

GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACH

File No. DG(V)Val.Rev/45/2020

02, March, 2021

**Order in Revision No. 06 /2021 under Section 25-D of the Customs Act, 1969
against Valuation Ruling No. 1498/2020 Dated: 08-12-2020**

- 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 AZ Corporation,
M/s Maryam Bearing Industries and Others

PETITIONERS

VERSUS

Director, Customs Valuation, Karachi

RESPONDENT

Date(s) of hearing

28-01-2021 and 03-02-2021

For the Petitioners

Mr. Zaheeruddin
Mr. Abdul Moiz
Mr. Abdul Rahim
Syed Minhajuddin
Mr. Naeem Qureshi
Mr. Siddiq Zia, Advocate
Mr. Tariq Amin
Mr. Madan Lal, Advocate
Mr. Ilyas Ahsan Khan, Consultant
Mr. Khalid Hassan

For the Respondent

Mr. Faisal Jokhio Valuation Officer

This revision petition was filed under Section 25-D of the Customs Act, 1969, against customs values determined vide Valuation Ruling No. 1498/2020 dated 08.12.2020, issued under Section 25-A of the Customs Act, 1969, inter alia, on the following grounds:

2. That the above-named petitioners / applicants are aggrieved and dissatisfied with the Valuation Ruling No. 1498/2020 dated: 08-12-2020 (impugned VR), issued under the signature of Director of the Directorate General of Valuation, on the ground that representations were received from the importers that the previous Valuation Ruling No. 1408/2019 dated: 01-11-2019 has been mis-used for evasion of

duty / taxes, particularly on import of parts and components of the assorted types of Bearings. As per "Background", and meetings with the stake-holders, as stated in the impugned VR, the customs values were previously determined vide Valuation Ruling No. 1408/2020 dated 01-11-2019, after conversion of UoM from weight (per kg) to unit (per piece) there was no check to ensure that minimum unit price / kg, was being maintained, which resulted into evasion through mis-declarations of weight per piece as well as wrong declaration of the part numbers.

3. That the impugned Valuation Ruling No. 1498/2020 dated 08-12-2020, which superseded the previous Valuation Ruling No. 1408/2019 dated: 01-11-2019, has been prepared, prima facie, after only one meeting with the stakeholders, which was too held on 28-08-2020, and the impugned Valuation Ruling has been issued almost after hundred (100) days from the date of meeting, thus, the said single meeting, with few importers, have no significance. At the outset it is submitted that the applicant is also one of the regular importers of the subject items but there is / was no hearing / meeting notice to the applicant and other note-able importers. Thus, it is a case of unilateral / ex-parte decision on part of the respondents, which is not acceptable under the law as it is against the natural principals of law. Further, keeping in view the spirit of the provisions of Rule 107 of the Customs Rules, 2001, and the dictum settled by the Hon'ble Courts in number of judgments, it is patently unlawful that an exercise for the determination of customs value cannot be taken into consideration, which was done beyond the period of ninety (90) days. Thus, the subject / impugned Valuation Ruling cannot stand for its legal applicability, because the basis of the determination is not of the relevant period.

4. That the goods, bearings all sorts and their parts, are now traded at price levels which are even much lower than the customs values determined under the previous Valuation Ruling No. 1408/2019 dated: 01-11-2020. Therefore, to the Applicant's utter surprise, unbelievable increase in the determined customs values of the impugned Valuation Ruling No. 1498/2020 dated: 08-12-2020 is contrary to the prevailing market prices, hence, illegal as per the provisions of Sections 25 & 25A of the Customs Act 1969. In fact, prima facie, there was / is "no exercise", as prescribed under Section 25 of the Act, read with Chapter – IX of the Customs Rules, 2001, and the directions given by the Hon'ble Courts in number of Judgments, including in the cases of Rehan Umer v/s. FOP and others (2006 PTD 909) and Sadia Jabbar v/s. FOP and others (PTCL 2014 CL 537). The customs values have been determined on the basis of doctoral rule of thumb which is enforced on the Bearing's importers since last three (03) months.


5. That, prima facie, it seems that no lawful exercise / market inquiries were ever conducted by the department and the customs values under the impugned Valuation Ruling were determined arbitrarily and without any background reasoning. For illustration during September, 2019 / October, 2020, when the previous Valuation Ruling were in operation, impugned VR dt: 08-12-2020. Instead the values of the Spherical Roller / Cylinder Roller Bearing have been re-fixed @US\$ 5.20/kg for China origin, without realizing the fact that the raw material of all bearing is same. In the impugned VR it has been claimed that the values have been determined on the basis of the past clearance data / market information, whereas the grounds reality is that there is no data of import of the similar / identical kind of goods for the past one year. Besides there is no market survey to show the increase in price and the determined values under the impugned V.R are merely based on assumptions.

6. That the Respondent has on average increased the customs values by more than 50% of the prevailing prices of the goods, in the international market whereas if we compare the price of the raw material i.e. Iron and Steel, during 2019-2020 and 2020 2021, it is quite clear that the prices have been reduced to almost 30-40% in the international market. The increase is not substantiated by any cogent evidence and reason of price increase in the global market; however, in fact during the current global recession the prices have been decreased immensely.

7. That the formula applied for the valuation of the "Housing" with so high a value of Pillow Block incorporating bearing is not practicable and it is difficult for the concerned staff to implement in a lawful manner correctly and appropriately. This will lead to 'malpractice', unnecessary delay in examination / assessment process. The trade body has already submitted weights of different types of Housings incorporating bearings to the directorate for the purpose of issuing relevant VR for the Housing Incorporating Bearings. A particular "Housing" is fitted with different type of bearings having different specifications and the same are to be corrected as per the proposals made by the importers in their Revision Application. It is pertinent to mention here that the Hon'ble High Court as well as Tribunal has termed such type of fixation as unlawful and set aside the customs values fixed by the Director (Valuation) on number of occasions and in fact ordered for assessment / release of the consignments of the importers on provisional basis till correct and right determination of the values. The Bearing Importers / Traders have submitted correct weight of all additional items and also the weight of different types of bearings' Housing, however, the same has been totally ignored and the proposals given by the trade have been discarded without giving any cogent reasons. Particularly prices of housing without Bearing, Ball & Taper Roller Bearing of Japan origin, Spherical Roller Bearing, Needle Roller Bearing, and Cylindrical Roller Bearing of China origin.

8. That without prejudice to the above, the survey that was allegedly conduct by the Directorate of Customs Valuation, was if truly conducted, then in that case too the market condition has taken a tumble and prices of the goods covered in the impugned Valuation Ruling have hit rock bottom. As per the requirement by the Directorate the relevant documents, including the China Customs' documents, have being provided, however, these were never given due consideration, neither have been used to represent the prevailing market condition nor used to predict the future prices, thus, the impugned Valuation Ruling is not a suitable binding reference point of assessment as per the provisions of Sections 25 & 25A of the Customs Act, 1969.

GROUND



9. That at the outset, it is submitted that the impugned Valuation Ruling is outright illegal being contrary to the principles laid down in the honourable Sindh High Court's Judgments in the case of Rehan Umer (2006 PTD 909), Sadia Jabbar (PTCL, 2014 CL 537) and Goodwill Traders (2014 PTD 176) insofar as the values appearing to have been arrived at therein are the result of "fixation" and not "determination" as have been attempted to be portrayed therein. The impugned Valuation Ruling is also, on other aspects appurtenant to valuation, more particularly that in respect of Spherical Bearings, against the dictum laid down by the learned Customs Appellate Tribunal's Judgment in its consecutive and successive judgments where a number of Valuation Rulings as to Ball Bearings have been set-aside.

10. That there is / was a gap of about one hundred days between the meeting with the purported stake-holder (i.e. 28-08-2020) and date of issuance of the impugned Valuation Ruling (i.e. 08-12-2020), and in those 100 days no communication or discussion has been made between the concerned parties. The negative / positive aspects of the current market position was never discussed instead on an anonymous complaint received through the F.B.R, all the Collectorates have crossed the lines of high-handedness and made out the criminal cases against the innocent law abiding traders who paid duties and taxes strictly in accordance with law. Under duress, during that period the Collectorates have collected the revenue forcibly even at arbitrary fixed value and created an unlawful 90 days data of clearance, which cannot be made basis for the determination of customs value in terms of para (6) of the impugned VR and even otherwise it is against the law i.e. Section 25A(2) of the Act. Therefore, the increase of more than 50% in the customs values determined under the impugned Valuation Ruling is not the representation of true prevailing transaction values in the market, thus, contrary to the provisions of Section 25 & 25A of the Customs Act 1969.

10. That during the current trading time these time of global recession the presumption of prices following upwards trend cannot be followed because suppliers are begging their customers to buy their goods as suppliers cannot no longer afford such high inventory cost. It will be appreciated that it does not provide any basis whatsoever for arbitrarily fixing the values of Spherical Bearings (viz. China origin at US\$ 5.20/kg, Japan origin at US\$6.50, and US\$10/kg and other origins at US\$ 6/kg) thereby rendering the impugned Valuation Ruling as being of no legal consequence and being placed outside the purview of Articles VII of the World Trade Organization (WTO).

11. That for the sake of arguments without conceding that the determination made in the impugned ruling is unlawful and against dictums said by the Hon'ble High Court of Sindh in the aforesaid judgments, the applicant are even ready to surrender their imported consignments to the Customs as per the provisions of Section 25-C of the Customs Act, 1969.

12. The applicant crave to leave further grounds at the time of hearing besides placing valid incriminating / documents with permission of your good forum.

13. **PRAYERS**

In view of the aforementioned facts and circumstances, it is prayed in the interest of justice that this Honorable Appellate forum may be pleased to:-

1. Allow this Revision Petition / Application and set aside the impugned Valuation Ruling No. 1498/2020 dated: 08-12-2020, with the directions to the respondents to re-determined the customs values of the goods covered under the impugned VR in accordance with law as per the directions given by the Hon'ble Courts in the aforesaid judgments as well as in accordance with the market recession / down trend of pricing in the international market;

2. Declare that the impugned Valuation Ruling 1498/2020 dated: 08-12-2020, is not applicable on the consignments imported by the Applicants and are to be assessed at par the prevailing transaction values according to the provisions of Section 25(1) of the Customs Act, 1969, read with Chapter-IX of the Customs Rules, 2001;

3. Declare that the values determined under the impugned VR, particularly Spherical Rollers, Needle Roller Bearing, Cylinder Rollers, Bearings Housing of China Origin & Ball, Tapered Roller Bearing of Japan & Other Origin, is illegal and illogical, particularly in the presence of market position, which is not suggesting to enhanced the customs values more than the customs values, assessed by the Customs Collectorates in the past and the procedure of determination of the customs value as prescribed under Chapter-IX of the Customs Rules, 2001 and the guide lines given by the Hon'ble Courts;

4. Any other further, better relief, this Hon'ble Forum may deem fit and necessary under the circumstances of the case.

14. The respondents were asked to furnish comments to the arguments submitted by the petitioners in the case. Comments on the petitions are given as under:-

COMMENTS BY THE RESPONDENT DEPARTMENT

Facts of the case

15. Earlier Customs values of Ball, Taper, Needle, Roller, Spherical & Cylindrical Bearings and the Parts / Components thereof were determined under Section 25A of the Customs Act, 1969, vide Valuation Ruling No.1408/2019 dated 01-11-2019. Several representations were received from the importers regarding misuse of said ruling specially for the parts / components to evade duty and taxes. During the analysis of import data of the subject goods for the determination of customs values afresh, wide variations in values particularly of parts viz-a-viz CBU were observed. Therefore, this Directorate General initiated an exercise for determination of Customs values of the subject goods in terms of Section 25A of the Customs Act, 1969. Accordingly, meeting in this case was held on 26-08-2020 which was attended by different stakeholders. After analyzing and evaluating whole the information so gathered, a fresh Valuation Ruling No.1498 / 2020 was issued on 08-12-2020 in terms of Section 25(9) of the Customs Act, 1969, accordingly for uniform assessment all over the country.

G R O U N D S

Para-A Denied. It is submitted that the customs values of under reference goods had been determined strictly in accordance with the provisions of Section 25 of the Customs Act, 1969. Moreover, 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 the of transaction value shifts to the importers / applicants. As such the same is not against the principles of law rather the same is based on factual ground realities.

Para-B Denied. It is respectfully submitted that the said Valuation Ruling No.1498 / 2020 dated 08-12-2020, 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 vide Valuation Ruling No.1498 / 2020, dated 08-12-2020 for level playing field and for uniform assessment all over the Customs Stations of the country. 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(9) of the Customs Act, 1969, vide above referred Valuation Ruling.

Para-C Not Agreed. It is submitted that the Petitioners have 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, in terms of Para-108 of the Customs Rules, 2001. The said Valuation Ruling No.1498 /2020 dated 08-12-2020 has lawfully and justifiably been issued in terms of Section 25A of the Customs Act, 1969, for uniform



assessment all over the country. However, it is submitted that it is not mandatory for Customs to accept each and every transactional value. It is further submitted that the meeting with the stakeholders was held on 26-08-2020. The participants as well as the 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 the meeting. Again during the meeting the participants were requested to submit the following import related documents etc. :-

- (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 ;

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. They were repeatedly requested to furnish sales tax invoices alongwith 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 alongwith 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-D

It is submitted that para-(2) to (5) clearly states whole the process of issuance of said Valuation Ruling. Moreover, Para-(3&4) states that the said ruling has been issued in terms of Sub-Section (9) by exhausting and following all the provisions of Section 25, for the purpose of determination of Customs values. 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(9) of the Customs Act, 1969, for uniform assessment purposes. As such the Respondent has acted in accordance with law and under powers vested upon him under the law.

Para-E

Denied. It is submitted that the impugned Valuation Ruling issued after considering the representation of the petitioners and view point of all the stakeholders. The record of the previous Valuation Ruling No. 1408/2019, dated 01-11-2019 and arguments put forward by the Appellants and Respondents were considered during process of issuance of said Valuation Ruling. The Appellants were asked to furnish relevant documents so as to enable that forum to verify the truth and accuracy of their contentions but no corroboratory import documents were provided by any of them. No evidence was placed on record to indicate any deviation from the existing laws / provisions as envisaged in Section 25 read with Section 25-A of the Customs Act, 1969, has been occurred. The petitioners could not substantiate their claim with supporting documents on record. No supporting documents / evidences have been provided by the Appellants to reject department's views and in support of their contention. Further, it is submitted that 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(9) of the Customs Act, 1969, vide above referred Valuation Ruling. Moreover, 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.



16. G R O U N D S

Para-A&B

Denied. It is submitted that the impugned Valuation Ruling has correctly been issued in terms of Section 25A of the Customs Act, 1969. Further, it is not correct that Customs values have been fixed. It is submitted that concept of "fixation of value" no more exist in the Tariff rather Customs values are being determined in terms of Section 25 of the Customs Act, 1969, for uniform assessment all over the country.

Para-C to E

Not Agreed. It is submitted that the impugned Valuation Ruling has lawfully been issued after exhausting all the valuation methods as envisaged under Section 25 of the Customs Act, 1969. Valuation methods from Sub-Section (1) to (9) were duly exhausted by giving reasons for rejection of methods. Finally, the Customs values were determined in terms of Section 25(9) of the Customs Act, 1969. As such the said Valuation Ruling has correctly and justifiably been issued in terms of Section 25A of

the Customs Act, 1969.

Para-F&G

It is submitted that the contents of Para-(F&G) are denied to the extent declared value of the consignment is not reliable and not acceptable in terms of Section 25 (1) of the Customs Act, 1969, in presence of Valuation Ruling available under Section 25-A of the Customs Act, 1969. The Valuation Ruling is exhaustive which is always taken for assessment purpose in cases where the declared value is on lower side. The Valuation Ruling has been issued under Section 25-A of the Customs Act, 1969, which always prevails upon the declared value, which in turn is not proof of exact transactional value. Assessments are being made as per said Valuation Rulings all over the country but only the under reference petitioner is aggrieved.

Para-H&I

Not denied. However, it is submitted that customs values in the impugned Valuation Ruling has been determined sequentially by following all valuation methods as provided in Section 25 of the Customs Act, 1969, and giving reasons for rejection thereof. After exhausting sub-Sections (1) to (9) of Section 25, the customs values have been determined in terms of Sub-Section (9) of Section 25 of the Customs Act, 1969, for uniform assessment all over the country.

Para-J

Denied. It is submitted that the impugned Valuation Ruling issued after considering the representation of the petitioners and view point of all the stakeholders. The record of the impugned Valuation Ruling No.1498/2020, dated 08-12-2020 and arguments put forward by the Appellants and Respondents were considered during process of revision by the Director General of Customs Valuation. The Appellants were asked to furnish relevant documents so as to enable that forum to verify the truth and accuracy of their contentions but no corroboratory import documents were provided by any of them. No evidence was placed on record to indicate any deviation from the existing laws / provisions as envisaged in Section 25 read with Section 25-A of the Customs Act, 1969, has been occurred. The petitioners could not substantiate their claim with supporting documents on record. No supporting documents / evidences have been provided by the Appellants to reject department's views and in support of their contention. As such Valuation Ruling No.1463/ 2020 dated 12-08-2020 has lawfully and justifiably been issued in terms of Section 25-A of the Customs Act, 1969.



Para-K

Relates to the time of hearing before the competent authority.

17. **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.1498 / 2020 dated 08-12-2020. The Respondent have acted lawfully and the Valuation Ruling No.1498 / 2020, dated 08-12-2020 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 provide requisite import documents to the Respondent in support to justify their contentions which are essentially required for determination of customs values.

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

18. Hearings in this case were conducted on 28-01-2021 and another hearing was conducted on 03-02-2021 at Directorate of Customs Valuation, Lahore. Mr. M. Siddiq Zia, Advocate, pleaded that the values of parts / components of Ball, Taper, Needle, Roller, Spherical and Cylindrical bearing, bulk packing, were determined in the previous Valuation Ruling. However, the values of the bearing parts in bulk have been omitted in the impugned valuation ruling of goods without assigning any reasons. The Advocate further added that the values of the other bearings in the impugned rulings have also been increased exorbitantly by the Directorate without proper working; whereas, the prices of the same have decreased in the international and which can be easily verified by international websites of concerned goods. The counsel requested that the values of bulk packing should have been included in the impugned valuation ruling.

19. Mr. Madan Lal Advocate submitted that the Customs values of bearing parts against serial No 1 i.e. parts/components of ball, taper, needle, roller, spherical and cylindrical in kit/packet or SKD from Chinese origin have been determined at US\$ 2.30/kg. The counsel added that the values have been determined on higher side compared with the previous VR No.1408/2019 dated 01-11-2019 wherein the values were at US\$ 1.80/kg against serial No.3 for bulk packing. The counsel contended that the imports from China are of low end categories and the respondent has deleted the serial No.3 i.e. parts components of bearings imported in bulk packing which has caused huge problems for the local manufactures since the parts are now being assessed at @ US\$ 2.30/kg. the counsel requested that the department should have given the discount to the extent of 30% on the value determined on the kit/packet / or SKD form since a great deal of manufacturing such as oiling, greasing, printing, marketing and various others charges are borne by the manufactures. The advocate agitated that there is a dire need to include the separate values for the bulks imports in order to protect local industry as

CKD processing was started in Pakistan due to separate values of parts bulk packing in view of previous the valuation ruling.

20. Mr. Ilyas Ahsan Khan, Consultant, representing many petitioners stated the values of "Housing" is extremely high considering the fact that the same is made from the cheaper quality of pig iron. Furthermore, the advocated pleaded that the formula applied for the valuation of **housing incorporating bearing** is not practicable since it is difficult for the customs staff to implement the same in a lawful manner and will lead to 'malpractice', unnecessary delay in examination / assessment process. The counsel submitted that the trade body had already submitted weights of different types of Housings incorporating bearings to the directorate for the purpose of issuing relevant VR for the Housing Incorporating Bearings. The counsel added that a particular "Housing" is fitted with different type of bearings having different specifications. However, the proposals of the trade bodies have been totally ignored and have been discarded without giving any cogent reasons. The counsel further stated that the assembling of taper, spherical and cylindrical roller bearings is more easy and can easily be assembled by hand and pointed out that almost all bearing manufacturers assemble these type of bearings manually without using any assembling machine. The counsel further added that quantity of imports plays major and crucial role in values and thus the values determined vide the impugned valuation ruling should be streamlined.

21. In addition to that, the representative of M/s Maryam Bearing Industries contended that the value of Ball Bearing of China origin has been maintained @ US\$2.75/Kg while the actual average value of Ball Bearings in China ranges from 7 US\$/Kg to 8 US\$/Kg. The representative added that the imported parts/components get more than 120% value addition in getting the shape of complete ball bearing and to their dismay the values of component/parts of bearing in kit/packet or in SKD form has also been maintained and US\$2.30/Kg, but value of bulk packing @ 1.80US/Kg has been omitted. Therefore, the values for the bulk packing should be added to rescue the infant local ball bearing manufacturing industries. The representative of M/s Maryam Bearing Industries further added that the customs values of bearings from Japan has been decreased or very little increased whereas the bearing from China has been increased tremendously which is highly detrimental to local assembling/manufacturing industries. However, the representative of M/s NSB bearing (Pvt) Ltd stated that the values of Japan origin ball bearings have been massively increased whereas the actual values of Japan Origin goods is quite low in the local and international markets. The representative contended that values of Japan origin ball bearing may be reduced so that they can compete in the market.

22. On the other hand, the departmental representative explained in detail that several representations were received from the importers regarding misuse of said ruling especially for the parts/components to evade duty and taxes. During the analysis of import data of the subject goods for the determination of customs values afresh, wide variations in values particularly of parts viz-a-viz CBU were observed. Therefore, this Directorate

General initiated an exercise for determination of Customs Values of the subject goods in terms of Section 25-A of the Customs Act, 1969. Meeting was scheduled and held on 26-08-2020 which was attended by different stakeholders. During the meeting, some stakeholders discussed that after conversion of UoM from weight to per piece in Valuation Ruling No. 1408/2019 dated 01-11-2019 as per the Board's directives issued vide CGO No. 15/2019 dated 13-09-2019 and 17/2019 dated 19-09-2019, there was no check to ensure that minimum unit price / Kg. Therefore, minimum unit price was determined as given in earlier rulings.

23. The DR further stated that previously there was no valuation ruling for "Housing incorporating Bearing" and "Housing without incorporating Bearing" under PCTs 8482.2000 & 8483.3090 respectively. It was proposed that the minimum criteria of Unit Price/Kg may be mentioned in Ruling in order to ensure that bearing numbers are not manipulated to evade duty & taxes. After meeting some of the stakeholders submitted the samples of "Housing incorporating Bearing" and "Housing without incorporating Bearing" which were properly weighted and the ratio of "Housing" and its Bearing was analyzed. The ratio of Housing was found to be 65% and ratio of Bearing was found to 35% by weight. Accordingly, their ratio in values was determined.

24. The DR added that all kinds of machinery parts are being assessed by the clearance Collectorates at US\$ 1.50/Kg. In addition to that, the representations were received from the stakeholders that the weights of some bearings were incorrectly mentioned in the existing Valuation Ruling, which were considered and corrected accordingly. The DR stated that there is no major process involved in assembling of bearing parts. Therefore, the contention raised by the manufactures regarding the omission of parts in bulk packing is unjustified. Further, the values on account of bulk packing had caused revenue loss to the national exchequer. Therefore, the value for the bulk packing was done away with.


25. The DR added that the Valuation methods provided in Section 25 of the Customs Act, 1969, were duly applied in their regular sequential order to arrive at customs values of subject goods. The impugned Valuation Ruling has lawfully been issued after exhausting all the valuation methods as envisaged under Section 25 of the Customs Act, 1969. Valuation methods from Sub-Section (1) to (9) were duly exhausted by giving reasons for rejection of methods. Finally, the Customs values of the impugned goods were determined in terms of Section 25(9) of the Customs Act, 1969.

26. After listening to the discussion/arguments of the petitioners/respondents and perusal of the case record, it is established that the Valuation Department had duly taken all the stakeholders on board while issuing the impugned valuation ruling and valuation methods were properly followed in their sequential order. The petitioners were given ample opportunity to substantiate their contentions but they failed to provide substantive documents in support of their claims. The arguments of the manufacturers and importers were scrutinized in detail. The assembling of ball bearing is not a complex

engineering process. Therefore, discount claimed on account of manufacturing (mere assembling in fact) is unwarranted. Further, the values of Japanese origin ball bearings were checked from the market which reflected that the values determined vide the impugned valuation ruling are fair customs values. The argument of some petitioners that values of ball bearings for China and values from Japan show very small difference although those imported from Japan are of a much higher quality is also found to be unsubstantiated in the light of investigations conducted during the course of revision proceedings. Further, the omission of separate values for bulk packing has been fully justified by the department since it was leading to revenue loss and tax evasion. Therefore, it is concluded that the valuation ruling has been issued in accordance with provisions of law and does not suffer from any legal or procedural infirmities. Moreover, department has done a very good job of separately giving the values of housing without incorporating bearing and housing incorporating bearing. This will help in curtailing mal-practices at the examination stage. In view of the foregoing, the valuation ruling is upheld and revision petitions are hereby rejected accordingly.

27. Being identical on facts and law point, this order shall apply mutatis mutandis to the following (11) revision petitions.

1. M/s. Bearing Sales Centre
2. M/s. AHS Bearing Industries
3. M/s.NSB Bearing (Pvt) Ltd.
4. M/s. Bearing Technology Xpert
5. M/s. AWH Agro Industry
6. M/s. Bronco Bearing Technology
7. M/s. Crescent Auto Corporation
8. M/s. Commercial Corporation
9. M/s. A.E. International
10. M/s. Shamoan Enterprises
11. M/s. Asghar Enterprises


(Zulfikar Ali Chaudhary)
Director General

Registered copy to:

- 1 M/s Maryam Bearing Industries,
45-Brandreth Road, Lahore. Cell No. 0321-8278666
- 2 M/s. Bearing Sales Centre, C/o Mr. Ilyas Ahsan Khan, (Legal Consultant),
49/2, Lane-22, Off: Khayaban-e-Badban. Phase-VII, DHA, Karachi.
- 3 M/s. AHS Bearing Industries, C/o Mr. Muhammad Siddiq Zia (Advocate)
Office No.3, Mezzanine Floor, Jumbo Centre Opp Custom House, Karachi.
- 4 M/s. AZ Corporation,
House No. 105, Ahmed Block Garden Town, Lahore.

- 5 M/s.NSB Bearing (Pvt) Ltd,
Shop No.6, Badami Bagh Centre, Badami Bagh, Lahore.
- 6 M/s. Bearing Technology Xpert,
Shop No.9/3, Railway Road No.2, Mujahid Market, Shuba Bazar, Peshawar.
- 7 M/s. AWH Agro Industry, C/o Shaikh & Madan Law Associates,
Suite No. 404A, 4th Floor, Japan Plaza, M.A. Jinnah Road, Karachi.
- 8 M/s. Bronco Bearing Technology,
Ring Road, Lako Dher Interchange Turkey Road, Lako Dher, Lahore.
- 9 M/s. Crescent Auto Corporation,
Melean Street, Plaza Square, Karachi.
- 10 M/s. Commercial Corporation,
10, Manzoor Square, Noman Street, Plaza Square, Karachi.
- 11 M/s. A.E. International,
2/A, Manzoor Square, Noman Street, Plaza Square, Karachi
- 12 M/s. Shamoon Enterprises,
G5, Bombay Building, Noman Street, Plaza Square, Karachi.
- 13 M/s. Asghar Enterprises,
Manzoor Square, Noman Street, Plaza Square, Karachi

Copy to:

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