

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

File No. DG(V)Val.Rev/64/I/2022/185 \*\*\*\*\*

Dated 17<sup>th</sup> February, 2023

**Order in Revision No. 05 /2023 under Section 25D of the Customs Act, 1969,  
against Valuation Ruling No. 1695/2022 Dated 18-11-2022**

- 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. Five Star Enterprises & Others

VERSUS

PETITIONERS

Director, Customs Valuation, Karachi

RESPONDENT

Date(s) of hearing

01-02-2023

For the Petitioners

Mr. Muhammad Raza, M/s Five Star Ent.  
Ch. M. Waseem, M/s Red Rose Int.

For the Respondent

Mr. Usman Ghani, Valuation Officer

This revision petition was filed under Section 25D of the Customs Act, 1969, against Customs values determined vide Valuation Ruling No.1695/2022 dated 18.11.2022 issued under Section 25A of the Customs Act, 1969, inter alia, on the following grounds:

"2. With due respect and humble submission we would like to inform you that we disagreed with issued Valuation Ruling No. 1695/2022, Dated 18.11.2022, and requesting to review values under Section 25D of the Custom Act, 1969, as per current International prevailing market prices.

3. In this connection, it is regretted to inform that we do not agree with the aforesaid fresh Valuation Ruling because the same was issued without justification of international markets prices/criteria where the prices of said commodity have witnessed a rapid downfall trend and currently the goods are being sold at much lower prices than the assessed value proposed in foresaid fresh Valuation Ruling.

4. The enhancement of assessed value will stop importation of goods and the same will promote smuggling which will result into revenue losses to the state ex-chequer whereas on the other hand the legal importers will not be in such a position to compose in the market viz-a-viz smuggled goods.

5. In view of the above submissions, you kind honor is requested to please consider above circumstances and revise aforesaid fresh valuation ruling in the light of current International

markets prices/criteria as soon as possible so that the legal importers may survive and legal importers may continued through smooth assessment to secure legitimate revenue earning for the state ex-chequer, an easily action shall be highly regarded."

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:-

**"BRIEF FACTS OF THE CASE"**

(a) Earlier, the Customs values of Spices, Herbs & Edible Gums were determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No.1649/2022 dated 17-05-2022 which were set-aside by the Director General of Customs Valuation vide O-in-R No. 67/2022 dated 02.08.2022 with directions to re-determine the Customs values of Spices, Herbs & Edible Gums. Therefore, an exercise has been undertaken by this Directorate to determine the same.

(b) Meeting was convened on 17.10.2022 which was attended by all the relevant stakeholders. The issues pertaining to the valuation of subject goods were deliberated upon in detail in the afore-referred meeting.

(c) The members of Pakistan Karyana Merchant Association contended that the values provided by them should be accepted. Moreover, they requested that they should be given reasonable allowances because of wastage (during processing/ refining the subject goods) and the credit which they give to their buyers as a result of established business practice. In this regard, Ninety (90) days' data has been retrieved and the same has been scrutinized. Subsequently, Market inquiry has been conducted and examined in the light of this Directorate's Office Order No. 17/2014 dated 19.03.2014 and in terms of Section 25 (7) read with Section 25 (9) of the Customs Act, 1969.

(d) Valuation methods specified in section 25 of the Customs Act, 1969, were duly applied in sequential order to arrive at the Customs value of subject goods. The transaction value method as provided in sub-Section (1) Section 25 the Customs Act, 1969, was found inapplicable due to wide variation of values in import data. Moreover, the requisite information under law was not available to arrive at correct/ transaction value. Therefore, identical/similar goods value methods provided in Section 25(5) (6) ibid were examined for applicability to determine customs value of subject goods. The data provided some reference; however, it was found that the same could not be solely relied upon due to absence of absolute demonstrable evidences of quantities and qualities, variation in declaration, variety and specifications. Information available was, hence, found inappropriate. In line with statutory sequential order of Section 25 of the Customs Act, 1969, this Directorate conducted market survey under sub-Section (7), read with Section 25 (9), of Section 25 of the Customs Act, 1969. Various Wholesale and Retail Markets were visited to observe the actual prices of Spices, Herbs & Edible Gums. On the basis of available data / information collected and exercise conducted the values of Spices, Herbs & Edible Gums have been determined under sub-Section (7), read with Section 25 (9), of Section 25 of the Customs Act, 1969.

**PARAWISE COMMENTS**

A. It is respectfully submitted that the Customs values determined vide Valuation Ruling No. 1695/2022, dated 18-11-2022, are strictly in accordance with the provisions of Section 25 of the Customs Act, 1969. The said Valuation Ruling was issued after thorough investigation and consideration of all aspects. The stakeholders were consulted through meeting held in this office. All their reservations were considered while determining the Customs values. The sequential methods as provided in Section 25 of the Customs Act 1969 have been followed in order to arrive at the assessable values of Spices. Details have already been provided in "Brief Facts of the Case".


B. Secondly, market inquiries are conducted in a fair and independent manner. All the guidelines laid down in Office Order No.17/2014 dated 19.03.2014 was followed in the light of sub-Section (7) of Section 25 of the Customs Act, 1969.

**PRAYER**

*It is respectfully prayed that the customs values of the subject goods were rightly determined after exhausting all legal formalities in accordance with Section 25 of the Customs Act, 1969. The petition of appellant may kindly be rejected."*

**ORDER**

3. Hearing in this case was conducted on 01-02-2023 on which date both the petitioners and the respondent department were heard in detail. The contention of the petitioners is that the impugned Valuation Ruling No.1695/2022 dated 18-11-2022 was issued without justification of international markets prices/criteria where the prices of said commodity have witnessed a rapid downfall trend and currently the goods are being sold at much lower prices than the assessed value proposed vide impugned Valuation Ruling (VR). They also submitted that the enhancement of assessed value will stop importation of goods and the same will promote smuggling which will result into revenue losses to the national exchequer whereas on the other hand the legal importers will not be in a position to compete in the market vis-à-vis smuggled goods. During hearing the representative of M/s Five Star Enterprises and M/s Red Rose International stated that they are aggrieved with the determined Customs value of Gum Arabic vide Serial No.14 of the impugned VR. They stated that they imported third grade Gum Arabic from Africa and its price are very



On the other hand, the departmental representative (DR) stated that earlier the Customs values of Spices, Herbs & Edible Gums were determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No.1649/2022 dated 17-05-2022 which were set-aside by the Director General of Customs Valuation vide Order-in-Revision No.67/2022 dated 02.08.2022 with the directions to re-determine the Customs values of Spices, Herbs & Edible Gums. Therefore, an exercise has been undertaken by this Directorate to determine the same. Meeting in this regard was convened on 17.10.2022 which was attended by all the relevant stakeholders. The issues pertaining to the valuation of subject goods were deliberated upon in detail in the afore-referred meeting. The members of Pakistan Karyana Merchant Association contended that the values provided by them should be accepted. Moreover, they requested that they should be given reasonable allowances because of wastage (during processing/ refining the subject goods) and the credit which they give to their buyers as a result of established business practice. In this regard, Ninety (90) days' data has been retrieved and the same has been scrutinized. Subsequently, Market inquiry has been conducted and examined in the light of Directorate's Office Order No.17/2014 dated 19.03.2014 and in terms of Section 25(7) read with Section 25(9) of the Customs Act, 1969. The DR further submitted that Valuation methods specified in Section 25 of the Customs Act, 1969, were duly applied in sequential order to arrive at the Customs value of subject goods. The transaction value method as provided in sub-Section(1) of Section 25 the Customs Act, 1969, was found inapplicable due to wide variation of values in import data. Moreover, the requisite information under the law was not available to arrive at correct/

transaction value. Therefore, identical/similar goods value methods provided in Section 25(5) (6) ibid were examined for applicability to determine customs value of subject goods. The data provided some reference; however, it was found that the same could not be solely relied upon due to absence of absolute demonstrable evidences of quantities and qualities, variation in declaration, variety and specifications. Information available was, hence, found inappropriate. In line with statutory sequential order of Section 25 of the Customs Act, 1969, Directorate conducted market survey under sub-Section (7), read with Section 25 (9), of Section 25 of the Customs Act, 1969. Various Wholesale and Retail Markets were visited to observe the actual prices of Spices, Herbs & Edible Gums. On the basis of available data / information collected and exercise conducted the values of Spices, Herbs & Edible Gums have been determined under sub-Section(7), read with Section 25(9) of Section 25 of the Customs Act, 1969.

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 with a view to satisfy the precept of Natural Justice. 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 material documentary proof in support of their declared values. On the other hand, the DR provided details of market inquiry as available on record to substantiate the Customs values determined by them. It is observed that the importers (petitioner) 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) and failed to substantiate their claim. Therefore, there is no reason to interfere with the impugned Valuation Ruling No.1695/2022 dated 18-11-2022. The petitions being devoid of any merit and legal contents are hereby rejected accordingly.

6. Being identical on facts and law point, this order shall apply mutatis mutandis, to the following (05) revision petitions:

1. M/s. Red Rose International
2. M/s. Satbeer Sindh and Company
3. M/s. Shahzad Corporation
4. M/s. Raza Impex
5. M/s. Zaib International Traders

  
(Gul Rehman)  
Director General

Registered copy to:

S.No.	Petitioners
1	M/s. Five Star Enterprises, 4-GK-17, G.H. Khaliq-e-Dina Trust Building, Kharadar, Karachi.
2	M/s. Red Rose International, 27-Old Rifle Range, Lahore. Phone: 042-37653376
3	M/s. Satbeer Sindh and Company, H1159, Tang Bazar, Akbari Mandi, Lahore. Tel No. 042-3663121
4	M/s. Shahzad Corporation,



	J/12, 49-Circular Road, Outside Dehli Gate, Near Mizar Shah Muhammad Ghous, Circular Road, Lahore.
5	M/s. Raza Impex, H-961, Muhallah Namd Giran Akbari Mandi, Lahore.
6	M/s. Zaib International Traders, H-22, Jahangir Park, Haji Pura, Baghban Pura, Lahore-54000

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, Islamabad.
- 4) The Director General, PCA & Internal Audit, Custom House, Karachi.
- 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, Lahore.
- 16) The Collector of Customs, Collectorate of Customs, (Appraisement - West / Appraisement - East / Appraisement - Port Muhammad Bin Qasim / SAPT/Enforcement / JIAP), Karachi / Hyderabad / (Appraisement / Enforcement), Quetta / Gawadar / (Appraisement / Enforcement / AIIA), Lahore / Appraisement, Faisalabad / Appraisement, Sambrial (Sialkot) / Enforcement, Multan / Islamabad / Gilgit -Baltistan / (Appraisement / Enforcement), Peshawar / Enforcement, Dera Ismail Khan/ 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 & WBOC Database System.
- 20) Guard File.

