed to duty / taxes at the following minimum Customs values.

S. No	Description of Goods	P.C.T	Proposed PCT for WEOC	Origin	Custom Values (C&F US \$ /KG
(1)	(2)	(3)	(4)	(5)	(6)

1-	Polyester Printed, Dyed Embossed Pile Fabric For Blankets	6001.9290	6001.9290 .1000	China	2.32
				U.A.E / Korea	2.90
				Europe	3.50
2-	Acrylic Printed , Dyed Embossed Pile Fabric for Blankets	6001.9290	6001.9290.1000	China	3.35
				U.A.E / Korea	4.10
				Europe	4.90

6. 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

Para-(1): Not agreed. It is submitted that the said Valuation Ruling was issued after thorough investigation and all aspects were considered. In this regard it is submitted that this Directorate General has determined the minimum customs values in the Valuation Ruling No.1453 / 2020, dated 24-06-2020, for level playing field and for uniform assessment all over the Customs Stations of the country. Meeting in this case was held on 06-02-2020. However, few importers attended the same but nobody provided any import related documents etc. Provisions of Section 25(1) to 25(9) were duly exhausted while issuing the said Valuation Ruling. Import data of previous 90 days was analyzed and evaluated and after gathering all information, the customs values have been determined in terms of Section 25(7) of the Customs Act, 1969, after conducting local market enquiry vide above referred Valuation Ruling.

Para-(2): Not Agreed. It is submitted that the Petitioner has simply claimed for the acceptance of their declaration but did not submit any tangible documents in support to justify their declarations disclosing full and accurate details relating to the value of the imported goods as per Para-108 of Customs Rules, 2001. As such the transaction value cannot be accepted in absence of any relevant import evidences and documents etc.

Para-(3): It is submitted that the meeting with the stakeholders was held on 06-02-2020, which was attended by few importers, however, no import documents were submitted by them. The participants as well as the concerned Association were requested to provide documents like copies of contracts made / LCs, Sales Tax Paid Invoices to substantiate their contention of decrease in market prices. Yet they did not provide required documents before meeting. Again during the meeting the participants were requested to submit: -

- (i) Invoices of imports made during last three months showing factual value,
- (ii) Websites, names and E-mail addresses 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 value of item in question and;
- (iv) Copies of Sales Tax paid Invoices issued during last four months showing the difference in price to substantiate that the benefit of difference in price was passed on to the local buyers.

Instead of furnishing any documentary evidence about downfall in prices in international market, they relied upon their rhetoric of decline in in international market prices. They were repeatedly requested to furnish sales tax invoices along with monthly sales tax return filed with Inland Revenue Department as sales tax invoices are authentic document to ascertain local market price and as the Customs has authority in terms of Sub-Section (11) of Section 25 of the Customs Act, 1969, to call any documents to satisfy themselves about the truthfulness or accuracy of any information or declaration made to Customs for valuation purpose. None of them submitted sales tax invoices along with monthly sales tax return, on one excuse or the other. Since the matter was lingering on, it was decided to proceed on merits in the light of available record as well as local market enquiry conducted by the Department.

Para 4(a-c): In this regard, it is submitted that this Directorate General has determined the minimum customs values in the Valuation Ruling No.1453/2020, dated: 24-06-2020, for level playing field and for uniform assessment all over the Customs Stations of the country. Import data of previous 90 days was analyzed and evaluated and after gathering all information, the Customs values have been determined in terms of Section 25(7) of the Customs Act, 1969, vide above referred Valuation Ruling. It is submitted that this Directorate General convened meetings for the determination of under reference goods and all stakeholders were invited. As such the Respondent has acted according to law while issuing the said ruling.

Para(5): It is submitted that the concept of "fixation of value" no more exist in the Customs Tariff rather Customs values are being determined in terms of Section 25A of the Customs Act, 1969. It is further clarified that no any provision of Section 25 was skipped rather all Sub-Sections from Sub-Section (1) to Sub-Section (9) were properly exhausted and finally customs values were determined in terms of Sub-Section 25(7) of Section 25 of the Customs Act, 1969. On the other hand, no any import documents were provided by any of the stakeholders, like copies of contracts made / LCs, Sales Tax Paid Invoices to substantiate their contention of decrease in market prices. Yet they did not provide required documents before meeting. Again during the meeting the participants were requested to submit the following documents;

- (i) Invoices of imports made during last three months showing factual value,
- (ii) Websites, names and E-mail addresses 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 value of item in question and;

- (iv) Copies of Sales Tax paid Invoices issued during last four months showing the difference in price to substantiate that the benefit of difference in price was passed on to the local buyers.

Instead of furnishing any documentary evidence about downfall in Prices in international market, they relied upon their rhetoric of decline in international market prices.

Para (6&7): It is submitted that para-(2) to (4) clearly states whole the process of issuance of said Valuation Ruling. Moreover, Para-(4) states that the all provisions of Section 25 were followed sequentially and finally customs values were determined inters of Section 25(7) of the Customs Act, 1969. The petitioners, on the other hand, did not submit requisite import documents or any evidence to substantiate their cause of grievance and to enable this forum to verify the truth and accuracy of transaction value of the applicant. As per Rule-109 of the Valuation Rules issued under SRO No.450 (I)/2001, dated 18-06-2001 (Chapter-IX), in the absence of valid import documents, the burden to prove correctness of transaction value shifts to the importers/applicants. Moreover, the customs values were determined after properly following and exhausting all the valuation methods in sequential manner and giving reasons for rejection therein and finally the values were determined in terms of Section 25(7) of the Customs Act, 1969, for uniform assessment purposes.

PRAYER

It is respectfully submitted that the customs values of the subject goods were determined as per valuation methods laid down in Section 25 of the Customs Act, 1969, vide Valuation Ruling No.1453/2020 dated 24-06-2020. The Respondents have acted lawfully and the Valuation Ruling No.1453 / 2020, dated 24-06-2020, has correctly and justifiably been issued in terms of Section 25-A of the Customs Act, 1969. On the other side, the petitioner failed to furnish the requisite documents particularly copies of Sales Tax Paid Invoices issued during the last four months showing the values of suppliers (excluding duty & taxes) to substantiate their contentions. Moreover, at the time of exercise of Section 25A and meetings, the petitioner did not provided requisite import documents to the Respondent in support to justify their contention which is essentially required for determination of custom. In view of above, it is respectfully prayed that the said Valuation Ruling may be allowed to hold field for assessment being lawful and valid. Further, transaction value cannot be accepted in absence of any tangible import documents. As such no relief is warranted to be given to the petitioners and assessments are liable to made as per said Valuation Ruling.

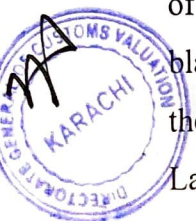
In the light of above submissions and factual position, the under reference petition being not maintainable is liable to be dismissed and rejected accordingly.

ORDER

7. Hearing was held on 21.07.2020 regarding valuation ruling 1453/2020 dated 24.06.2020. During the hearing proceedings, the valuation ruling was discussed thoroughly. Mr. Arqam Mehmood, the consultant of M/s. AAA Finsol pleaded that the majority of import of printed dyed embossed pile fabric for blankets is mainly from China whereas the majority of import of acrylic printed dyed embossed pile fabric for blankets is from Spain. Both of values have been increased without any

justification whereas due to Covid-19, the international markets have witnessed drastic decrease of values. Mr. Junaid Nawab, Chairman of Blanket Manufacturers Association of Pakistan, contended that the values of subject goods are increased without any cogent justification and without providing sufficient hearing opportunities. Mr. M. Ashraf from M/s. Chez Tex Pvt. Ltd. stated that the import has declined to the tune of 50% and since the raw material was not available in the market, the value was taken from the finished product. He further submitted that the increase in the valuation of the instant goods would give rise to smuggling of the goods in Pakistan. The petitioners agitated that increase in the exchange rate and withdrawal of SRO 1125(I)/2011 dated 31.12.2011 have adversely impacted the industry of instant goods.

8. The departmental representative, however, vehemently rebutted all the arguments tendered by the petitioners. During the issuance of meeting notice for meeting to be conducted on 06.02.2020, all the participants were requested to provide any import related documents or any other documentary evidences to support their contentions. However, they failed to provide any evidence regarding the downfall of prices in the international market. The DR pleaded that Valuation Ruling was issued after thorough investigation and all aspects were considered and the minimum customs values were determined vide Valuation Ruling No.1453 / 2020, dated 24-06-2020 since the previous valuation ruling 1003/2017 dated 05.01.2017 was three years old.
9. In addition to that, the DR further submitted that the scrutiny of import data revealed that the item is still being imported in significant quantity which contradicts the contentions of the petitioners that the import has massively decreased. To arrive at customs values, the DR pleaded that the provisions of Section 25(1) to 25(9) were duly exhausted. Since, the prices of polyester/acrylic pile fabrics for blanket (225 GSM and above) exhibited significant variations in the market and were dependant on the location of markets. Therefore, a number of surveys were conducted in Karachi as well as in Lahore to arrive at customs values of instant goods. The department also rebutted the contention of the petitioners that the item is not available in open market and submitted that the item is widely available in fabric and blanket markets. Moreover, PRAL import database, market inquiry and international prices through internet were also examined thoroughly to arrive at customs values. Subsequently, the values were determined under Section 25(7) of the Customs Act, 1969.
10. After listening to the discussion/arguments of both the parties and perusal of the case record, it is evident that the department had duly taken the stakeholders on board while issuing the impugned valuation ruling and valuation methods were properly followed to determine the customs values.



Further, the petitioners were given sufficient time and opportunity to give their inputs including documentary proof/evidence to substantiate their transaction values but they failed to provide any such proof or fact in support of their declared values which were quite low. After the hearing proceedings, a presentation/brief of costing of polyester printed, dyed, embossed pile fabric for blankets (China Origin) along with the supporting documents was submitted by the petitioners on 21.07.2020. The brief wherein yarn FOB price in China, knitting charges, printing charges and exporters' margin was also scrutinized in detail. The same was found without any substantive documentary proof and inconclusive.

11. In view of the foregoing, it transpires that the valuation ruling was issued after following all stipulated procedures under law and the valuation ruling does not suffer from any procedural improprieties. Therefore, the valuation ruling No. 1453/2020 dated 24.06.2020 is **upheld**.


(Zulfikar Ali Chaudhary) 24-7-2020
Director General

Registered copy to:

M/s. Nawab Leather Store,
Plot No.206, Main Ferozpur Road, Rehman Pura Morr, Near Wapda Hospital, Lahore.

M/s. Fattani Textile Industries SMC-Private Ltd,
Plot No.40, First Floor, 31/D, P & T Society, Korangi Karachi.

M/s. Zeeshan Sports Wear,
P.O Box No. 938, Shahtab Ghar Road, Muzafarpur, Sialkot.

M/s. Reliance Industries,
Fetej Garh, Defence Road, Sialkot.

M/s. Highly Traders,
Defence Road, Sialkot.

M/s. Brothers Enterprises,
LS-18, Sector 16-B, North Karachi Industrial Area, Karachi.

M/s. Hinah Impex,
501-B, 5th Floor, Saima Trade Tower, I.I. Chundrigar Road, Karachi.

M/s. Unigold Traders,
501-B, 5th Floor, Saima Trade Tower, I.I. Chundrigar Road, Karachi.

M/s. Mubeen Industries,
Plot No. L-18/1/1/5, Block 22, Federal B Area, Karachi.

M/s. Radium Silk Factory,
Plot No. L-18/1/1/5, Block 22, Federal B Area, Karachi.

M/s. H.S. Traders Importer & Exports,
Shop No. 3084, Mohallah Jangi, Nadeem Trade Center, Peshawar.

M/s. Rahim Custom Agency & Enterprises,
C-1, United Plaza, Tehkal Payan Peshawar.

M/s. Y Son Trading Co,
Building No. 39/33, Kaghan Colony, Akbar Street, Abbottabad, KPK.

M/s. Shan Traders,
House No.4, Street No.19, Islamia Park, Lahore.

M/s. Al-Saba Traders,
No.4, Rehmat Market, Anarkali, Lahore.

M/s. Abdul Rehman & Co,
Shop No.37-38A, Gulab Khana, Leather Market, Opp. Namak Mandi, Peshawar.

M/s. Vohra Traders,
Plot No.18, Sector 12/A, North Karachi Industrial Area, Karachi, Central North Town, Karachi.

M/s. Jawad Traders,
101, Madina Center 17-Chambelain Road, Lahore.

M/s. Ibrahim Enterprises,
19 Kucha Ahata, Haji Qadar Bux, Chamber Lain Road, Lahore.

M/s. J.B Shoes,
S-28-29, Yousuf Market, Behind Moton Daz Market, M.A. Jinnah Road, Karachi.

M/s. Global Trading Co,
Shop No.92, Ground Floor, Moton Daz Market, M.A. Jinnah Road, Karachi.

M/s. Multi Trading Co,
Office No. 103, First Floor, Zainab Centre, Plot No. 1/8/9/D, Coral Quarter, M.A. Jinnah Road,
Karachi.

M/s. Prime Traders,
Shop No.42-B, Moton Das Building, M.A. Jinnah Road, Karachi.

M/s. Shakeel Traders,
Shop No.09, Al-Karim Sethi, Peshawar.

M/s. Raz Textiles,
Plot No. L-18/10, Block-22, Sector No.6B, Area No.9, North Karachi, Karachi.

M/s. FEMCO Group,
Suit No. MZ No. 9, Mezzanine Floor, 156-N, Pearl Textile, Block-2, PECHS, Tariq Road, Behind
Mateen Centre, Karachi.

M/s. Femco Impex,
Shop No. 13, Mezzanine Floor, Mill Wala Market No. 2, New Neham Road, Bombay Bazar, Karachi.

M/s. Fattani Traders,
Shop No. 13, Mezzanine Floor, Mill Wala Market No. 2, New Neham Road, Bombay Bazar, Karachi.

M/s. Salman Traders,
Shop No. 13, Mill Wala Market No. 2, New Neham Road, Bombay Bazar, Karachi.

M/s. Glacier International,
Tajpura Dara Arian MCB Street, Sialkot.

M/s. H.M. Waqar Impex,
Plot No. O.T-6/36, Hajiani Fatima Market, Rampart Row, Methadar, Karachi.

M/s. Javia Sports,
Behind Iqbal Memorial High School, Murad Pur, Post Office Khas, Sialkot.

M/s. Rolex International,
6/4/E, Muhammad Ali Co-operative Housing Society, Karachi.

M/s. Kings General Trading,
OT 5/00-13, Shop No. 2, Amin Manzil, Kagzi Bazar, Karachi.

M/s. Sidra International,
156-M, Ground Floor, Block-2, PECHS, Tariq Road, Karachi.

M/s. Tariq Traders,
Madira Center, 17-Chamber Lane Road, Lahore.

M/s. Main Group,
Techno City Office Tower, 3rd Floor, Suit No. 3, Hasrat Mohani Road, Karachi.

M/s. Millat Fabrics,
OT 9/204, Kagzi Bazar, Karachi.

M/s. Abdul Karim Hashim Sons,
Shop No. 15, New Memon Masjid, M.A. Jinnah Road, Karachi

Copy to:

1. The Member (Customs Policy/Operations), FBR, Islamabad.
2. The Chief Collectors Customs Appraisement (South)/Enforcement, Karachi/
3. (North) Islamabad / (Central) Lahore/ Quetta.
4. The Collector, MCC Appraisement and Facilitation (East/West) /Port M. Bin Qasim/

- Enforcement & Compliance, JIAP, Karachi.
6. The Collector, MCC Appraisement & Facilitation/Enforcement & Compliance, AIIA, Lahore/Quetta/Peshawar/Faisalabad/Sambrial/Multan/Hyderabad/Islamabad/Gilgit-Baltistan/Gawadar.
7. The Directorate General of Intelligence & Investigation (Customs), Islamabad /Lahore /Peshawar / Multan / Hyderabad / Gawadar / Quetta.
8. The Director, Customs Valuation, Karachi/Lahore.
9. The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi for
10. Uploading in One Customs and WeBOC Database.
1. Deputy Director (Revision), Directorate General of Customs Valuation, Karachi.
2. All Deputy/Assistant Directors (Valuation).
3. Guard File.