

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

File No. DG (V)Val.Rev/75/III/2022 /276

Dated 13th March, 2023

**Order in Revision No. 11/2023 under Section 25D of the Customs Act, 1969,
against Valuation Ruling No. 1699/2022 Dated 06-12-2022**

- 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. S.S. Traders & Others

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PETITIONERS

VERSUS

Director, Customs Valuation, Karachi

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RESPONDENT

Date(s) of hearing

02-03-2023

For the Petitioners

Mr Farhatullah Jafri, Consultant.

For the Respondent

Mr. Abdul Jabbar Ch., Valuation Officer

This revision petition was filed under Section 25D of the Customs Act, 1969, against Customs values determined vide Valuation Ruling No.1699/2022 dated 06.12.2022 issued under Section 25A of the Customs Act, 1969, inter alia, on the following grounds:

"2. With reference to the subject matter, application under Sec 25-D of the Customs Act 1969, on behalf of M/s Global Trading Co is filed for review of VR No. 1699/2022 dated 06-12-2022, to the extent of the goods mentioned at Serial No. 1 of the VR i.e. Ladies Hand bags, Shoulder Bags and purses. The VR No. 1699/2022 has been issued in respect of the subject goods, as the previous VR No.1634/2022 was set aside by the Director General of Customs Valuation. Being aggrieved of the exorbitant and unjustifiable enhancement of Customs Value to the extent of the goods mentioned at Serial No. 1 of the VR i.e Ladies Hand bags, Shoulder Bags and purses, the review application is filed on behalf of M/S Global Trading Co., on the following facts and grounds.

FACTS

1) That the Applicant is duly registered and engaged in the import and trading of miscellaneous products including Ladies Handbags, Shoulder Bags, Purses, and Clutches (Low-End Brands) made of artificial leather. These goods are mainly imported from China.

2) That the Applicant enjoy an unblemished reputation in the business circle, having a spotless record towards payment of Government legitimate revenue in accordance with the law.

3) That the VR No.1634/2022 date 20-04-2022 issued under section 25A of the Customs Act 1969 was challenged under Section 25 D of the Customs Act 1969, before the Director General of Customs Valuation vide review application. The Director General set aside the VR No. 1634/2022 with the direction to redetermine the values of goods. The Director of the Customs Valuation has issued VR No. 1699/2022 dated 06-12- 2022, however, the value determined under Section 25 A of the Customs Act of 1969 in respect of the item at Serial No.1 of VR No.1699/2022 i.e. Ladies Hand Bags, Shoulder Bags, Clutches and Purses (Low- End Brand) made of artificial leather, is still on the very higher side with the exorbitant increase of 100% (approx.).

4) That it is pertinent to mention that while comparing the values of goods mentioned in VR No.1699/2022 with the values of goods mentioned in VR No.1196/2017, it is observed that the value of Ladies Clutches and Wallets made of artificial leather (Low End Brand) at Serial No.2 of VR No.1699/2022 has been increased from US\$10/doz to US\$14/doz i.e 40% increase. Whereas the value of Ladies Hand Bags, Shoulder Bags and Purses (Low End Brand) made of artificial leather at S.No.1 of the VR No.1699/2022 has been exorbitantly increased from US\$14/doz to US\$27.6/doz i.e 100%(approx). Hence increase in the values of goods at S.No.1 of VR 1699/2022 i.e Ladies Hand Bags, Shoulder Bags, Clutches and Purses (Low- End Brand) made of artificial leather is unjustifiable and untenable.

5) That the high landed cost of the imported low-end products through implementation of Valuation Ruling No. 1699/2022 and exorbitant increase in the Customs Values is likely to pave the way for smuggling of the item in question into local market which will be detrimental to the public exchequer on the one hand and huge loss of duties and taxes which are otherwise duly paid by the importers.

GROUND

A. That the VR No.1634/2022 date 20-04-2022 issued under section 25A of the Customs Act 1969 was challenged under Section 25 D of the Customs Act 1969, before the Director General of Customs Valuation vide review application. The Director General set-aside the Valuation Ruling No. 1634/2022 with the direction to redetermine the values of goods. The Director of the Customs Valuation has issued VR No. 1699/2022 dated 06-12- 2022, however, the value determined under Section 25 A of the Customs Act of 1969 in respect of the item at Serial No.1 of VR No.1699/2022 i.e. Ladies Hand Bags, Shoulder Bags, Clutches and Purses (Low- End Brand) made of artificial leather, is still on the very higher side with the exorbitant increase of 100% (approx.).

B. That it is pertinent to mention that while comparing the values of goods mentioned in Valuation Ruling No.1699/2022 with the values of goods mentioned in VR No.1196/2017, it is observed that the value of Ladies Clutches and Wallets made of artificial leather (Low End Brand) at Serial No.2 of Valuation Ruling No.1699/2022 has been increased from US\$10/doz to US\$14/doz i.e 40% increase. Whereas the value of Ladies Hand Bags, Shoulder Bags and Purses (Low End Brand) made of artificial leather at S.No.1 of the VR No.1699/2022 has been exorbitantly increased from US\$14/doz to US\$27.6/doz i.e 100% (approx.). Hence, the increase in the values of goods at S.No.1 of Valuation Ruling No. 1699/2022 i.e. Ladies Hand Bags, Shoulder Bags, Clutches and Purses (Low- End Brand) made of artificial leather is unjustifiable and untenable.

C. That the high landed cost of the imported low-end products through implementation of VR No. 1699/2022 and exorbitant increase in the Customs Values is likely to pave the way for smuggling of the item in question into local market which will be detrimental to the public exchequer on the one hand and huge loss of duties and taxes which are otherwise duly paid by the importers.



PRAYER

In view of the foregoing facts and circumstances, it is most humbly prayed that the Competent Authority may graciously be pleased to revise the exorbitant and excessive Customs Values of Ladies Handbags, Shoulder Bags, Purses (Low-End Brands) made of artificial leather, which have been determined in the of VR. No. 1699/2022 and fresh Customs Values in respect of the above-referred good may very kindly be redetermined by considering the actual transaction value in terms of Section 25(1) of the Customs Act 1969 or adopting the other methods in accordance with the law."

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

"PARAWISE COMMENTS

FACTS

1) Earlier, the Customs values of Ladies Hand Bags/Shoulder Bags/Purses and Clutches/Wallets made of Artificial Leather (Low end Brands) were determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No.1634/2022 dated 20-04-2022 which was set-aside by the Director General of Customs Valuation vide O-in-R No.77/2022 dated 12.09.2022 with directions to re-determine the Customs values of Ladies Hand Bags/Shoulder Bags/Purses and Clutches/Wallets made of Artificial Leather (low end Brands/Un-Branded). Therefore, an exercise was undertaken by this Directorate to determine the same.

2) Meeting was convened on 26.10.2022 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.

3) Valuation methods specified in Section 25 of the Customs Act, 1969, were duly applied in their sequential order to arrive at the Customs value of subject goods. The transaction value method as provided in sub-Section (1) of Section 25 of 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 incomplete. In line with statutory sequential order of Section 25 of the Customs Act, 1969, this Directorate conducted market survey under sub-Section (7) of Section 25 of the Customs Act, 1969. Various Wholesale and Retail markets were visited to observe the actual prices of Ladies Hand Bags / Shoulder Bags/Purses and Clutches / Wallets of Artificial Leather (low end Brands/Un-Branded). On the basis of available data / information collected and exercise conducted the values of Ladies Hand Bags / Shoulder Bags / Purses and Clutches / Wallets made of Artificial Leather (low end Brands / Un-Branded) have been determined under sub-Section (7), read with Section 25 (9), of Section 25 of the Customs Act, 1969 for uniform assessment all over the country vide Valuation Ruling No.1699/2022 dated 06-12-2022 accordingly.

4) The petitioner was invited for meeting u/s 25A Customs ACT, 1969 vide this office letter no. MISC/25/2017-111/1033 dated 12-10-2022 but he did not attend the same. Moreover, the Valuation Ruling is issued after proper market enquiry. All the stakeholders in Pakistan i.e importers and manufacturers are regularly getting cleared their goods on the determined values.



PRAYER

a) *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.1699/2022 dated 06-12-2022. The Respondent has acted lawfully and the Valuation Ruling No.1699/2022, dated 06-12-2022 has correctly and justifiably been issued in terms of Section 25-A of the Customs Act, 1969.*

b) *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 be made as per said Valuation Ruling and under reference. Petition being not maintainable is liable to be dismissed and rejected accordingly."*



ORDER

Hearing in this case was held on 02-03-2023 on which date the counsel for the petitioners and the respondent department were heard in detail. The counsel for the petitioners contended that the values at Serial No.01 of the impugned Valuation Ruling (VR) No.1699/2022 dated 06-12-2022 i.e. Ladies Hand bags/Shoulder Bags made of Artificial Leather (Low end brands/un-branded and not of Genuine Composition Leather) have been enhanced exorbitantly and unjustifiably and do not reflect the international market prices. It was further submitted that while comparing the values of goods mentioned in the impugned VR with the values of goods mentioned in the Valuation Ruling of the year 2017 i.e. VR No.1196/2017, it is observed that the values of Ladies Clutches and Wallets made of artificial leather (Low end brand) at Serial No.2 of impugned VR No.1699/2022 have been increased from US\$ 10/doz. to US\$ 14/doz. i.e. 40% increase, whereas the Customs value of Ladies Hand Bags, Shoulder Bags and Purses (Low end brand) made of artificial leather at S.No.1 of the impugned VR have been exorbitantly increased from US\$ 14/doz. to US\$ 27.6/doz. i.e. 100% (approx.). Hence increase in the values of goods at S.No.1 of the impugned VR made of artificial leather, is unjustifiable and untenable.

4. On the other hand, the departmental representative (DR) explained that earlier, the Customs values of Ladies Hand Bags/Shoulder Bags/Purses and Clutches/Wallets made of Artificial Leather (Low-end Brands) were determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No.1634/2022 dated 20-04-2022 which was set aside by the competent authority vide Order-in-Revision No.77/2022 dated 12.09.2022 with the directions to re-determine the Customs values of Ladies Hand Bags/Shoulder Bags/Purses and Clutches/Wallets made of Artificial Leather (low-end brands/un-branded). Therefore, an exercise was undertaken by this Directorate to determine the same. In this regard, a meeting was conducted on 26.10.2022 which was attended by the relevant stakeholders. The issues pertaining to the valuation of subject goods were deliberated upon in detail in the meeting. Valuation methods specified in Section 25 of the Customs Act, 1969, were duly applied in their sequential order to arrive at the Customs value of subject goods. The transaction value method as provided in sub-Section (1) of Section 25 of the Customs Act, 1969, was found inapplicable due to the wide variation of values in import data. Moreover, the requisite information under the law was not available to arrive at the correct/ transaction value. Therefore, identical/similar goods value methods provided in Section 25(5)&(6) ibid were examined for applicability to determine the 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 the absence of absolute demonstrable evidences of quantities and qualities, variation in declaration, variety and specifications. The information available was, hence, found incomplete. In line with the statutory sequential order of Section 25 of the Customs Act, 1969, this office conducted market survey under sub-Section (7) of Section 25 of the Customs Act, 1969. Various Wholesale and Retail markets were visited to observe the actual prices of Ladies Hand Bags / Shoulder Bags/Purses and Clutches / Wallets of Artificial Leather (low-end brands/un-branded). On the basis of available data/information collected and exercise conducted the values of Ladies Hand Bags / Shoulder Bags / Purses and Clutches / Wallets made of Artificial Leather (low-end brands / un-branded) have been determined under sub-Section (7), read with Section 25 (9), of Section 25 of the Customs Act, 1969 for uniform assessment across the country vide Valuation Ruling No.1699/2022 dated 06-12-2022 accordingly. Moreover, the Valuation Ruling is issued after proper market inquiry. The DR submitted that the importers regularly getting cleared their goods on the values determined vide impugned VR.

5. Following the petitioners' arguments 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 the meeting was held on 26-10-2022 while issuing the impugned Valuation Ruling. The DR further stated that ninety (90) days' import clearance data was examined and after that market inquiry was also conducted, and finally after rationalizing the Customs values of under reference goods, the same were determined in terms of sub-Section (7) read with sub-Section (9) of Section 25 of the Customs Act, 1969 for uniform assessment across the country vide impugned VR within the legal domain of the ibid Act. Hence, I, therefore, find no reason to interfere with the impugned Valuation Ruling No.1699/2022 dated 06-12-2022. 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. JB Shoes,
- 2) M/s. Mian & Sons
- 3) M/s. Multi Trading Co,
- 4) M/s. Global Trading Co,
- 5) M/s. Happy Sun Trading



(Gul Rehman)
Director General

Registered copy to:

S.No.	Petitioners
1	M/s. JB Shoes, Shop No. 28-29, Yousuf Market, Behind Moton Das Market, M.A. Jinnah Road, Karachi. Tel: 021-32426818
2	M/s. S.S. Traders, Shop No.64, 2 nd Floor, Motan Das Market, M.A.Jinnah Road, Opp,

	New Memon Masjid, Karachi. Cell No. 0301-334297
3	M/s. Multi Trading Co, Office No.103, 1 st Floor, Zainab Market Center, Plot No. SR-1/8/9/D, Quarters of M.A. Jinnah, Saddar Town, Karachi South, Karachi. Cell: 0323-6704253
4	M/s. Global Trading Co, Shop No. 92, Ground Floor, Motandas Market, M.A. Jinnah Road, Saddar Town, Karachi South, Karachi: Cell: 0335-3047
5	M/s. Happy Sun Trading Co, Office No. 407, Jilani Centre, M.A. Jinnah Road, Karachi.
6	M/s. Mian & Sons, Shop No.60, 2 nd Floor, Motandas 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, 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 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, Lahore.
- 16) The Collector of Customs, Collectorate of Customs, (Appraisalment - West / Appraisalment - East/ Appraisalment - Port Muhammad Bin Qasim / Enforcement / JIAP), Karachi / Hyderabad / (Appraisalment / Enforcement), Quetta / Gawadar / (Appraisalment / Enforcement / AIIA), Lahore / Appraisalment, Faisalabad / Appraisalment, Sambrial (Sialkot) / Enforcement, Multan / Islamabad / Gilgit -Baltistan / (Appraisalment / 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) The President, FPCC&I/KCC&I, Karachi
- 20) Assistant Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WEOC Database System.
- 21) Guard File.

