

GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACH

File No. DG (V)/Val.Rev/40/2018

Dated 27th September, 2021

**Order in Revision No. 31 /2021 under Section 25-D of the Customs Act, 1969
against Valuation Ruling No. 1328/2018 dated 26-09-2018**

- 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 Amaan Pharma &
M/s Ghani Global Glass Ltd.

..... PETITIONERS

VERSUS

Director, Customs Valuation, Karachi

..... RESPONDENT

Date(s) of hearing

03-01-2019, 21-12-2020 & 07-09-2021

For the Petitioners

Mr. M. Shabbir M/s Ghani Global Glass
Syed Sibtul Hassan Gilani,
M/s Ghani Global Glass

For the Respondent

Mr. Shahdad Khan Mari Principal Appraiser

This revision petition was filed under Section 25-D of the Customs Act, 1969 against Customs Value determined vide Valuation Ruling No. 1328/2018, dated 26-09-2018 issued under Section 25-A of the Customs Act, 1969, inter alia, on the following grounds:

M/s Amaan Pharma

"It is requested that we are the manufacturer of pharmaceuticals products vide Drug Manufacturing Licence No. 000808. We have imported a container of Glass Ampoules as a packing material for our own used in different injections.

The said imported material not imported for commercial use for sale, it is only for manufacturing purpose or packing purpose the actual price which is we declared is true and correct the valuation

officials announced valuation advice ruling 1.90 for clear Ampoules and 2.20 US\$ / Kg Amber which is high and not suitable for us.

Therefore it is requested that kindly give hearing date as soon as possible and review for this decision may kindly be initiated."

M/s Ghani Global Glass Ltd.

"Glass ampoules (PCT 7010.1000) are value added finished products made from Glass tubes (7002 3910). As no finished goods can be cheaper than their raw materials, similarly by any stretch of imagination the glass ampoules cannot be cheaper than the glass tube which is their raw material.

Valuation Ruling 1199/2017 dated 09.8.2017 fixed the Customs values of clear and amber glass tubing of China origin used for manufacturing of ampoules at US\$ 1/kg and 1.15/kg respectively. Surprisingly and shockingly it was observed that the glass ampoules of Chinese origin were being assessed at a much lower value causing huge revenue loss besides making it impossible for the local manufacturers to compete. On behalf of the leading manufacturers the matter was brought into the notice of Director Valuation, Custom House, Karachi by M/s AA&I Tax Consultant vide application dated 12.5.2018 along with recommendations for fixing the minimum value of ampoules at US\$ 3 kg.

In support of the recommendations of M/s AA & I Tax consultant, we M/s Ghani Global Glass Limited also submitted vide letter dated 29.8.2018 that local manufacturing cost of glass ampoules is more than US\$ 3/kg.

Ignoring combined recommendations of the whole ampoule manufacturing sector, the values of clear and amber glass ampoules of Chinese origin has been fixed at US\$ 1.95 kg and US\$2.20/kg respectively. As the assessed values ascertained in the said VR are 35% to 40% less than the actual local manufacturing cost, these will lead to certain closure of more than dozen industries and rendering thousands of workers jobless besides causing revenue as well as foreign exchange loss to the Government of Pakistan.

Foregoing in view, it is humbly requested that the assessed values of glass ampoules may kindly be reviewed in terms of Section 25-D of the Customs Act 1969 by taking into account the actual per kg value of glass tubes in China and the cost incurred in converting these tubes to ampoules.

Moreover, it is submitted that Ampoules should be of USP TYPE-I in compliance with directions by Drug Regulatory Authority of Pakistan vide their letter dated April 27, 2018 (copy attached). We have obtained the quotations of USP TYPE-I Ampoules directly from M/s CANGZHOU FOUR STARS GLASS Co., LTD, China and SCHOTT, Indonesia through their agent in Pakistan. There is huge difference in quoted prices and new assessed values vide Valuation Ruling No. 1328/2018. Copies of quotations are enclosed for ready reference."

2. The respondent department was asked to furnish comments to the arguments submitted by the petitioner in the case. Para-wise comments on the petition are given as under:-

"Revision Petitions against Valuation Ruling No.1328/2018 dated 26.09.2018 under Section 25D of the Customs Act, 1969 have been filled by M/s Amaan Pharma Lahore and M/s Ghani Global Glass Ltd. Lahore.

M/s Amaan Pharma Lahore stated that they imported a container of glass ampoules as a packing material for our own use in different injection already paid huge amount of customs duty 20%, Sales Tax 17%, Addl. Customs Duty 2% and Income Tax 5.5%. Therefore, the values determined vide

Valuation Ruling No.1328/2018 dated 26.09.2018 the subject good of china origin @USD 1.95/kg for clear ampoules and 220kg for amber which are higher and not suitable.

M/s Ghani Global Glass Ltd. Lahore they stated that the glass ampoules of china origin were assessed at much lower values according huge revenue loss besides making it impossible for the local manufacturers to compete. The values of clear and amber glass ampoules vide Valuation Ruling No 1328/2018 dated 26 09 2018 has been fixed @ USD 1.95kg and USD 2.20/kg respectively. As the assessed values ascertained in the said VR higher 35% to 40% less than the actual local manufacturing cost.

DEPARTMENTAL COMMENTS

It was brought to notice of this Directorate General that glass ampoules (clear & amber) of China origin are being assessed at much lower prices. Therefore, an exercise was initiated to determine the custom values of glass ampoules (clear & amber) of China origin under Section 25A of Customs Act, 1969.

Meetings were held with stakeholders on 13.06.2018 and 04.07.2018 which were attended by different stakeholders including importers, officers from clearance Collectorates and representatives from trade bodies. All stakeholders had been requested to submit the supportive documents before or during the course of the meetings.

During the meetings, stakeholders were of the view that ampoules are imported in 1ml, 2ml, 3ml, 5ml and 16ml and these are used for water for injection and liquid medicine. The imported ampoules must meet at least USP Type-I (United States Pharmacopeia) standards. Regarding price variation in customs clearance Collectorates data, they submitted that value depends on quality, type of ampoules and whether clear or amber and quantity imported. However, requisite documents were not submitted in this Directorate General in support of their contentions.

Valuation methods given in Section 25 of the Customs Act, 1969 were applied sequentially to address the valuation issue at hand Transaction valor method provided in Section 25 (1) of the Act ibid was found inapplicable because the required information under the law was not available. Identical and Similar goods valuation methods provided in Sub-Sections (5) and (6) of Section 25 of the Customs Act, 1969, were examined for applicability to the valuation issue in the instant case which provided some reference values of the subject goods but the same could not be exclusively relied on due to wide variation in declared values of the subject goods. Thereafter, market enquiries as envisaged under Section 25(7) of the Customs Act, 1969 could not be conducted as the goods in question are not available in the local market. Value method as provided in Section 25(8) could not be applied for valuation of the aforementioned goods as the cost of raw material and fabrication charges under clause (a) and amount of profit and general expenses under clause (b) of Section 25(8) of the Customs Act, 1969, in the country of exportation could not be ascertained. Online prices were also obtained. All the information so gathered was evaluated and analyzed for the purpose of determination of customs values. Consequently, the customs values of Glass Ampoules (Clear & Amber) of China origin are determined under Sub-Section (9) of Section 25 of the Customs Act, 1969.

Customs values for Glass Ampoules (Clear & Amber) of China origin hereinafter specified shall be assessed to duty / taxes at the following Customs Values:

S#	Description of Goods	PCT	Customs Values (C&F) US\$/kg
1	2	3	4
1	Glass Ampoules (Clear)	7010.1000	1.95
2	Glass Ampoules (Amber)	7010.1000	2.20

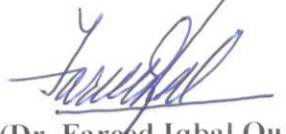
Keeping in view it is submitted that the Valuation Ruling No.1328/2018 dated. 26.09.2018 has been issued in the light of the valuation method given in Section 25 of the Customs Act, 1969 were applied sequentially as per law."

ORDER

3. The case was heard on 03-01-2019, 21-12-2020 and on 07-09-2021. The petitioners, M/s Amaan Pharma, a manufacturer of pharmaceutical products have contended the values of Clear & Amber Glass Ampoules, determined vide Valuation Ruling No.1328/2018 dated 26-09-2018 are on higher side and sought reduction in the determined customs values. However, the memo of revision was not accompanied by any documents in support of their request. In another petition, received from M/s Ghani Global Glass Ltd., local manufacturer of glass, it was stated that both glass tubing (of a kind used for the manufacturer of ampoules) and the finished ampoules itself are not ordinary glass but a specialized product containing an important raw material namely borosilicate which renders the ampoules inert, non-reactive and non-corrosive; without the borosilicate, the ampoule would be highly unsuitable for packing of pharmaceutical injectables.

4. On the other hand, the departmental representative (D.R) explained in detail the valuation methodologies adopted by them to arrive at the Customs values determined vide impugned Valuation Ruling. In support of department's contention, the D.R presented various details of the valuation exercise/ working and presented details of comprehensive market inquiry reports as available on record to support the values determined vide impugned VR. The D.R further stated that they conducted inquiries and collected information of prices through internet sources and market survey of the domestic market.

5. After listening to the detailed discussions/ arguments of petitioner and respondent department and perusal of the case record, it is apparent that the values determined by the Valuation Department under Section 25-A of the Customs Act, 1969 are within legal domain of Section 25 of the ibid Act and hence the impugned Valuation Ruling No.1328/2018 dated 26-09-2018 is upheld. Therefore, the review petitions are rejected and accordingly disposed off. However, as the ruling is approximately 03 years old and considering the changes in input costs e.g. prices of raw materials, exchange rate, freight etc, the Director Customs Valuation, Karachi is advised to conduct a fresh exercise for determination of Customs values and issue fresh valuation ruling under Section 25-A of the Customs Act, 1969.


(Dr. Farooq Iqbal Qureshi)
Director General

Registered copy to:

M/s. Amaan Pharma,
30, K.M. Sheikhpura Road, Lahore.

M/s Ghani Global Glass Ltd.
10-N, Model Town, Ext., Lahore-54700

Copy to:

1. The Member (Customs Policy/Operations), FBR, Islamabad.
2. The Chief Collectors Customs Appraisalment (South)/Enforcement, Karachi/
(North) Islamabad / (Central) Lahore/ Quetta.
3. The Collector, MCC Appraisalment and Facilitation (East/West) /Port M. Bin Qasim/
Enforcement & Compliance, JIAP, Karachi.
4. The Collector, MCC Appraisalment & Facilitation/Enforcement & Compliance, AIIA,
Lahore/Quetta/Peshawar/Faisalabad/Sambrial/Multan/Hyderabad/Islamabad/Gilgit-
Baltistan/Gawadar.
5. The Directorate General of Intelligence & Investigation (Customs), Islamabad /Lahore
/Peshawar / Multan / Hyderabad / Gawadar / Quetta.
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.

