



Chapter 4

VALUATION

VALUATION under the customs act, 1962

Duties of customs on imported goods or export goods is chargeable in following manner

1. **Specific duty:** It is based on some measurement or quantities.
2. **Ad-valorem duty:** It is levied as percentage of value of goods i.e. 15% ad-valorem.

Duty Rate

Ad-valorem Rate-

- ⇒ It is based on value.
- ⇒ It is given in %.
- ⇒ Necessary to determine A.V. vs 14. in customs

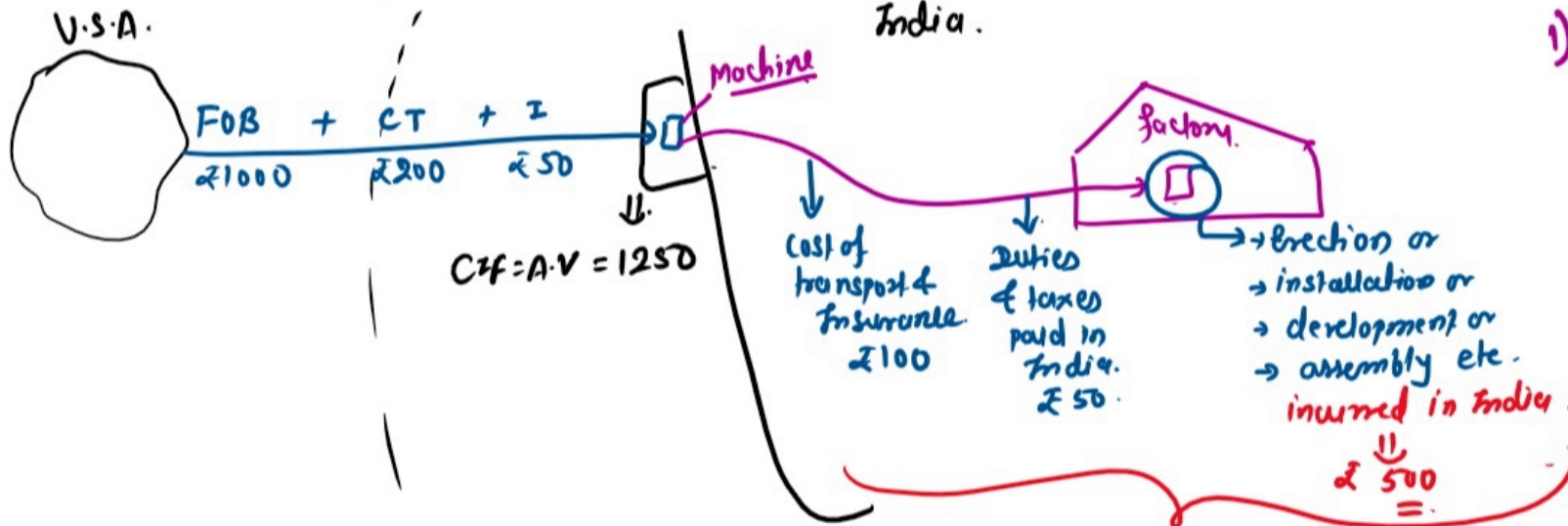
Specific Rate-

- ⇒ It is measurement unit.
- ⇒ It is given like 10/kg. etc.
- ⇒ not necessary to determine value for payment of customs duty.

<u>CTA</u>	
HSN code.	Description
<u>17102001</u>	<u>Sugar</u>



Post Importation Expenses → not includible in T.V.



Post Importation expenses are not includible in T.V.

- 1) As per Accounting policy.
- Value of Machine = 1900
(to be recorded in B/S)
- But for customs what should the A.V.
- AV = 1250

Sec 14(1) & Sec 14(2)

CTA, 1975
Duty Rate

10% → based on Value

Sec 14(1)

Value = T.V. = Invoice price.

[Generally applicable for most of the goods]

OR

Sec 14(2)

on notified goods. ✓

Value = Tariff value

(fixed value by CBZC)

Rule 3(2) Transfer of part of Subsequent Resale (Recd with Rule 10(c)(d))
(c)



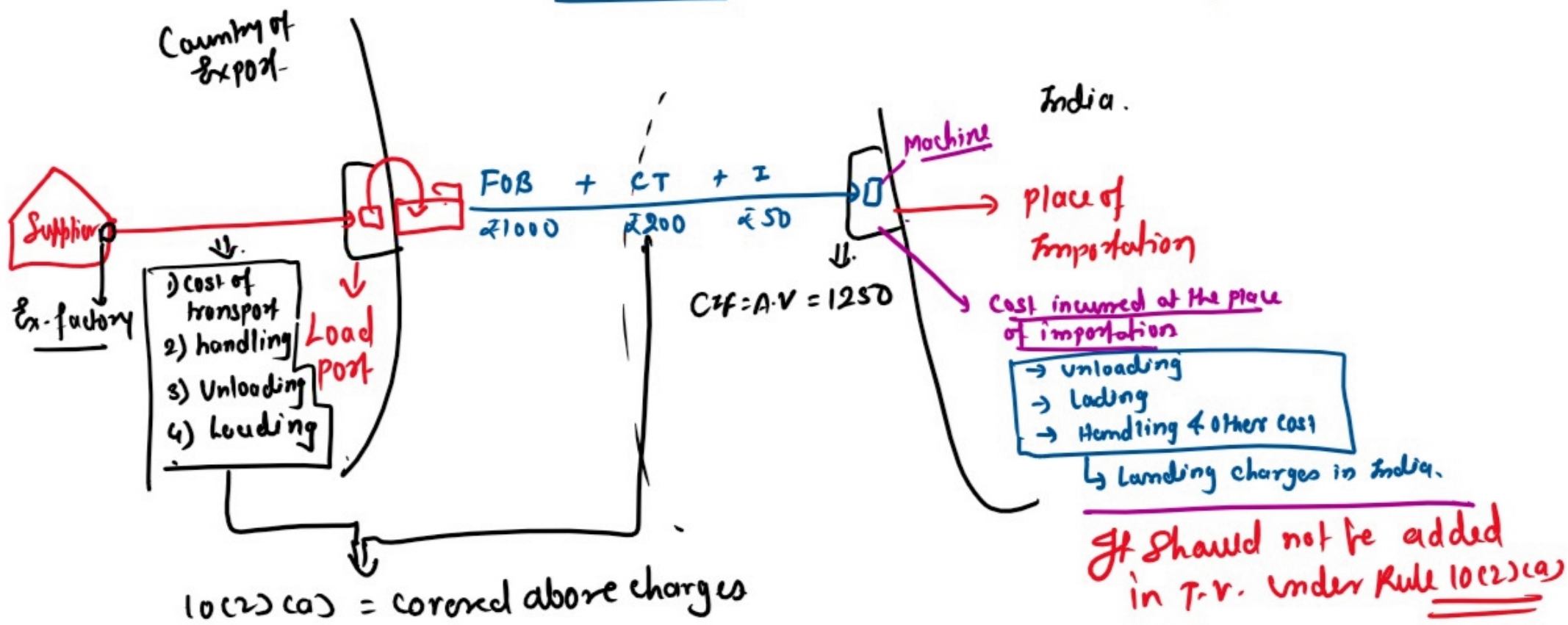
Seller is entitled to part of proceeds of Subsequent Re-sale

- OR.
- It is quantifiable at the time of import. → Don't reject the T.V. under Rule 3(2). Rule 10(c)(d) → make adjustment in T.V.
- It is not quantifiable at the time of import. → then reject the T.V.

Rule 3(2)(c)



10(2)(a) Read with CBIC clarification



Contrarery of double addition vs 10(2)(a)

	✓	
FOB	1,00,000	↳ Ex-factory + C-T + handling + Loading/unloading
Rule 10(1) Adj.	20,000	
Adj. FOB	1,20,000	

It's lead to double addition

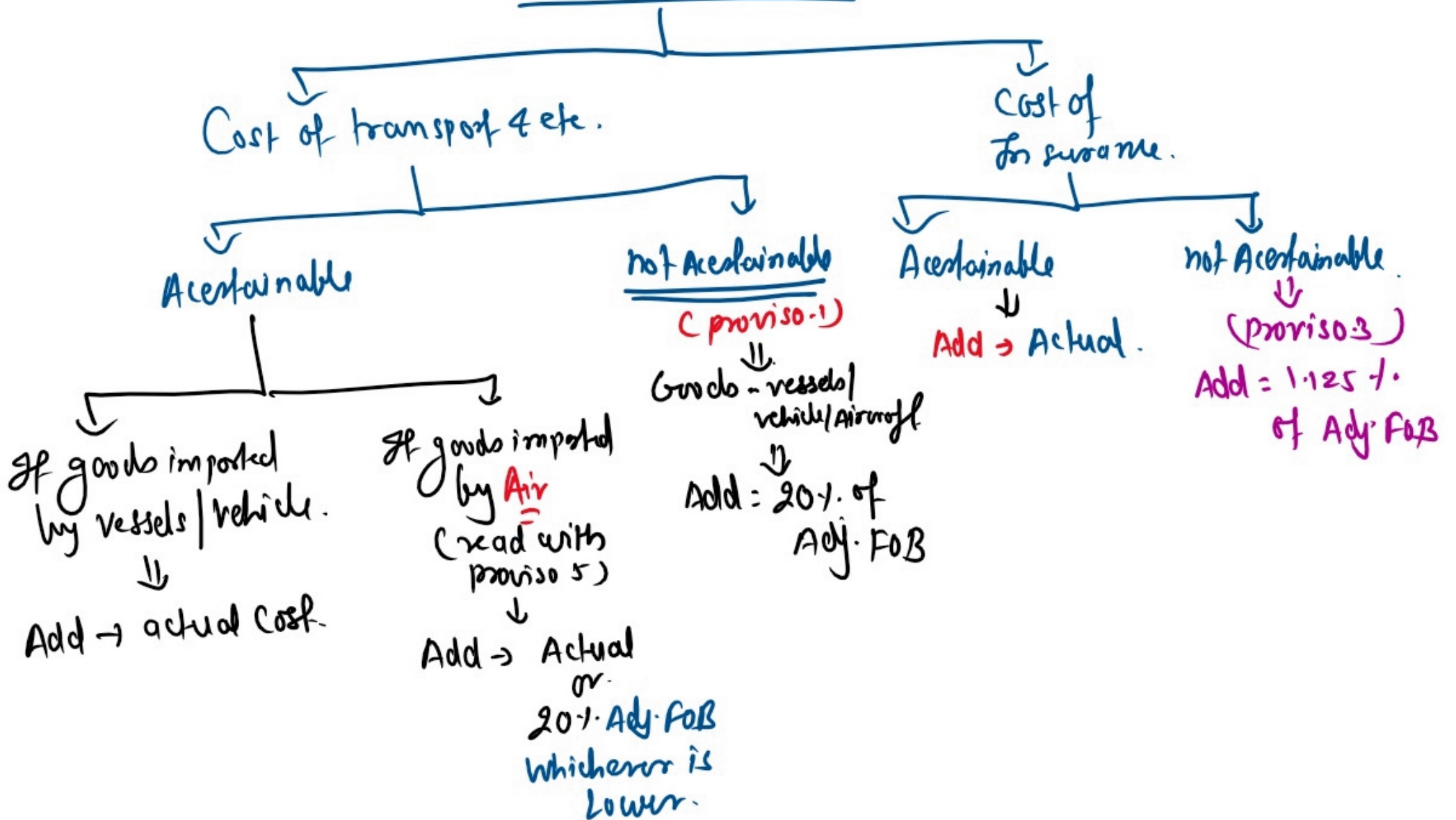
[When we adding 20% of Adj. FOB. then it includes.
 → cost of transport (load port)
 → Loading }
 → handling } load port
 → unloading }

C.T. not ascertainable

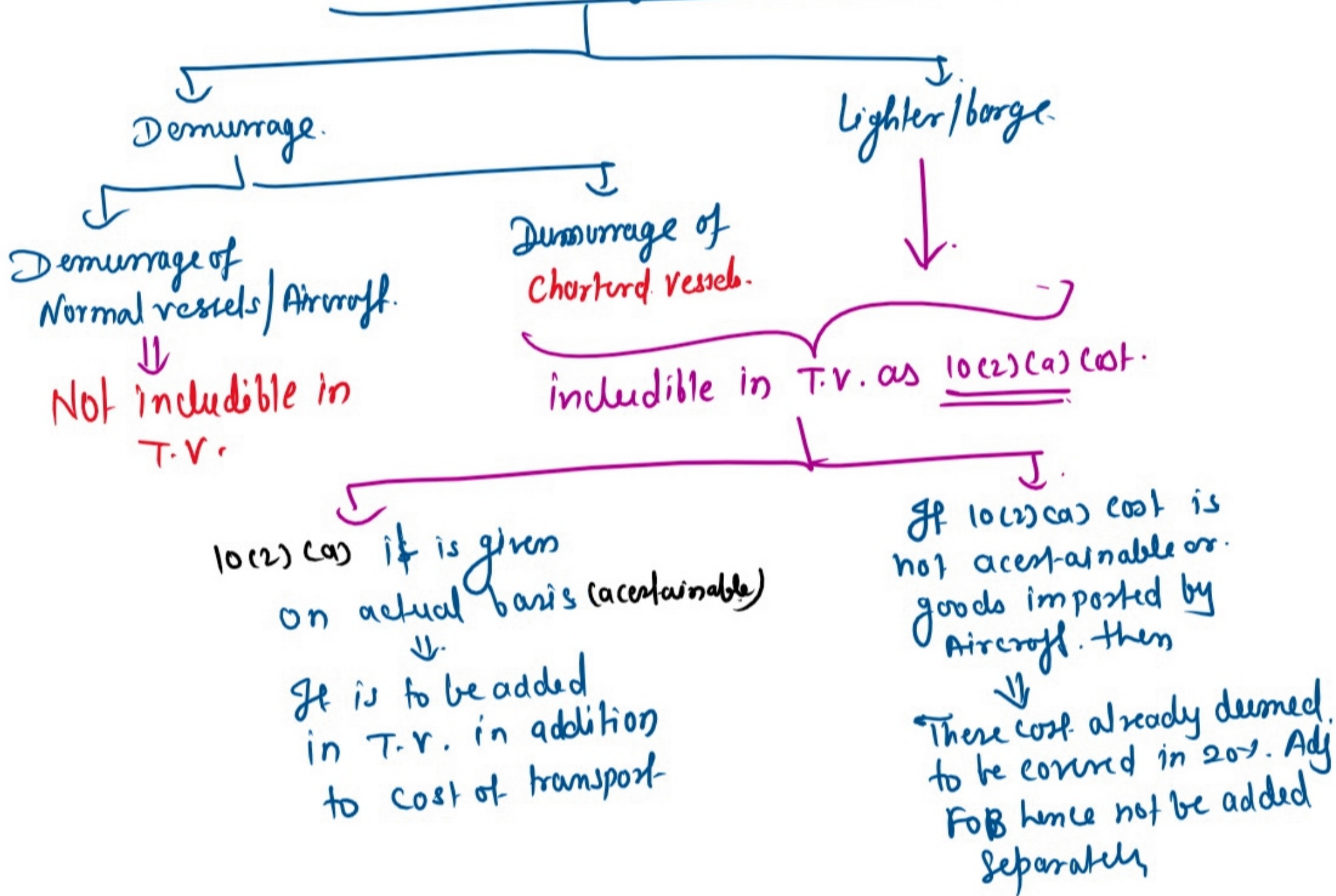
Rule 10(2)		
9) <u>10(2)(a)</u>	24,000	
↳ 20% of Adj. FOB		
5 cost = i) Insurance	6,000	
A.V.	1,50,000	

BCD

Rule 10 (2) Cost



Demurrage & Lighter/barge (boat) charges-



Rule 4/5

T.V. of IB or SB & Rule 10(2) adjustment.

FOB 400 ✓
 C.T. 80
 C.I. 20
 = 10(2) X

at or about same time

- (i)
- (ii)
- (iii)

Air

IB

T.V. = 500/unit
 (C.S.F)

Timing

Quantity

Commercial level

Feb | March | May

8000 ~~94~~ 12000

distributor

Substantially same

Vessels Imported goods

IB



Timing

Quantity

Commercial level

April 20xx

@ 10,000

Distributor

T.V. Rejected

FOB 100 X

C.T. 5

C.I. 2

Rule 10 = X

FOB 400
 CT 5
 C.I. 2
 =
 A.V. 407

Rule 7

Deductive value

Rule 4: TV = 1000 X

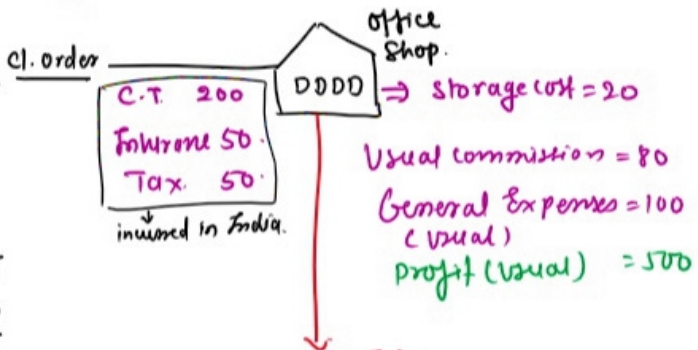
1000 Qty. [10th April]

Rule 5: TV = 50 X

If importer is not selling goods?

T.V. rejected
 ↳ goods being valued
 $V = 7000 - 1000 = 6000$ (cum duty)
 $ACD(3\%) = \frac{6000 \times 12}{112} = 642$
 $BCD = \frac{5357 \times 11}{111}$

Sec 18. Provisional Assessment
 A.V = 3000
 BLD = 300.
 @ 10% = 30
 GNS = 330
 ACD(3%) = 400
 @ 12% = 400



Sold in India.

OR

In condⁿ as imported OR not in a condⁿ as imported.

at or about the same time of importation OR within 90 days.

Sale in India = 18th April. Earliest date.

Unit price = 7000 U.P = 7000 [within 90 days]

processing = packing/painting/labelling = 200 (lost.)
 UP = 7200 [Additional deduction processing cost]

Unit price - deduction = A.V.

- ↳ Unrelated buyer.
- ↳ greatest Aggregate Qty.

Total Qty 1000	@ Sold 300 = ₹ 7000	} greatest Aggregate Qty sold = 7000
	@ Sold 400 = ₹ 7200 X	
	@ Sold 300 = ₹ 7000	

(300 + 300) = 600

Sec 19 Articles in a set

All Articles in set
are subject to specific
rate (Quantity based
duty)

↓
Apply each specific rate
to that articles.

All articles in a set subject to
ad valorem duty (based on value)

Articles in set

All articles in a
set are subject to
duty @ single rate.

↓
Apply such single rate
to set of all articles.

All articles in a
set are subject
to different rates
of duty.

↓
Apply Highest rate
to set of all articles
(even though some
articles are at nil
rate)

✓ Note: But if importer produces
evidences to the satisfaction
of proper officer for value
of article liable to different
rate of duty then
such article is chargeable
to duty separately at the
rate applicable to it.

main articles with accessories
spare & repairing implements.

optional
accessories
& etc.

Compulsory accessories
& fulfilled the condⁿ
of accessories condⁿs
Rules i.e.

- ⇒ in ordinary course of
trade such accessories
& etc. are compulsorily
supplied
- ⇒ No separate charge is
made.

↓
The rate of main article
is applicable to entire set.