

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

File No.DG(V)Val. Rev/06/VII/2025/0332

Dated: 10-03-2025

Order in Revision No. 15 /2025

**Under Section 25-D of the Customs Act, 1969 in Petition filed against
Valuation Ruling No. 1931/2024 dated 16.12.2024**

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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 application by a person other than an officer of customs, shall be accompanied by a fee of twenty thousand rupees (Rs. 20,000/-) in case of a company, and five thousand rupees (Rs. 5,000/-) in case other than a company.

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.

Table of Petitions

S.No	Petitioners
1	M/s. Cyber Internet Services (Pvt) Limited, (Revision Petition No. 34 of 2025 dated: 15.01.2025)
2	M/s. Nayatel (Pvt) Limited, (Revision Petition No. 35 of 2025 dated: 15.01.2025)
3	M/s. Pakistan Telecommunication Company Limited, (Revision Petition No. 36 of 2025 dated: 15.01.2025)
4	M/s. Trans World Enterprise Service (Pvt) Limited, (Revision Petition No. 37 of 2025 dated: 15.01.2025)

...PETITIONERS

VERSUS

Director, Customs Valuation, Karachi

...RESPONDENT

<i>For the Petitioners</i>	Mr. Sajid <i>for the Petitioner above at S/No. 01</i>
	Mr. Muhammad Ahmad <i>for the Petitioner above at S/No. 02</i>
	Mr. Javed Iqbal Mr. Khalid Mehmood <i>for the Petitioner above at S/No. 03</i>
	Mr. Saud, Mr. Pervez, Mr. Nasir Ahmed & Mr. Younas <i>for the Petitioner above at S/No. 04</i>
	<i>For the Respondent</i>
	Ms. Sadaf Rehman Khan, Deputy Director Mr. Sultan Murtaza, Valuation Officer,
	Date(s) of Hearing 25.02.2025
	Date of Order 10.03.2025

ORDER

The revision petitions listed in the table above were filed under Section 25D of the Customs Act, 1969 ("the Act"), against Customs values determined under Valuation Ruling No. 1931/2024 dated 16.12.2024, ("the impugned Ruling") issued under Section 25A of the said Act.



2. Brief facts of the case are that the Customs values of Networking Equipment (hereinafter referred to as "the goods in question"), were determined vide impugned Valuation Ruling No. 1931/2024 dated 16.12.2024, by the Director, Directorate General of Customs Valuation Karachi.

3. The petitioners M/s. Trans World Enterprise Service (Pvt.) Limited, M/s. Pakistan Telecommunication Company Limited, M/s. Nayatel (Pvt) Limited, and M/s. Cyber Internet Service (Pvt) Limited, in their written petitions assailed the allegedly "higher Customs values" of the goods in question in the impugned Valuation Ruling. The petitioners challenged the veracity of the said upward change mainly on the following grounds:

- a) That the values determined through the impugned Ruling are not as per actual transaction values of the goods in question.
- b) That the goods in question are importable only upon approval of Pakistan Telecom Authority (PTA) and the instant petitioners are licensed Internet Service Providers (ISPs).
- c) That the devices imported by the ISPs are not sold. They are, instead, installed at the locations of consumers and their proprietorship is retained.
- d) That the petitioners, being ISPs, must be excluded from the ambit of impugned Ruling.
- e) That the import data provided by the importers/petitioners has been illegally rejected. The data shows that the actual transactional values are lower than the VR values in case of ISPs.
- f) That assigning different values to the CATV port based on WiFi generation is unjustifiable and illogical.
- g) That the principle of "greatest aggregate quantity" in terms of Section 25(7) of the Act has been ignored.
- h) That the flexibility under the Section 25(9) of the Act has not been established.
- i) That the Chinese brands have been clubbed with European brands in the Category-B which is against the spirit of valuation.

4. The hearing for this case was conducted on 25.02.2025. During hearing, all the petitioners were thoroughly heard. They reiterated the above-mentioned grounds of their petitions. Mr. Pervez, Mr. Nasir Ahmed and Mr. Younus of M/s Masood Aziz Associates, representing all the four petitioners, contended that the impugned values are much higher than the actual transactional values. They further argued that in case of rejection of declared values (DVs), they must be confronted with reason and evidence, in terms of judgments by Superior Courts. Mr. Muhammad Ahmed of M/s. Nayatel (Pvt) Limited contested that they were not associated in the process of determination of values under Section 25A of the Act. He further contended that they had already requested separation of OLTs/ONTs from commercial routers in the Ruling. Mr. Sajid of M/s. Cyber Internet Services (Pvt) Limited argued that the categorization in terms of 'mbps' was not practical. Mr. Javed Iqbal and Mr.



Others

Khalid Mehmood of M/s. Pakistan Telecommunication Company Limited, contested that the values for routers in the impugned Ruling were 100-400% higher than the actual transaction values.

5. The Representative of the Respondent Department contested the arguments of the petitioners. She controverted the Petitioners' contentions mainly on following grounds:

- a) That the transaction value method as provided in sub-section (1) of Section 25 of the Customs Act, 1969, was found inapplicable as declared values did not correspond to market prices. Moreover, Section 25(1) was found inapplicable due to absence of information as required under sub-section (2) of Section 25 of customs Act, 1969.
- b) That Various markets were visited and the actual prices of subject goods were acquired. As a result, after adjusting the amounts of profits, the C&F values were determined.
- c) That the process of determination of values has been carried out in statutory sequential order in accordance with the judgments of the higher courts. Further, the para-5 of the impugned Valuation Ruling clearly explains the basis of rejecting each method of determination of value under the Section 25 of the Act in sequential order.
- d) That the classification of CATV ports has been contested with operators arguing that these ports are independent of Wi-Fi standards. However, valuation is determined based on multiple factors including chip set integration, manufacturing cost and price variation for advanced networking devices.
- e) That impugned VR has not been issued on origin wise rather on the basis of brands. Brands mentioned in Category-A are high end brands and their values are higher as compared to values of brands mentioned in Category-B, C and D.

6. I have gone through the contentions of both the sides. The major facts of the controversy in the instant petition are as follows: a) the allegedly unrealistic determination of the customs values of the goods in question; b) the market-based valuation is unsuitable for a regulated ISP that does not sell routers in open market; c) the fixation of the values for the impugned goods disregarding the actual transactional values; and d) the alleged non-adherence to the sequential method of determination of value. These areas are discussed and evaluated as follows:

- a) Firstly, it is a fact that the determination of the market values of the impugned goods (OLTs/ONTs) and the value increase in terms of generation based on technology is a reasonable approach. However, given that the petitioners' want to present additional data, they may need to be heard again;
- b) Secondly, the department did find evidence of the subject goods being traded in the market. Moreover, the ISPs do charge the clients for the cost of goods and services. They did not share the separate cost of the goods charged to the customers;

c) Thirdly, since market for the goods exist, in which there is considerable variation in terms of technology and specifications, the plea of the petitioner that there is no market for the goods is not corroborated by evidence;

d) Fourthly, the department did follow a sequential method as explained in the valuation ruling.

7. In view of the foregoing it ordered as follows:

a) The directorate may consider any fresh evidence regarding the determination of Customs Values for OLTs/ONTs giving ample opportunity to the petitioners;

b) The department may also examine the issue of lesser Customs values for the goods pertaining to mature technologies, as agitated by the petitioners;

c) The exercise may preferably be completed within 3 weeks. Meanwhile the current Valuation Ruling No. 1931/2024 dated 16.12.2024 shall hold field till issuance of the fresh Valuation Ruling.

8. The instant petitions filed in terms of Section 25-D of the Customs Act, 1969 are accordingly disposed of in above terms.

9. Certified that this judgment consists of four (04) pages, each page bearing my signature.



(Syed Hamid Ali)
Director General

Registered Copy:

Petitioners

M/s. Trans World Enterprise Service (Pvt.) Limited, M/s. Pakistan Telecommunication Company Limited, M/s. Nayatel (Pvt) Limited, M/s. Cyber Internet Service (Pvt) Limited, C/o M/s. Masood Aziz Associates,
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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), Custom House, Karachi.
- 4) The Director General, PCA & Internal Audit, Custom House, Karachi.
- 5) The Chief Collector Exports, Custom House, Karachi.
- 6) The Director General, Transit Trade, Custom House, Karachi.
- 7) The Chief Collector of Customs (Enforcement), Custom House, Islamabad.
- 8) The Chief Collector of Customs Appraisement-Punjab, Custom House, Lahore.
- 9) The Chief Collector of Customs, (Appraisement) Balochistan, Custom House, Quetta.
- 10) The Chief Collector of Customs, (Appraisement) Khyber Pakhtunkhwa, Custom House, Peshawar.
- 11) The Chief Collector of Customs, Appraisement, Custom House, Karachi.
- 12) The Director, Directorate of Customs Valuation, Lahore/ Peshawar/ Quetta.
- 13) The Secretary (Valuation & Audit), Federal Board of Revenue, Islamabad.
- 14) All Additional Directors / Deputy Directors / Assistant Directors, Customs Valuation, Karachi.
- 15) Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WEBOC Database System.
- 16) The Revision Section, Customs Valuation, Karachi
- 17) Guard File.
