

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

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File No.DG(V)Val.Rev/62/2022/1309

Dated 14<sup>th</sup> December, 2022

**Order in Revision No. 107 /2022 under Section 25D of the Customs Act, 1969,  
against Valuation Ruling No.1690/2022 Dated 11-08-2022**

- 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 Manam Traders, Lahore  
M/s Imran Traders, Gujranwala

..... PETITIONERS

VERSUS

Director, Customs Valuation, Karachi

..... RESPONDENT

Date(s) of hearing

01-11-2022

For the Petitioners

Mr. Muhammad Ali  
Mr. M. Imran Butt

For the Respondent

Mr. Shamaz Saqib, Valuation Officer

This revision petition was filed under Section 25D of the Customs Act, 1969, against customs values determined vide Valuation Ruling No. 1690/2022 dated 11-08-2022, issued under Section 25A of the Customs Act, 1969, inter alia, on the following grounds:

*"Being aggrieved and dissatisfied with the impugned Valuation Ruling No. 1690/2022 dated 11-08-2022 issued by the Director, Directorate General of Customs Valuation, Custom House Karachi that our regularly importing item Stainless Steel Flexible Hose is being affected by the said valuation. Hence we are filing this Review Application against the above impugned Valuation Ruling No. 1690/2022 dated 11-08-2022 under Section 25-D of the Customs Act, 1969.*

*The impugned Valuation Ruling No. 1690/2022 dated 11-08-2022 is issued without considering merits, data, raw material cost, and fair market value. According to the valuation, the method*

adopted to determine Customs Value included checking the prices in accordance with the London Metal Exchange (LME) and the London Metal Bulletin (LMB). However, upon our own findings, we found that the values in LME are lower than that being ascertained in the Valuation. We are a reputed regular commercial importer of Stainless Steel Flexible Hose and are duly registered with the Sales Tax and Income Tax Department under the Business title M/s Manam Traders. We are discharging our liabilities under various laws and contributing huge sums to the determination of Customs duties and taxes. We in due course of our business import specifically from other countries.

It is respectfully prayed that the Honorable Revision Authority may very graciously set aside the impugned Valuation Ruling in the larger interest of justice and in Exercise of the power under Section 25-D of the Customs Act, 1969. Furthermore, we plea that the Honorable Revision Authority determines the values considering the transactional value of the imported goods and also direct clearance Collectorate to immediately allow the release of the imported goods on the basis of transactional value conserving the provision of Section 25(I) of the Customs Acts, 1969."

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:-

"Parawise comments on the revision petition filed by M/s. Manam Traders, Lahore & M/s. Imran Traders, Gujwanwala before the Director General of Customs Valuation, Karachi, in terms of Section 25-D of the Customs Act, 1969, against the Valuation Ruling No.1690 / 2022, dated 11-08-2022 of Stainless Steel Flexible Hose Products (PCT: 8307.1000, 8307.9000, 7324.2900 & Others ), are as under : -



#### **FACTS OF THE CASE**

A representation was received through Board's letter C.No.3(23) S.Val.&Audit/2021 dated 01-04-2022, that Flexible Hose Products are being cleared at very low customs values and there is a susceptibility of mis-invoicing. Therefore, an exercise was initiated for determination of customs values of Flexible Hose Products according to prevalent market price trends, in terms of Section 25A of the Customs Act, 1969. Meeting with stakeholders was held on 05-07-2022. The stakeholders contended that the goods are manufactured from high quality of steel, in addition to Brass and nickel which is being cleared at US\$ 1.5/Kg. Meanwhile the basic raw materials in raw form cost a lot more than the said value. The stakeholders were requested to submit the following documents so that correct 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.

Valuation methods as given in Section 25 of the Customs Act, 1969 were applied sequentially to address the valuation issue at hand. Transaction value 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 some reference values but could not be relied upon due to variation in data. Market inquiry as envisaged under Sub-Section (7) of Section 25 of the Customs Act, 1969, was conducted but could yield no results as prices varied accordingly to selling points in the market. Online values were also checked. Since the manufactures costs and raw material prices of producing the goods in question in the country of exportation were not available. Computed value methods as provided in Section 25(8) could not be applied for valuation of the aforesaid goods. London Metal Exchange (LME) prices of different types of metals were checked from the London Metal Bulletin (LMB), within the meanings of proviso to sub-section (1) of Section 25A *ibid*, inserted *vide* Finance Act, 2021. Finally, PRAL database, market information and international prices through Web were examined thoroughly. All the information so gathered was analyzed for determination of customs values of the subject goods. Consequently, the Fall Back Method as provided under Section 25(9) of the Customs Act, 1969, was applied to arrive at assessable customs value of Flexible Hose Products for uniform assessment all over the country *vide* Valuation Ruling No.1690/2022 dated 11-08-2022, for uniform assessment all over the Customs Stations of the country.

### **PARAWISE COMMENTS**

In response to the contents of the instant Petition, parawise comments on behalf of Respondent above-named are submitted as under :-

#### **Para-(1)**

Not Agreed. It is submitted that the 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. A representation was received through Board's letter C.No.3(23) S.Val.&Audit/2021 dated 01-04-2022, that Flexible Hose Products are being cleared at very low customs values and there is a susceptibility of mis-invoicing. Meanwhile the basic raw materials in raw form costs a lot more than the said value. 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. The customs values in impugned valuation ruling have lawfully been determined after examining the circumstances surrounding the imports. Assessments are being made as per said Valuation Rulings all over the country but only the under reference petitioners are aggrieved. It is respectfully submitted that the impugned Valuation Ruling No.1690/ 2022 dated 11-08-2022 has lawfully and justifiably been issued by the Respondent in terms of Section 25A of the Customs Act, 1969, under vested powers upon him. The Director (Valuation) has been empowered by the Board to issue valuation rulings after exhausting all valuation methods as envisaged under Section 25 of the Customs Act, 1969. No deviation from laws / rules has occurred while determining the customs values of under reference goods. However, rulings are being issued lawfully by considering record of previous rulings and taking all stakeholders on board. Respondent above named had determined correct customs values. On the other hand the petitioners did not submit any import related documents such as copies of sales tax paid invoices, proforma Invoice etc. Therefore, the determined customs values are correct and lawfully determined and are based on ground realities of the case record. As such the Respondent has acted according to law and procedure.





**Para-(2)**

Denied. It is respectfully submitted that the said Valuation Ruling No.1690 / 2022 dated 11-08-2022, was issued after thorough investigation and all aspects were considered. In this regard it is submitted that this Directorate General has determined the correct customs values vide Valuation Ruling No.1690 / 2022, dated 11-08-2022 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 and local market surveys were analyzed and evaluated and after gathering all information, the Customs values of under reference goods have been determined in terms of **Section 25(9)** of the Customs Act, 1969, vide above referred Valuation Ruling No.1690 / 2022 dated 11-08-2022 for uniform assessment all over the country. Transaction value 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 some reference values but could not be relied upon due to variation in data. Market inquiry as envisaged under Sub-Section (9) of Section 25 of the Customs Act, 1969, was conducted but could yield no results as prices varied accordingly to selling points in the market. Online values were also checked. Since the manufactures costs and raw material prices of producing the goods in question in the country of exportation were not available. Computed value methods as provided in Section 25(8) could not be applied for valuation of the aforesaid goods. London Metal Exchange (LME) prices of different types of metals were checked from the London Metal Bulletin (LMB), within the meanings of proviso to sub-section (1) of Section 25A *ibid*, inserted vide Finance Act, 2021. Finally, PRAL database, market information and international prices through Web were examined thoroughly. All the information so gathered was analyzed for determination of customs values of the subject goods. Consequently, the Fall Back Method as provided under Section 25(9) of the Customs Act, 1969, was applied to arrive at assessable customs value of Flexible Hose Products. As such the impugned valuation ruling is not illegal, arbitrary or discriminatory as the same has been issued after thoroughly after examining the factors surrounding the import and Respondent had acted according to law and procedure as laid down in Section 25 of the Customs Act, 1969.



**Para-(3)**

Not Agreed. It is submitted that all the valuation methods as envisaged under Section 25 of the Act *ibid* have properly and sequentially been followed and by giving reasons for rejection of previous valuation methods customs values have been determined in terms of Section 25(9) of the Customs Act, 1969. The Petitioners are simply aggrieved by the Valuation Ruling 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. However, the said Valuation Ruling No.1690/ 2022, dated 11-08-2022 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 meetings with the

stakeholders was held on **05-07-2022** which were duly attended by the commercial importers as well as official bearers / representatives of the 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 required documents before meeting. Again during the meetings 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.

But no any import documents were provided by the importers in support of their contention. 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)**

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. Customs values in under reference valuation ruling have been determined in terms of sub-Section (9) of Section 25 of the Customs Act, 1969, after properly conducting local market enquiries. 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. As such the impugned valuation ruling is not illegal or arbitrary rather the same is based on ground realities of the case and has lawfully been issued for assessment purpose only under reference petitioner seems to be aggrieved otherwise assessments are being made as per the same.*

**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.1690 / 2022 dated 11-08-2022. The Respondent have acted lawfully and the Valuation Ruling No.1690 / 2022, dated 11-08-2022 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 showing the values of suppliers (excluding duty & taxes) to substantiate their contentions which are essentially required for the process of determination of customs values of any imported goods.*

*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 and under reference petition being not maintainable is liable to be dismissed and rejected accordingly."*


**ORDER**

3. Hearing in the case was conducted on 01-11-2022 on which date both the petitioners and the respondent department were heard in detail. The petitioners contended that the impugned Valuation Ruling (VR) No.1690/2022 dated 11-08-2022 has been issued without considering merits, data, raw material cost, and fair market value. They requested to set aside the impugned valuation ruling and accept their transaction value.

4. The departmental representative (DR) stated that a representation was received through Board's letter C.No.3(23)S.Val.&Audit/2021 dated 01-04-2022, that Flexible Hose Products are being cleared at very low Customs values and there is a susceptibility of mis-invoicing. Therefore, an exercise was initiated for determination of Customs values of Flexible Hose Products according to prevalent market price trends, in terms of Section 25A of the Customs Act, 1969. Meeting with stakeholders was held on 05-07-2022. The views of the stakeholders were heard in detail and they were requested to submit the relevant import documents and evidences in order to substantiate their contention and to arrive at the Customs values of subject goods. However, after exhausting and examining all the valuation methods as envisaged under Section 25 of the Customs Act, 1969, and analyzing and evaluating the whole information so gathered, finally, reliance had to be made on sub-Section (9) of Section 25 of the Customs Act, 1969, to determine the Customs values of subject goods and notified under Section 25A of the Customs Act, 1969, for uniform assessment across the country vide Valuation Ruling No.1690/2022 dated 11-08-2022 accordingly.



5. Following the petitioners' arguments, DR's explanations and scrutiny of the case record, it is apparent that with a view to satisfy the precept of Natural Justice, the department sought to consult the relevant stakeholders and meeting was held on 05-07-2022 while issuing the impugned Valuation Ruling. Moreover, the explanation of DR and facts of the case elaborated above as well as described vide para-3&4 of the impugned VR No.1690/2022 dated 11-08-2022, the departmental recourse to determine the Customs values in terms of Section 25 and 25A of the Customs Act, 1969 has been conducted within the legal domain of the ibid Act. Hence, I, therefore, find no reason to interfere with impugned Valuation Ruling No.1690/2022 dated 11-08-2022. The petitions being devoid of any merit and legal contents are hereby rejected accordingly.

  
(Gul Rehman)  
Director General

Registered Copy to:

M/s. Manam Traders,  
Ground Floor, Shop No.2, Sharif Manzil, Rehman Street No.3,  
Bander Road,  
Lahore

M/s. Imran Traders  
Main Bazar, Ameer Park, St.6, DC Road,  
Gujranwala

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 Appraisalment, (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, Appraisalment (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 Muhammad 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 Muhammad 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 & WEOC Database System.
- 20) Guard File.

