

GOVERNMENT OF PAKISTAN  
DIRECTORATE GENERAL OF CUSTOMS (VALUATION)  
CUSTOM HOUSE, KARACHI

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File No.DG(V)Val.Rev/46/2022/1054

Dated 18<sup>th</sup> October, 2022

**Order in Revision No. 87/2022 under Section 25D of the Customs Act, 1969,  
against Valuation Ruling No. 1657/2022 Dated 07-06-2022**

- 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 Kheewa & Sons & Others

..... PETITIONERS

VERSUS

Director, Customs Valuation, Karachi

..... RESPONDENT

Date(s) of hearing

11-10-2022

For the Petitioners

Mr. Hassam Ali Khan  
Mr. Fahad Sharif

For the Respondent

Mr. Nadeem Shaikh, Valuation Officer

This revision petition was filed under Section 25D of the Customs Act, 1969, against Customs values determined vide Valuation Ruling No.1657/2022 dated 07-06-2022, issued under Section 25A of the Customs Act, 1969, inter alia, on the following grounds:

*"Being greatly aggrieved with V.R #1657/2022 dated 07.06.2022 passed by respondent department in supersession of Valuation Ruling No.899/2016 dated 04.08.2016, We hereby prefer to file our Revision Petition under Section 25D of the Custom Act. 1969 for review on the following facts and grounds:*

1. That we are regular Importer of Snap Buttons made of Plastics, Stainless Steel & Brass. Our transactions are through Banking channel (EIF) and the remittances are made through Banks. Subsequently, the Sales Tax Return are being filed regularly which speaks of the real value of goods, mainly sold to Textile Export Industry.
2. It is to be greatly regretted that the Dept. took its decision in haste, after holding only one meeting with Stake holders on Behest of the Complainant, who is a manufacturer of other



BUTTONS covers under other PCT namely H.S codes 9606.2100; 9606.2200; 9606.2920 and 9606.2990.

That the Complainant has no facility neither Production infrastructure to Produce SNAP FASTENERS cover under H.S Code: 9606.1000.

3. To above regard, surprisingly the Dept not asked the Complainant to produce any record of evidences to prove about their Production of Snap Fasteners at their Factory premises, made of Plastics, Stainless steel and Brass. The Complaint, to the best of our knowledge and to achieve their malafide intentions, only made Verbal complaint with regard to "Snap Fasteners" but did not provide Dept. with any Supporting evidence with regard to their Production Capacity, import of Raw Material of subsequent items, Sales Tax return, Sales Register etc.
4. The Valuation Dept in haste, with only one meeting held, enhanced the value of Snap Fasteners exorbitantly on higher side against the old V.R 899/2016 dated 4<sup>th</sup> August '2018.

S.No	Specification	PCT Code	Origin	Custom Values As Per V.R 899/2016	Custom Values As Per V.R 1657/2022	Increase in %
a.	Iron, Steel	9606.1000	China	\$2.00/KG	\$3.94/KG	97%
			Taiwan	\$2.20/KG	\$4.30/KG	95%
b.	Plastic		China	\$2.40/KG	\$5.48/KG	128%
			Taiwan	\$2.65/KG	\$5.97/KG	125%
c.	Stainless Steel		China	\$2.80/KG	\$4.60/KG	64%
			Taiwan	\$3.10/KG	\$5.10/KG	65%
d.	Brass		China	\$4.10/KG	\$6.15/KG	50%
			Taiwan	\$4.40/KG	\$6.70/KG	52%

5. The Importers/Stake holders were not invited to attend any follow up meeting as well as not advised to furnish their views regarding the finalization of values of above commodity
6. The above Valuation Ruling has issued by way of inspiration from representation of the local manufacturer on his misleading pretext, whereas we content that the complainant does not have any infrastructure nor facility to produce Snap Fasteners made of METAL.
7. The stake holders were not taken into any confidence if any market inquiry was made by the Dept. Due to sharp devaluation of Pak. Rupee VS USD, the retail value in open market are on increase sharply due to wide parity of past imports VS current rate of Pak. Rupee VS USD. Further Snap Fasteners are 90% used in Export Textile made up Industry & goods are sold directly to the Industry for their Export consumption on SALES TAX INVOICE basis, so true reflection of retail market inquiry cannot justify to arrive at fixing such Arbitrary higher Values for the captioned Snap Fasteners.
8. The Int'l market prices of the above commodity stand lower than the value for assessment so proposed in the aforesaid Valuation Ruling. The Current Int'l market is much lower than the assessable value prevalently.



9. It is submitted that Snap Fasteners are mainly used in the Export Garment made up & Home Textile Industry & thus is export commodity. The Higher determined custom value will ultimately to the great detrimental of Export Textile made up Sector & will hurt to compete their made ups in Int'l Market.

In view of foregoing, it is humbly prayed that the impugned Valuation Ruling #1657/2022 dated 07.06.2022 which reveals excessive and exorbitant custom values of Snap Fasteners, made of relative materials, may kindly be set aside or in the alternative, a fresh Valuation Ruling may please be issued for determination of custom values in accordance with law, taking into account Sales Value as per Sales Tax invoices for the relative items in Bulk as retails unit price for single piece cannot justify to arrive at justifiable custom Assessed prices."

2. The respondents were asked to furnish comments to the arguments submitted by the petitioners in the case. Para-wise comments on the petition are given as under:-

**"FACTS OF THE CASE"**

Earlier, the Customs values of Press-Fasteners, Snap-Fasteners, Press-Studs were determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No.899 / 2016 dated 04-08-2016. Since the Valuation Ruling was more than six years old, representations were received in this Directorate General to revise the same as per prevalent market price. Therefore, an exercise was initiated in this Directorate General to determine customs values of subject goods in terms of Section 25A of the Customs Act, 1969. Meeting with all stakeholders, trade bodies including representatives of clearance Collectorates was held in this Directorate General on 19-04-2022. The importers / stakeholders were requested to submit their proposals / suggestions as well as following import related documents before or during the course of meeting so that customs values could be determined :-



- (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.

The meeting was attended by number of importers during the meeting they were of the view that the prices of the subject commodities have not increased in the international market and value of aforesaid VRs are fair. They, however, could not submit any corroboratory evidence / documents in support of their contentions. On the other hand, they were shown sample evidence that values in international market were higher than those determined. However, the representative of local garment industries contended that they import the subject goods as per their requirements / specifications and at the much higher rate as compared to the ones declared by commercial importers. However, accordingly, after exhausting all valuation methods as envisaged under Section 25 of the Customs Act, 1969 and exhausting and examining all the valuation methods as envisaged under Section 25 of the Act *ibid*, customs values of under reference goods were determined in terms of Section 25(7) of the Customs Act, 1969, for uniform assessment all over



the country vide Valuation Ruling No.1657/2022 dated 07-06-2022, for uniform assessment all over the Customs Stations of the country.

**PARAWISE COMMENTS**

**Para-(1)** Need no comments being introduction of the petitioners and imports made by them of under reference goods.

**Para-(2&3)** It is submitted that the contents of Para-(2&3) 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. In these paras petitioners have negated the impugned Valuation Ruling but did not give any substantive and cogent reason for not accepting the same while assessments are being made as per the same. Further, FPCC&I and its members were duly invited to attend the meeting held on 19-04-2022 by this Directorate General to get their view points in the matter.

**Para-(4&5)** Not Agreed. It is submitted that while issuing the Valuation Ruling for any imported commodity under Section 25-A, the Director of Customs Valuation has been empowered to exhaust all the valuation methods i.e. Sub-Sections (1), (5), (6), (7), (8) & (9) of Section 25 of the Customs Act, 1969 sequentially. It is submitted that customs values for issuance of Valuation Rulings are properly determined in terms of Subsections (1) to (9) of Section 25 of the Customs Act, 1969, sequentially. However, the word "**whichever is applicable**" as used in Sub-Section (1) of Section 25A gives discretion to the competent authority to adopt the method as suited to the determination of value under Section 25-A of the Act, which may or may not be applied in a sequential manner. However, after exhausting all valuation methods, customs values in the impugned valuation ruling were determined in terms of **Sub-Section (7)** of the Customs Act, 1969. Moreover, it is submitted that it is not necessary that the transaction value of the petitioners must be accepted by the Customs authorities. According to the provisions of Section 25 of the Customs Act, 1969, the burden of proof that the declared transaction values are fair lies upon the importer who may justify their declarations through documentary evidences.

**Para-(6&7)** Denied. It is submitted that the impugned Valuation Ruling has not been on the will of local manufacturer rather the same are based on factual position of local market prices of the said commodity as proper local market enquiries were duly conducted. Impugned Valuation Ruling has been issued after considering the representation of the petitioners and view point of all the stakeholders. The record of the impugned Valuation Ruling No.899 / 2016, dated 04-08-2016 and arguments put forward by the Appellants were duly considered during process of issuance of impugned Valuation Ruling No.1657/2022 dated 07-06-2022. However, petitioners still seem to be





aggrieved despite two Valuation Rulings have been issued for under reference goods. 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 readwith Section 25-A of the Customs Act, 1969. 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.1657/2022, dated 07-06-2022 has lawfully and justifiably been issued in terms of Section 25-A of the Customs Act, 1969.

**Para-(8&9)**

It is submitted that the contents of Para-(8&9) are denied to the extent that declared value of the consignment was 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. It is respectfully submitted that the customs value 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 the requisite corroboratory 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-LX), 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 laws rather the same is based on factual ground realities. Further, the petitioners were requested to provide corroboratory documents like sales tax paid invoices, proforma invoice, copies of L/Cs and other import related documents but they never furnished the same to this office which are essentially required in the process of determination of customs values for assessment purposes. As such burden of proof that their transaction value is correct and fair lies upon the petitioners who may satisfy the Customs Authorities. Further, customs values in the impugned valuation ruling have been determined after conducting local market enquiries in terms of **Sub-Section (7)** of Section 25 of the Customs Act, 1969, which showed higher price trend in the local market and goods were being sold on higher prices. As such the same has lawfully and justifiably been issued in terms of Section 25A of the Customs Act, 1969, for uniform assessment all over the country.

**Para-(10)**

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. However, the said Valuation Ruling No.1657/2022, dated 07-06-2022 has lawfully and justifiably been issued in terms of Section 25A of the Customs Act, 1969, for





uniform assessment all over the country. It is respectfully submitted that it is not mandatory for Customs to accept each and every transactional value. As such the transaction value cannot be accepted in absence of any relevant import evidences and import documents etc. in terms of Para-108 of the Customs Rules, 2001. It is further submitted that the meeting with the stakeholders was held on 19-04-2022, which was duly attended by the commercial importers as well as local manufacturers of under reference goods and official bearers / representatives of concerned Association. The participants as well as the Association were requested to provide the 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 any 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 the 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.

### **PRAYER**

In view of above narrated facts, it is submitted that the petitioner is required to get clear the goods as per Valuation Ruling issued under Section 25-A of the Customs Act, 1969, which is legal and lawful. The Valuation Ruling No.1657/2022, dated 07-06-2022 has lawfully been issued after considering all the facts and figures and after following valuation methods sequentially. As such the same may be allowed to hold field for uniform assessment all over the country. The assessment made on the basis of Valuation Ruling are correct and petitioners are liable to pay duty / taxes as per Valuation Ruling. 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 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

3. Hearing in the case was conducted on 11-10-2022 on which date both the petitioners and the respondent department were heard in detail. The petitioners contended that the impugned Valuation Ruling (VR) has been issued at behest of the local manufacturer who has neither any infrastructure nor facility to produce Snap Fasteners made of metal, besides they were not taken into any confidence if any market inquiry was made by the respondent department. It was further stated that due to sharp devaluation of Pak. Rupee vis-à-vis US Dollar, the retail value in open market are on increase sharply due to wide parity of past imports versus current rate of Pak. Rupee versus US Dollar. Moreover, Snap Fasteners are 90% used in Export Industry of Textile made ups and goods are sold directly to the industry for their export consumption on sales tax invoice basis, so true reflection of retail market inquiry cannot justify to arrive at fixing such arbitrary higher values for the captioned Snap Fasteners. The petitioners added that international market prices of the above commodity stand lower than the value for assessment so proposed in the impugned Valuation Ruling. The petitioners submitted that Snap Fasteners are mainly used in the export garments/textile made ups and home textile industry, therefore the higher determined Custom value will ultimately be of great detriment to export of textile made up sector and thus will hurt the exporters to compete their made ups in international market.

4. On the other hand, the departmental representative (DR) explained that the Customs values of Press-Fasteners, Snap-Fasteners, Press-Studs were earlier determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No.899/2016 dated 04-08-2016. Since the Valuation Ruling was more than six years old, representations were received in this Directorate General to revise the same as per prevalent market price. Therefore, an exercise was initiated in this Directorate General to determine Customs values of subject goods in terms of Section 25A of the Customs Act, 1969. Meeting with all stakeholders, trade bodies including representatives of clearance Collectorates was held on 19-04-2022. The importers / stakeholders were requested to submit their proposals / suggestions as well as import related documents before or during the course of meeting so that customs values could be determined. The meeting was attended by number of importers and during the meeting they were of the view that the prices of the subject commodities have not increased in the international market and value of existing VR are fair.



They, however, could not submit any corroboratory evidence / documents in support of their contentions. On the other hand, they were shown sample evidence that values in international market were higher than those determined. However, the representative of local garment industries contended that they import the subject goods as per their requirements / specifications and at the much higher rate as compared to the ones declared by commercial importers. Accordingly, after exhausting and examining all the valuation methods as envisaged under Section 25 of the Act *ibid*, Customs values of under reference goods were determined in terms of Section 25(7) of the Customs Act, 1969, for uniform assessment across the country vide Valuation Ruling No.1657/2022 dated 07-06-2022.

5. After listening to the detailed discussions/arguments of both the parties and perusal of the case record, it is apparent that the department had duly consulted the stakeholders while issuing the impugned VR. The importers were given sufficient time and opportunity to give their inputs including documentary proof/evidence to substantiate their transaction value but they failed to provide any corroboratory evidence/documents in support of their contentions at the time of meeting conducted under Section 25A of the Customs Act, 1969 whereas the local garment industries claimed that they import the subject goods as per their requirements/specifications and at the much higher rate as compared to the ones declared by commercial importers. On the other hand, the DR provided details of market inquiry reports and samples as available on record to substantiate the values determined by them. It is apparent that the Importers (petitioners) are unable to shed the burden of proof in terms of Rule 109 of Chapter-IX of Customs Rules, 2001 (SRO 450(I)/2001 dated 18-06-2001). Therefore, there is no reason to interfere with the impugned Valuation Ruling No.1657/2022 dated 07-06-2022. The revision petitions are, accordingly, rejected.

6. Being identical on facts and law point, this order shall apply *mutatis mutandis* on the following (02) revision petitions.

1. M/s Muhammad Aslam & Company
2. M/s Arshad & Company

  
(Gul Rehman)  
Director General

Registered Copy to:

- 01 M/s Muhammad Aslam & Company,  
Room No. 5,8/33, Zohrabai Building Allahdad  
Street, Napier Road, Karachi.
- 02 M/s Arshad & Company,  
Shop # D-24 Iqbal Centre, M.A. Jinnah Road  
Karachi.



03 M/s Kheewa & Sons,  
Room#2, 1<sup>st</sup> Floor, Bahadur Shah Market, M.A  
Jinnah Road, Karachi.

Copy to:

- 1) The Member Customs (Policy/Operations), Federal Board of Revenue, Islamabad.
- 2) The Director General, Intelligence and Investigation (Customs)-FBR, Islamabad.
- 3) The Director General (Reforms & Automation Customs)-FBR, Islamabad.
- 4) The Director General, PCA & Internal Audit, Islamabad
- 5) The Director General, IOCO, Custom House, Karachi.
- 6) The Director General, Transit Trade, Custom House, Karachi.
- 7) The Chief Collector of Customs (North), Custom House, Islamabad.
- 8) The Chief Collector of Customs Enforcement (Central), Custom House, Lahore.
- 9) The Chief Collector of Customs Appraisement, (Central), Custom House, Lahore.
- 10) The Chief Collector of Customs, Baluchistan, Custom House, Quetta.
- 11) The Chief Collector of Customs, Khyber Pakhtunkhwa, Custom House, Peshawar.
- 12) The Chief Collector of Customs, Appraisement (South), Custom House, Karachi.
- 13) The Chief Collector of Customs, Enforcement (South), Custom House, Karachi.
- 14) The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad / Quetta / Peshawar / Faisalabad.
- 15) The Director, Directorate of Customs Valuation, Karachi / Lahore / Quetta / Peshawar.
- 16) The Collector of Customs, Collectorate of Customs, (Appraisement - West / Appraisement - East / Appraisement - Port M. Bin Qasim / Enforcement / JIAP), Karachi / Hyderabad / (Appraisement / Enforcement), Quetta / Gwadar / (Appraisement / Enforcement / AIIA), Lahore / Appraisement, Faisalabad / Appraisement, Sambrial (Sialkot) / Enforcement, Multan / Islamabad / Gilgit -Baltistan / (Appraisement / Enforcement), Peshawar / Exports (Port M. Bin Qasim / Custom House), Karachi.
- 17) The Secretary (Valuation & Audit), Federal Board of Revenue, Islamabad.
- 18) All Additional Directors / Deputy Directors / Assistant Directors, Customs Valuation, Karachi
- 19) Assistant Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WEBOC Database System.
- 20) Guard File.

