

1.10 IMPORTANT RULES OF CENTRAL EXCISE VALUATION RULES, 2000

Rule No.	Brief Contents
2(b)	“Normal transaction value” means the transaction value at which the greatest aggregate quantity of goods are sold.
	If goods are not sold at the time of removal, then value will be based on the value of such goods sold by assessee at any other time nearest to the time of removal, subject to reasonable adjustments.
5	Some times, goods may be sold at place other than the place of removal e.g. in case of FOR delivery contract. In such cases, actual cost of transportation from place of removal upto place of delivery of the excisable goods will be allowable as deduction. Cost of transportation can be either on actual basis or on equalized basis.
6	If price is not the sole consideration for sale, the ‘Assessable Value’ will be the price charged by assessee, plus money value of the additional consideration received. The buyer may supply any of the following directly or indirectly, free or at reduced cost. (a) Materials, components, parts and similar items (b) Tools, dies, moulds, drawings, blue prints, technical maps and charts and similar items used (c) Material consumed, including packaging materials (d) Engineering, development, art work, design work and plans and sketches undertaken elsewhere than in the factory of production and necessary for the production of the goods In such cases, value of such additional consideration will be added to the price charged by assessee to arrive at the ‘transaction value’. [explanation 1 to Rule 6].
Explanation 2 to rule 6	Where an assessee receives any advance payment from the buyer against delivery of any excisable goods, no notional interest on such advance shall be added to the value unless the Central Excise Officer has evidence to the effect that the advance received has influenced the fixation of the price of the goods.
7	When goods are sold through depot, there is no ‘sale’ at the time of removal from factory. In such cases, price prevailing at depot (but at the time of removal from factory) shall be the basis of Assessable Value. The value should be ‘normal transaction value’ of such goods sold from the depot at the time of removal or at the nearest time of removal from factory.
8	In case of captive consumption, valuation shall be done on basis of cost of production plus 10% (Cost of production is required to be calculated as per CAS-4)