Excise Valuation as amended by F A 2008 and notifications up to 31.12.2008

Every attempt is made free from errors and omissions
Any error or omission found it is unintentional

Excise valuation

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Central Excise Valuation of Goods

- After the product is correctly classified, and duty liability is established,
- The next question is 'determination of Excise Duty payable.
- Valuation deals with the value on which rate of duty to be applied.

Excise Valuation

Product manufactured & duty payable

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Classification of product for rate purpose

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Determination of Excise Value for payment of duty

Excise Valuation

Value is the amount on which excise duty is payable

Value also known as Assessable value (A.V)

Excise duty payable = Assessable Value X Rate of excise duty

Types of Excise Valuation

Excise Value can be in any of following way

Tariff Value/ Specific duty

- Value based on weight, length, unit of product notified by C G
- Value pre determined
- No much valuation disputes

MRP Valuation

- Value based on R P
- R P less abatement is the value
- Applicable to SCh III and notified goods of S W M Act

Value Based on Annual Capacity Production

Transaction value

- Value based on invoice bill
- With certain inclusions and exclusions in price
- Valuation disputes more

Compound levy scheme

Fixed value based on Machine
Applicable for steel pattas
Aluminum circles

Types of Valuations

Specific Duty/Tariff value

- It is the duty payable on the basis of certain unit like weight, length, volume, thickness etc
- Selling price increase duty will not increase
- Selling price decrease duty will not decrease
- The Government will keep on revising the rates

Presently, specific rates have been specified for:

- cigarettes -on the basis of length
- matches- per 100 boxes or packs
- sugar -on the basis of quintal
- marble slabs and tiles- on the basis of square metre
- colour TV (only when MRP is not marked on the package or it is not the sale consideration) -on the basis of screen size in cm
- cement clinkers –on the basis of per tonne
- molasses –on the basis of per ton

example on rate of duty

- Cigarettes less than 60 mm -Rs. 168 per thousand
- Cigarettes greater than 60 mm less than 70mm -Rs. 546 per thousand
- Filter cigarette ranging from Rs. 1260 to 2163 Per thousand
- Molasses, Rs. 1000 per Ton

Types of Valuation Contd.

Tariff Value:

Government from time to time fixes tariff value.

This is a "*Notional Value*" for purpose of calculating the duty payable.

Once 'tariff value for a commodity is fixed, duty is payable as percentage of this 'tariff value'

This is fixed u/s 3(2) of Central Excise Act.

Government can fix different tariff values for different classes of goods.

- When tariff value is prescribed under the law, that value will form the basis for assessment (and not any other value)

Examples on tariff values fixed by Central Govt. u/s 3(2)

"2.	If retail sale price is printed on the retail pack (Pan masala) and,-	
	(i) the goods fall under tariff item 21069020 having betel nut content not exceeding 15%	78% of the printed retail sale price
	(ii) the goods fall under tariff item 21069020 other than those specified in (i) above	56% of the printed retail sale price
	(iii) goods fall under heading 2403	50% of the printed retail sale price."

Compound Levy Scheme
Notification No 34/2001

Applicable only for steel pattas pattis, Aluminum Circles process under cold rolling

- Scheme is only optional
- Duty payable based on the basis of per cold rolling machine (steel pattas Rs. 30000/ Aluminum Circles Rs. 12000 per machine per month
- No Cenvat Credit
- Assessee has to make an application for availing of the scheme

Compound Levy Scheme contd.,

- Assessee should avail the scheme for consecutive 12 months. Lesser period may be permitted by AC/DC by recording reasons
- Assessee can extend the period my making application before the expiry of period. If he does not make application for extension of period it is deemed he has opted out of the scheme.
- Any proposed change in the number of machines should be intimated to Superintendent before such change and assessee should get approval

Value based on Retail Sale Price/MRP Valuation

- **MRP provisions are overriding provisions of transaction value valuation**

Meaning of MRP

- maximum price at which the excisable goods in packaged form may be sold to the ultimate consumer and
- MRP **includes** all taxes +transport charges, dealer commission + advertisement, delivery, packing, forwarding

Retail price in case of Drugs -

- Retail price excluding local taxes

Meaning of MRP

A detergent bar 50 grams is manufactured in Pondicherry And supplied to Andhra Pradesh

Total cost Rs. 6.00 → Profit Rs. 0.50 → CST Rs. 0.25 → Freight Rs. 0.25 → Dealer Commission Rs. 0.25

AP Vat Rs. 0.25 → **Advt packing etc Rs. 0.50** → Total 6.00 + 0.50 + 0.25+0.25+0.25 +0.25 +0.50= Rs. 8.00 → M RP Rs. 8.00 Printed on RIN

MRP Valuation

MRP Printed on the packet	xxxx
Less Abatement %	xxxx
Value for Excise to pay duty	xxxx

% of abatement notified by C G for different products
% of abatement ranges from 20% to 50%

MRP Valuation Contd.,

Nature of goods	Chapter heading No	% of Abatement
Chocolates	17.04. 90	38
Biscuits	1905.31.00	35
Tiles	6907	43
Ice cream	21.05	45
Foot wear	64.01	40
Refrigerator/fan	8418.40	38
Aerated waters	2210.2	40.5
Pagers/Mobiles	85.25	33

MRP Valuation Contd.,

Nature of goods	Chapter heading No	% of Abatement
cookers	76151910	28
LP G Stoves	7321	33
Razors/blades	8212	38
Window/split AC	8415	28
Printer/cartridge	8433	23
Calculator/stapler	8470/8472	38
Telephone Inst.	8517	38
Set top box	85176960	22

MRP Provisions contd.,

- The goods should be covered under provisions Both Standards of Weights and Measures Act, and Central excise notification (Schedule III).
- One packet more than one 'retail sale price', the maximum retail price will be considered for valuation
- Different prices are printed on different packages, each such price will be 'retail price'.

MRP Provisions contd.,

- If RP of package is subsequently altered to increase the price after removal, such increased retail price is value
- Two MRP on the packet, and if higher MRP is scored out to show saving, scored out MRP is ignored even it is visible. (CBEC Circular No 673/64 dated 28.10.02)

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MRP Valuation Contd.,

CVD duty rate on imported goods when product covered under MRP –

- If goods covered under MRP provisions are imported, CVD will be payable on basis of valuation u/s 4A i.e. on basis of MRP printed on carton.
- If imported goods are printed with MRP if they are not sold, but used for process CVD payable based on transaction value

If retail price not indicated or wrongly indicated at the time of removal

- the goods are liable to confiscation.
- In such case, the 'retail sale price' will be ascertained as per rules notified by the CBEC
- and duty will be payable as per the retail price
- CBEC is notified rules for determining the MRP price

MRP in case of Multiple and Combination Packages

(CBEC Circular No 673/64 dated 28.10.02

- In case of multiple piece packages consisting or 2 or more items of same kind , valuation is to done as below:

MRP printed on Multiple packet will be considered valuation when

- Individual items cannot be sold separately/marked should not sell separately
- If individual items supplied free and no MRP printed on individual items
- If individual items have MRP printed but scored out to show shaving

Aggregate of MRP of individual packets will be considered when

- Individual items cable of sold separately and no restriction on the sale of individual items

Assessment based on Value (Invoice Price)

- Where Central Excise is payable on the basis of value, it is known as “transaction value valuation“. **Sec 4**
- Duty is payable based on Value (Invoice price) with certain additions and deductions

Transaction value valuation

1. The goods should be sold at the time and place of removal.

2. Buyer and assessee should not be related To each other

Conditions

To apply for

Transaction

Value valuation

3. Price should be the *sole consideration* for the sale

4.Each removal will be treated as a separate transaction and 'value' for each removal will be separately fixed

Transaction Value 1st condition

- **The Price of Goods sold at the time and place of removal** is only relevant .
- Any increase or decrease after the removal of goods is not relevant Section 4(1)(a)
- Example delivered to another buyer after removal at different price

Place of removal Section 4(3)(c)

A factory/premises where goods are manufactured

↓

A warehouse where goods deposited without payment of duty

↓

A depot, premises of a consignment agent

Other places

- Where excisable goods are removed
- Where excisable goods stored with out payment of duty
- where excisable goods are to be sold after their clearance from factory

Time of removal - Section 4(3)(cc),

In case of factory	Time at which goods removed from factory
In case of Ware house	Time at which goods removed from Warehouse
In case of depot Consignment agent place/other place goods sold after removal from factory	Time at which goods removed from factory

Transaction value condition 3

Buyer and Seller should not be related to each other

Persons shall be deemed to be "related" if,

- They are inter-connected undertakings as per MRTP Act (ICU will be treated relative only When they become ICU by virtue of Holding and Subsidiary Company)
- They are so associated that they have interest, directly or indirectly, in the business of each other.
- Amongst them the buyer is a relative and a distributor of the assessee, or a sub-distributor of such distributor; or
- They are relatives as per Clause 41 of Sec 2 of Companies Act

Relative contd.,

Relative as per Clause 41 of Section 2 of the Companies Act

A person shall be deemed to be a relative of another if, and only if, —

- They are members of a Hindu undivided family; or
- They are husband and wife; or
- The one is related to the other in the manner indicated in Schedule IA as below.
- Father, Mother,
- Brother, sister, son and daughter and their spouses
- Grand father and grand mother Both maternal and paternal
- Grand son grand daughter and their spouses
- Under this clause a natural living person can only treated as relative.
- A Company, a firm and HUF cannot treat as relatives.

Transaction Value Condition 3,

- Price should be sole consideration of sale.
- Price is the consideration given for purchase of a thing.

The price is to be adjusted for following to arrive value

- Cost of raw material supplied by buyer at free or reduced cost
- Cost of tools, design drawing , moulds supplied by buyer
- Interest free deposits received from buyer ,if the price is reduced

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Example on price is sole consideration

Example 1

- A seller sell a unit at price of Rs. 100
- Assume, Buyer supplies material worth Rs. 60 per unit
- Design and drawing worth Rs. 10 per unit
- Buyer will pay only balance Rs. 30 (100-60-10).
- Here the Rs. 30 paid by buyer is not sole consideration for sale.
- Value will be 30 +10+60 = 100 is the value

Example 2

- A seller normally sell a unit at price of Rs. 100
- Assume , the buyer paid price in advance and also some deposit
- The Seller reduces the price to Rs. 80 because of advance payment and deposit
- Here the price Rs. 80 is not sole consideration for sale
- Rs, 20 to be added to Rs. 80 to arrive the value

Meaning of transaction value

Price paid /payable by buyer → And includes (additions) → Other payments in Connection with sale → Excluding Local taxes

Invoice price (Bill)

Examples
Advertising
Marketing
Storage
Servicing
Warranty
Commission

Examples
Excise
Customs
Sales tax
Vat

These items includable only
When they are paid by buyer
To seller by reason of or in connection with sale

Inclusions in transaction value

Invoice price (Sale value)	xxxxxx
Add: If they are not included above or not added	xxxxxx
Packing (Primary/Secondary/Special)	xxxxxx
Packing supplied by Buyer	xxxxxx
Design and engineering charges	xxxxxx
Loading and Handling with in factory	xxxxxx
Warranty guarantee/After sales service	xxxxxx
Commission to selling agents	xxxxxx

Exclusions in transaction value

Less: If they are included above or not deducted	xxxxxx
Durable and returnable packing	xxxxxx
Cash/trade/Special/seasonal discounts	xxxxxx
Local taxes	xxxxxx
Installation/Commissioning charges	xxxxxx
Interest on late payment on receivables	xxxxxx
Processing cost after removal (if Processing is not a manufacture)	xxxxxx
Notional interest on security deposits	xxxxxx

Exclusions in transaction value

Less: If they are included above or not deducted	xxxxxx
Bank charges for sale proceeds	xxxxxx
Training charges to customer	xxxxxx
Inspection charges for goods if inspection not mandatory	xxxxxx
Advertisement sales promotion incurred by buyer on his own	xxxxxx
Subsidy or rebate received by assessee	xxxxxx
Transaction value/Assessable value	xxxxxx

Inclusions in Transaction Value

Packing charges:

- All Packing Primary, Secondary. or special, will form part of the transaction value. CBE&C, vide its circular No. 643/34/2002-CX dated 1-7-2002,
- Packing supplied by buyer should also be includible,
- Durable and Returnable packing includible only if the audit report reveals that cost was not amortised -circular No. 643/34/2002-CX dated 1-7-2002.

Inclusions in Transaction Value

- Design and Engineering Charges
- Consultancy charges relating to manufacturing
- Compulsory after Sales Service / service in warranty period
- Loading and handling charges within the factory
- Commission to Selling Agents

Exclusions in Transaction Value

Local Taxes:

- sales tax; Excise duty and other taxes payable on finished product
- Equalized deduction of taxes not permissible –

Outward handling,

- freight and transit insurance charges –

Exclusions in Transaction Value

Processing cost after removal

- To be added to Assessable Value only, if such process amount to 'manufacture' – CBE&C circular No. 138/08/2000-CX.4 dated 3.1.2001.

Notional Interest on security deposit/advances –

- Includible only when the price is reduced because of deposit

Exclusions in Transaction Value

Interest on Receivables and on Delayed payment –- CBE&C circular No. 643/34/2002-CX dated 1-7-2002.

shall not be regarded as part of the assessable value provided that:

- The interest charges are clearly distinguished from the price actually paid or payable for the goods;
- The financing arrangement is made in writing; and
- Where required, assessee demonstrates that such goods are actually sold at the price declared as the price actually paid or payable

Discounts

- **Trade Discount**
  - Bulk Purchases/ Supplying Additional Qty free
- **Cash Discount**
  - Cash purchase Prompt/timely payment
- **Special Discount**
  - Seasonal/ occasional
- **Year end Discount**
  - Targets/ Clearance Sale

All Discounts are deductible and not includible in valuation

Deduction of Discounts

- Discount need not be uniform.
- Different discounts to be given to different persons
- There is no condition or provision that such discount should be known at the time of removal of goods from factory. Differential discount is also permissible. Circular No. 354/81/2000-TRU dated 30-6-2000
- Cash discount will be deductible only if actually passed on to buyer,. CBE&C circular No. 643/34/2002-CX dated 1-7-2002
- Discounts can be given at any time -. For example year-end discount or turnover discount.

Exclusions in Transaction Value

Installation and Erection Expenses –

- **CLARIFICATION BY CBE&C**
- The Board has clarified with regard to erection an commission charges is as follows
- If final product is not excisable, question of including erection and commissioning charges does not arise.
- If a machine is cleared from a factory on payment of appropriate duty and later taken to premises of the buyer for installation/erection and commissioning into an immovable property, no further duty will be payable
- If parts/components are brought to site and the machine is erected/installed and commissioned, if the product is excisable commodity, cost of erection, installation and commissioning would be included in assessable value. -**CBE&C circular No. 643/34/2002-CX dated 1-7-2002.**

Exclusions in Transaction Value

Training charges to customer –

- Training charges to customer will be includible if they are in connection with sale or by reason of sale.
- If the transaction of providing training to employees of customer is an independent transaction, it may be 'in relation to sale', but not 'in connection with sale'

Bank charges for collection of sale proceeds – not includible in valuation

Exclusions in Transaction Value

Inspection charges / addition testing charges paid by buyer

- Assessee carries out his own inspection- includable
- Customer carries out additional inspection borne by the buyer. Not includible
- If such testing is a mandatory requirement, it should be includible whether borne by assessee or buyer.
- This is because there is no sale without such testing.

Exclusions in Transaction Value

Subsidy / Rebate obtained by assessee

- A general subsidy / rebate is obviously not be includible as it has no connection with individual clearances of goods.

Profit earned on post removal activity –

Profit earned on post removal activity is not to be added

If there is any deliberate attempt to divert a part of the genuine price and show it as other charges it is includible in valuation

Advertisement and sale promotion Expenses incurred by buyer if done on his own, are not to be includable,

Valuation Rules

- Rules applicable when any of the four conditions of transaction value not fulfilled

Valuation in case if goods are not sold: (Rule 4)

- Examples Samples, free warranty claims
- value will be Value of identical similar goods sold by Assessee at Same time
- If does not sell the goods on the same time Value at the nearest date subject to adjustment for price variance dates of delivery

Example on sample valuation

Case- 50 pieces of Samples are removed on 1.7.2008

Alternative 1

- 50 pieces also sold on 1.7.2008 at Rs. 120 per Piece.
- Value for sample- Rs. 120 per piece

Alternative 2

- 50 pieces are not sold on the same day, but different quantities are sold at different price on 1.7.2008
- Value for sample can be taken on price at which Highest qty sold (Whole sale price) can be taken.

Alternative 3

- There is no sales on 1.7.2008
- Value will be taken at nearest date sale price, subject to adjustment for price variance if any between nearest date and samples removed date.

Value in case of new product issued as sample-

- Where the value is not determinable at the time of removal and
- value can be known at subsequent date-
- request can be made for Provisional Assessment

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Value in case of old sample

- Old sample different qty, size,
- Different character
- Value can be made under rule 11 (BOJ)

Goods sold at different place /other than place of removal (Rule 5)

Ex FOR delivery contract

In case of F O R contracts sale will made at buyer place

Sale will complete only when buyer receives goods and acknowledges the goods

Value: actual cost of transportation from place of removal up to place of delivery will be allowable as deduction from price

Ie F.O.R Price minus freight & insurance is value.

Example on rule 5

Factory at Chennai (Place of removal

Buyer place At Bangalore (Place of delivery

No sale at Factory. Sale at buyer place in Bangalore

FO R price up to Bangalore Rs. 120 per unit,

freight from Chennai to Bangalore per unit Rs. 10

Value per unit will be Rs. 110 (120-10)

Example on rule 5

Factory at Chennai → Depot at Bhuvaneswar (Place of removal → Buyer place At Kolkotta (Place of delivery

No sale at Factory. No Sale at Depot Sale at buyer place in Kolkotta

FO R price up to Kolkotta Rs. 200 per unit,

freight from Chennai to Bhuvaneswar per unit Rs. 20 → No deduction for freight as Chennai is not a place of place of removal

freight from Bhuvaneswar to Kolkatta per unit Rs. 10

Value per unit will be Rs. 190 (200-10) and not 170 (200-20-10)

Rule 5 Contd.,

- Deduction for transportation can be either on actual basis or on equalized basis.
- Actual basis – when freight recovered on transaction basis
- Equalized basis- when freight recovered on average basis- to ensure uniform price all over India.

Rule 5 Contd.,

- The deduction of Freight will be allowable only if the invoice indicates; the transportation cost does not include freight for return/empty journey- Circular *No.827/4/2006-CX dated 12.04.2006*
- Ie return journey freight not deductible.

Value when price is not the sole consideration [Rule 6]

- Assessable Value' will be the price charged by assessee,
- plus
- money value of the additional consideration received.

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Example on rule 6

Example

The buyer may supply any of the following directly or indirectly, free or at reduced cost.

- Materials, components, parts and similar items including packaging materials
- Tools, dies, moulds, drawings, blue prints, technical maps and charts and similar items used
- Engineering, development, artwork, design work and plans and sketches u
- In case of interest free advances received by seller, notional interest when the price was reduced because of interest free advance.

The value of above items should be added to arrive Transaction value

Sale at depot / consignment agent

[Rule 7]

- Place of removal includes depot/ place of consignment agent,
- Time of removal in case of depot is time when such goods are removed from factory.
- Value is price prevailing at the depot as on date of removal from factory.
- Price at which such goods are subsequently sold to buyer from the depot is not relevant for purpose of excise valuation
- No deduction for freight from factory to depot
- One day different prices. Price at highest qty sold is the value (‘**normal transaction value)**
- If the price of depot on the date of removal is not available depot price at nearest date can be taken subject to adjustment for variance if any
- Freight and insurance from depot onwards is not includible in value.

Example on Depot valuation rule 7

Factory
At Chennai

Goods despatched on 04.01.09

Goods reached depot on 07.01.09

Depot at
Kolkata

Factory price per unit on
04.01.09 Rs. 100
07.01.09 Rs. 110
12.01.09 Rs. 120

Depot price per unit on
04.01.09 Rs. 130
07.01.09 Rs. 140
Depot sold goods to consumer
On 12.01.09 at Rs. 150

**AV is Price of depot on the date of removal
From Factory ie on 4.1.09 Rs. 130**

Meaning of 'normal transaction value

Price at which the greatest aggregate quantity of goods are sold.

- For example if 65 units are sold @ Rs. 1000, 55 units are sold @ Rs. 950 and 80 units are sold @ Rs. 900;
- then greatest aggregate quantity is 80 which is sold @ Rs. 900 per unit, which will be the basis for valuation.
- the above ntv applicable only when different qty sold at different prices on a particular day

Valuation in case of captive consumption (Rule 8)/

- Captive consumption means goods are not sold but consumed within the factory.
- valuation shall be done on basis of cost of production plus 10%
- Cost of production is to be determined as per CAS 4

Cost of production as per CAS 4

Material consumed (Cost should be exclusive of local taxes and excise)	xxxxxx
Direct labour/wages	xxxxxx
Direct expenses	xxxxxx
Works overheads	xxxxxx
Quality control costs	xxxxxx
Research and development costs	xxxxxx
Administration overheads relating to production	xxxxxx
Less: Sale of scrap	xxxxxx
Cost of production	xxxxxx
Add: 10%	xxxxxx
Value for excise (Assessable value)	xxxxxx

Selling and distribution costs to be ignored

Valuation in case of Captive Consumption contd.,

- CBEC has clarified that if same goods are partly sold by assessee and partly consumed captively,
- goods sold have to be assessed on basis of transaction value and
- goods captively consumed should be assessed on basis of rule 8.
- CBE&C, vide its circular No. 643/34/2002-CX dated 1-7-2002

Sale to/through Related person Rule 9 & Sale to/Through I C U Rule 10

Rule 9 and 10 applicable only

- when all goods are sold **only** to or through related persons. Or
- When there is a substantial sale to related persons and minor amount of sale to unrelated person.

Sale to/through/Interconnected undertaking (Rule 10)

- I C U treated as relative only when thy are Holding and Subsidiary
- Common director, Common partner same management organisations are not relatives

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Relative valuation rule not applicable

- When the goods are sold partly to related persons and partly to unrelated persons (Applicable rule is rule 11 BOJ)
- When the price of RP and URP is same. Ie sale to RP at market price

Value in case of sale to relative

- Price of related person (buyer) to unrelated person would be transaction value.
- In case goods are supplied to a 'related person' but consumed by the related person and not sold, valuation will be done on the basis of cost of production plus 10%.

Example on relative valuation

A Sells goods to B at a price of Rs 100 Per Unit → B sells the same goods to C at a price of Rs.110 Per Unit

- If A and B are relative persons, B and C are un relative persons, the price of B to C is the value for A. ie Rs. 110
- If B and c are relative persons, the price of C to unrelated person is the value
- If B or c does not sell and consume goods captively, the valuation is to be done as per rule 8 in case of captive consumption

Best judgment Assessment Valuation [Rule 11]

BOJ only when it not possible to value from Rule 4 to 10

- The value shall be determined using reasonable means consistent with the principles and general provisions of these rules and of section 4(1) of the Act.
- This rule is applicable when the goods are sold partly to related and partly to unrelated persons, as there is no specific provision made.

Value in Case of Job Work- Rule 10 A (Applicable from 01.04.2007

Goods Removed From J W Place

Price at which the principal Manufacturer (R M Supplier) Sell the goods is the value

Goods received back to Factory and remove From Factory

Value under Transaction value

Other Cases

Ex- Removed from J W place & sold at other places etc
Removed from factory no sale at factory
Value--- as per Valuation rules

With the introduction of new rule , the profit Margin of principal manufacturer, brought in to tax net

Example for Job work value

- Cost of the leather supplied by principal manufacturer for making a pair of leather shoes Rs. 500
- Job worker charges Rs. 150 per pair towards labour charges and his profit
- Cost of transport from raw material supplier to jobwoker place Rs. 10
- Jobworker finish the work and principal manufacturer wants to sell the shoes from the job worker place at Rs. 999-95.
- The A V will Rs. 999-95

Valuation in case Computer software

- Value of preloaded operational software not includible of valuation in case of computer
- Not includible even computer cannot function without software.
- Software is not a part of Computer
- Computer is complete without software. CCE Vs Acer India Ltd (2004) (SC) 172ELT289

Valuation in case of Bought out goods / spare parts /Consumables/ Accessories

Parts/Components- means

- essential items which require for the product. With out these items product cannot function/work

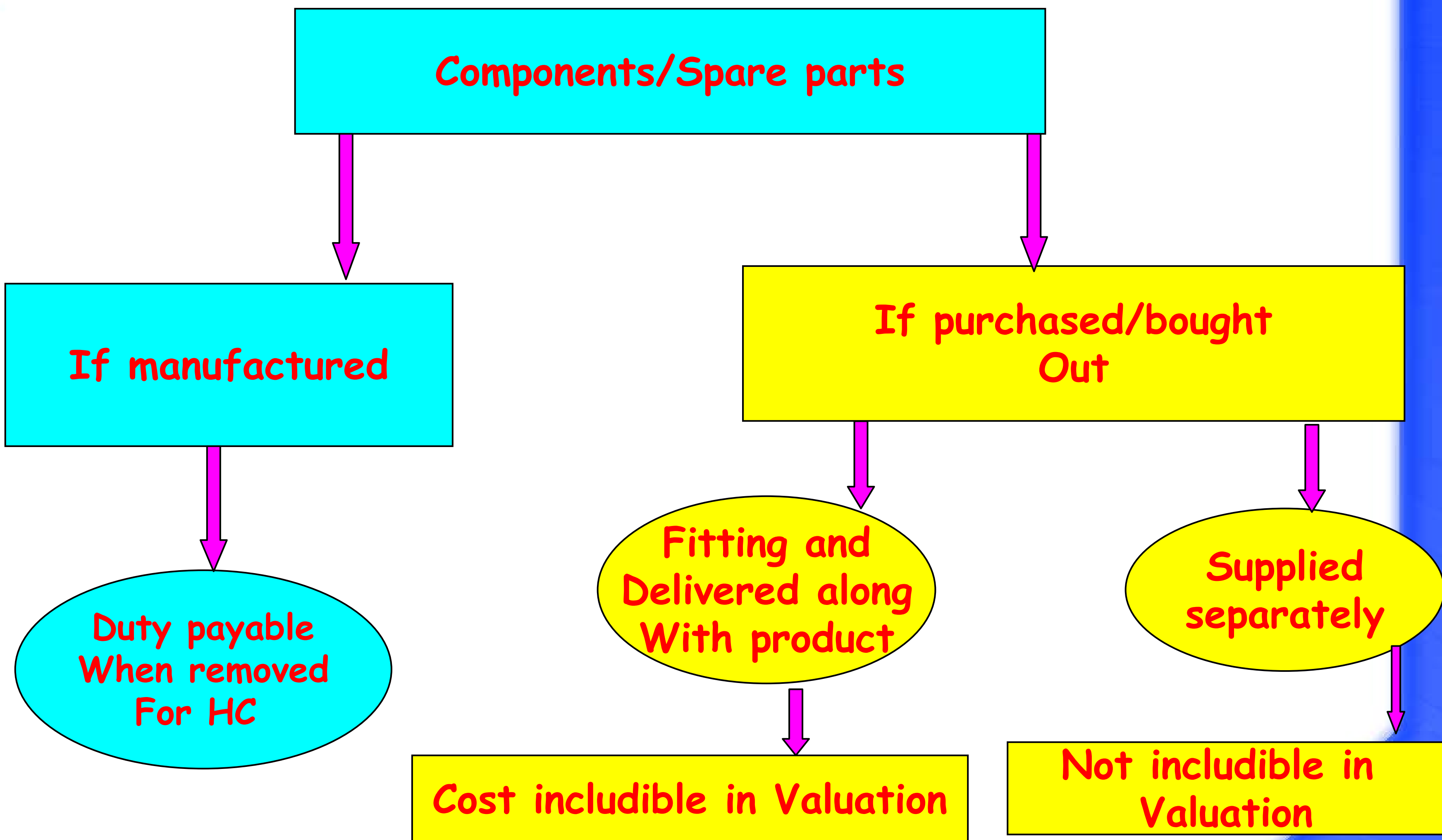
Accessories means

- Which are not essential for the product, Items which may help for beautification of the product and for better usage of the product

Consumables means

- Items which are required for using the product

Valuation in case of spare parts components



Profit earned on Bought out Parts, Components is not includible in the valuation

Valuation in case of bought out accessories

Cost of Accessories, which are optional whether fitted, or not to the main product will not be includible in the Valuation.

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Valuation in case of Consumables

- Cost of Consumable is not includible in the valuation; even the main product cannot function with out such consumable.

Example

- ribbon in case of typewriter
- cassette in case of tape recorder
- needle in case of gram phone
- Cartridge in case of printer

Cum Duty price

- When the price is not sole consideration and if any Additional Consideration is added to arrive Assessable Value it should be treated, as cum duty price - CBEC D O Letter 334/1/2003 dated 28.02.2003
- If Assessee removes goods without payment of duty by mistake (treating dutiable goods as exempted goods), the price should be treated as cum duty price CCE Vs Maruthi Udyog Ltd (2002) (SC). If the goods are covered under MRP, abatement deduction will not available
- If the information is specific (in exam question) it should be cum duty price

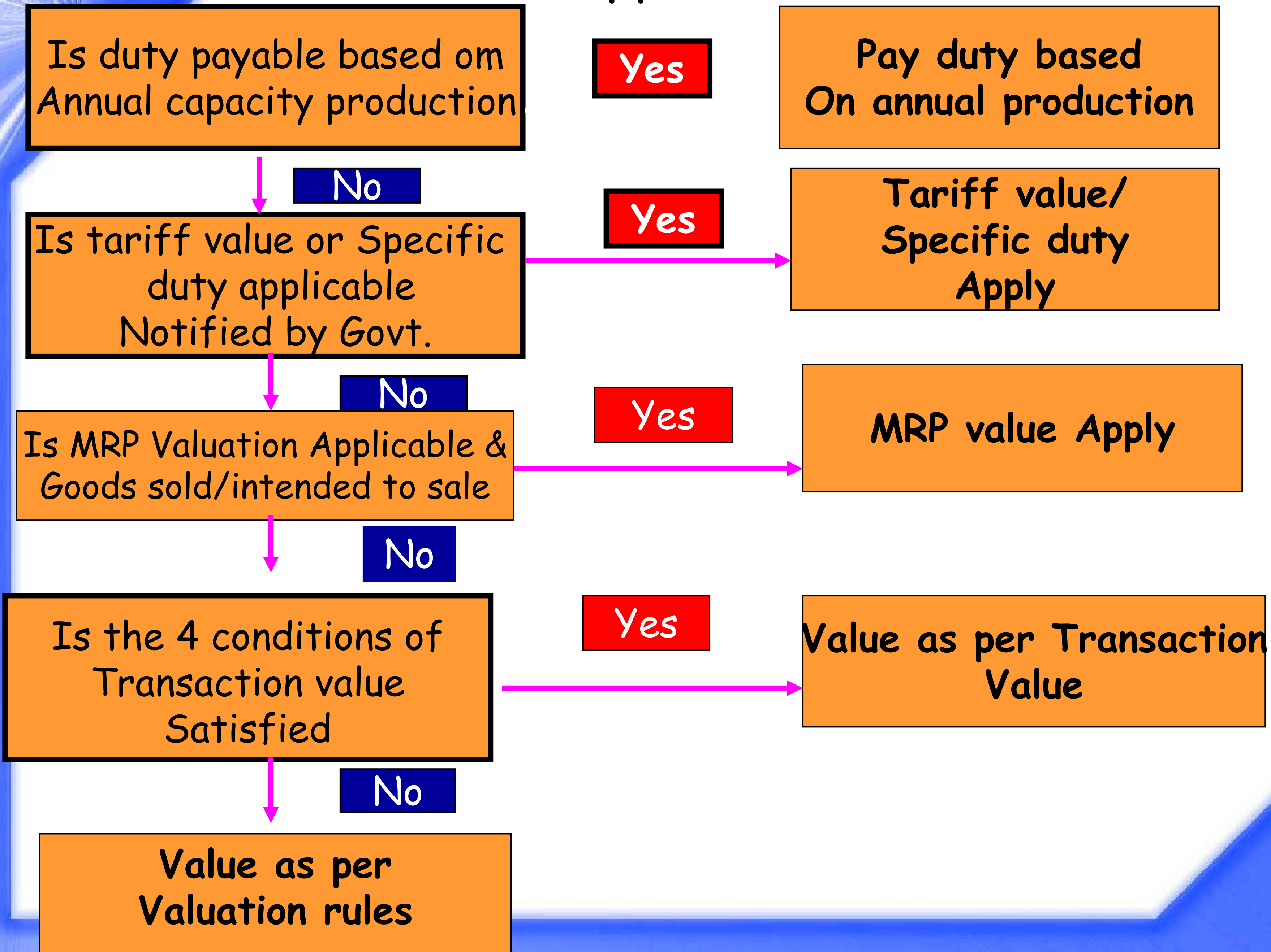
Calculation of AV /Excise duty payable in case of Cumduty price

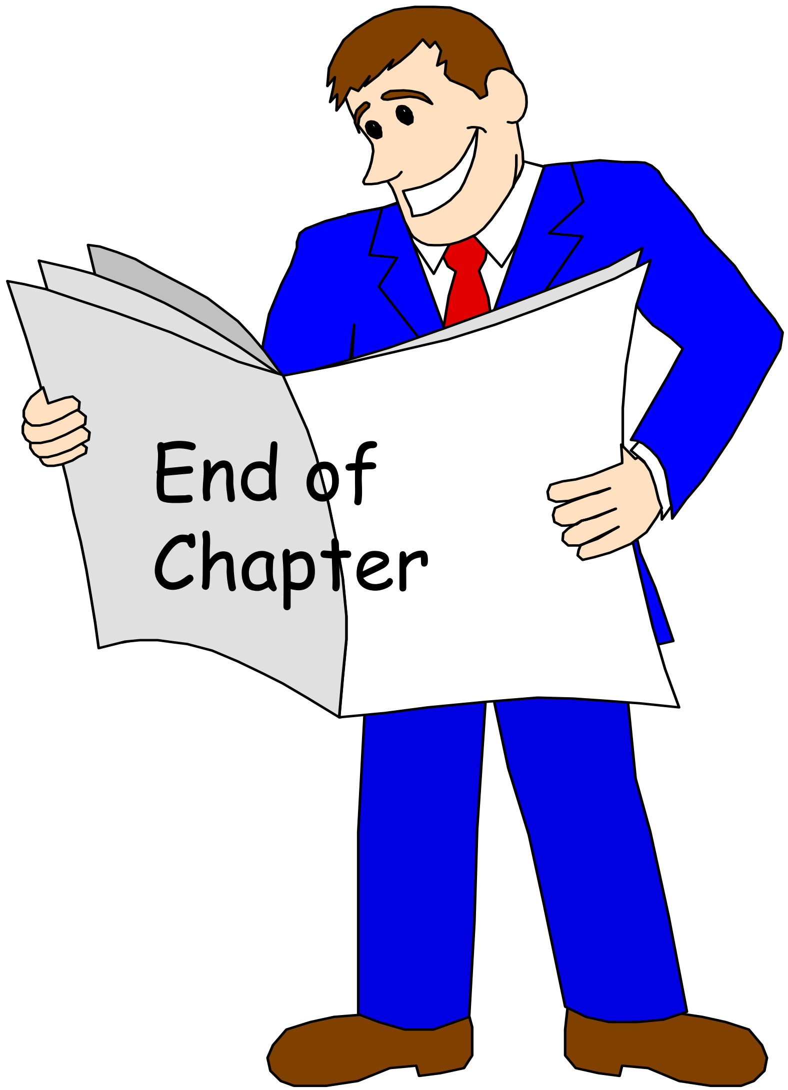
$$\text{Assessable value} = (\text{Cumduty price Minus Permissible deductions}) \times \frac{100}{100 + \text{Excise rate}}$$

$$\text{Excise duty payable} = (\text{Cumduty price Minus Permissible deductions}) \times \frac{\text{Excise rate}}{100 + \text{Excise rate}}$$

In Excise rate appropriate EC to be included (3%)

Valuation application Chart





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