



STUDY NOTE - 6

SOME CRITICAL ISSUES IN CUSTOMS LAW

This Study Note includes

- Refund of Special CVD of Customs to Traders
- Anti Dumping Duty on dumped articles
- Value for Purpose of Customs Act
- Methods of Valuation of Imported Goods
- Valuation of Export Goods
- Self Assessment on basis of 'Risk Management System'(RMS)

6.1 REFUND OF SPECIAL CVD OF CUSTOMS TO TRADERS

Traders selling imported goods in India after charging sales tax/Vat can claim refund of special CVD of 4% from customs department – Notification No. 102/2007-Cus dated 14-9-2007. The dealer (trader) (if he is registered with Central Excise and is issuing Cenvatable Invoice) selling such imported goods must mention in his invoice that the buyer will not be able to avail Cenvat credit of such duty. This is required if he is claiming refund of the special CVD. If he is not claiming refund, obviously, such remark is not required.

A manufacturer using these goods in his manufacture can avail Cenvat credit of this duty. Thus, he gets credit through central excise route.

6.2 ANTI DUMPING DUTY ON DUMPED ARTICLES

Often, large manufacturer from abroad may export goods at very low prices compared to prices normally prevalent in export market. Such dumping may be with intention to cripple domestic industry **or** to dispose of their excess stock. This is called 'dumping' and is an unfair trade practice. In order to avoid such dumping and to protect domestic industry, Central Government can impose, under section 9A of Customs Tariff Act, anti-dumping duty, if the goods are being sold at less than its normal value. Levy of such anti-dumping duty is permissible as per WTO agreement. Anti dumping action can be taken only when there is an Indian industry producing 'like articles'.

In *Shenyang Mastusushita v. Exide Batteries* 2005 (181) ELT 320 (SC 3 member bench), it was observed, 'Principle behind anti-dumping laws is to protect the domestic industry from being adversely affected by import of goods at export prices which are below the normal value of the goods in the domestic market of the exporter. The duty is calculated on the margin of dumping which is the difference between the export price and the normal value'.

In *SS Enterprise v. Designated Authority* AIR 2005 SC 1527 = 181 ELT 375 (SC 3 member bench), it was held that purpose being imposition of anti-dumping duty is to curb unfair trade practices resorted to by exporters of a particular country of flooding the domestic markets at rates which are lower than the rate at which the exporters normally sell the same or like goods in



their own countries, so as to cause or be likely to cause injury to the domestic market. The levy of dumping duty is a method recognised by GATT (*should be WTO*) which seeks to remedy the injury and at the same time balances the rights of exporters from other countries to sell their products within the country with the interest of domestic markets. Thus the factors to constitute 'dumping' is (i) an import at prices which are lower than the normal value of goods in exporting country (ii) the exports must be sufficient to cause injury to domestic industry. - - However, negligible quantity of imports would not be sufficient to cause such injury.

Presently, countries like China, Taiwan are said to be involved in dumping. Even Indian steel exporters are facing charges of dumping goods in USA.

Provisional anti-dumping duty - Pending determination of margin of dumping, duty can be imposed on provisional basis. After dumping duty is finally determined, Central Government can reduce such duty and refund duty extra collected than that finally calculated. Such duty can be imposed upto 90 days prior to date of notification, if there is history of dumping which importer was aware or where serious injury is caused due to dumping.

No CVD on anti dumping duty - Anti Dumping Duty and Safeguard Duty is not required to be considered while calculating CVD – view confirmed in *Tonira Pharma v. CCE* (2007) 208 ELT 38 (CESTAT 2 v. 1 order).

No education cess and SAHE cess on anti-dumping duty – Education cess and SAH education cess is not payable on anti-dumping duty.

No anti dumping duty in case of imports by EOU and SEZ - Anti-dumping duty is not applicable for imports by EOU or SEZ units, unless it is specifically made applicable in the notification imposing anti-dumping duty. [section 9A(2A) of Customs Tariff Act]

Margin of Dumping - 'Margin of dumping' means the difference between normal value and export price (i.e. the price at which these goods are exported). [section 9A(1)(a)].

'Normal Value' means comparable price in ordinary course in trade, for like article, when destined for consumption in the exporting country or territory. If such price is not available or not comparable (a) comparable representative price of like article exported from exporting country or territory to appropriate third country or (b) cost of production plus reasonable profit, can be considered [section 9A(1)(c) of Customs Tariff Act]. The 'normal value' is to be determined as per rules.

In *Reliance Industries Ltd. v. Designated Authority* 2006 (202) ELT 23 (SC), it was held that 'normal value' are not exporter specific but exporting country specific. Once dumping of specific goods from a country is established, dumping duty can be imposed on all exports of those goods from that country in India, irrespective of the exporter. Rate of duty may vary from exporter to exporter depending upon the export price.

'Export Price' means the price at which goods are exported. If the export price is unreliable due to association or compensatory arrangement between exporter and importer or a third party, export price can be constructed (revised) on the basis of price at which the imported articles are first sold to independent buyer or according to rules made for determining margin of dumping. [section 9A(1)(b)].



Margin of dumping is determined on basis of weighted average of 'normal value' and the 'export price' of product under consideration.

Quantum of dumping duty - The anti-dumping duty will be dumping margin or injury margin, whichever is lower. 'Injury margin' means difference between fair selling price of domestic industry and landed cost of imported product. The landed cost will include landing charges of 1% and basic customs duty. Thus, only anti-dumping duty enough to remove injury to domestic industry can be levied.

For example, if normal value in exporting country is Rs 11 and export price is Rs 8, dumping margin is Rs 3. If landed cost is Rs 9 and fair selling price of domestic industry is Rs 10, then injury margin is Re 1/-. Hence, anti-dumping duty of only Re 1 can be imposed.

In *Reliance Industries Ltd. v. Designated Authority* 2006 (202) ELT 23 (SC), it was held that non-injurious price (NIP) has to be calculated for domestic industry as a whole and not in respect of any particular company or enterprise. [Hence, even if product is captively consumed by Indian manufacturer, transfer price (market value) of inputs is to be considered and not actual cost of captive consumption]. It was observed that there has to be a single NIP for a product and not several NIP for the same product. NIP is not exporter specific.

In *Alkali Manufacturers Association of India v. Designated Authority* 2006 (194) ELT 161 (CESTAT). Designated Authority had calculated domestic price on basis of profit of 22% of investment. It was held that this is reasonable.

Dumping duty for WTO countries - Section 9B of Customs Tariff Act provides restrictions on imposing dumping duties in case of imports from WTO countries or countries given 'Most Favoured Nation' by an agreement. Dumping duty can be levied on import from such countries, only if Central Government declares that import of such articles in India causes material injury to industry established in India or materially retards establishment of industry in India. [WTO agreement permits levy of anti-dumping duty when it causes injury to domestic industry as a result of specific unfair trade practice by foreign producer, by selling below normal value].

'Injury to domestic industry' will be considered on basis of volume effect and price effect on Indian industry. There must be a 'casual link' between material injury being suffered by dumped articles and the dumped imports.

Rules for deciding subsidy or dumping margin - Central Government has been empowered to make rules for determining (a) subsidy or bounty in case of bounty fed goods (b) the normal value and export price to determine margin of dumping in case of dumping. Accordingly, Customs Tariff (Identification, Assessment and Collection of Anti-dumping duty on Dumped Articles and for determination of Injury) Rules, 1995 [*Customs Notification No. 2/95 (N.T.) dated 1-1-95*] provide detailed procedure for determining the injury in case of dumped articles.

Procedure for fixing anti dumping duty - After the 'designated authority' is satisfied about *prima facie* case, he will give notice to Governments of exporting countries. Opportunity to inspection of documents and making representations will be given to interested parties who are likely to be affected. Designated Authority will first give preliminary finding and then final



finding within one year. Provisional duty can be imposed on basis of preliminary finding which can continue upto 6 months, extendable to 9 months. Additional duty may be imposed on basis of the final finding.

As per rule 18 of Anti-Dumping Duty Rules, Central Government has to issue a notification fixing anti-dumping duty within three months from date of notification issued by designated authority.

Appeal against order determining dumping duty - Appeal against the order determining the duty can be made to CESTAT. The appeal will be heard by at least three member bench consisting of President, one judicial member and one technical member [section 9C of Customs Tariff Act].

No appeal against order of Tribunal – Section 9C does not provide for statutory appeal against order of Tribunal. Hence, only remedy is either writ in High Court or SLP in Supreme Court.

High Court should not exercise writ jurisdiction – In view of appeal provisions, High Court should not entertain writ petitions and grant interim relief. Otherwise, the provisions of appeal would be rendered otiose – *Association of Synthetic Fibre Industry v. J K Industries* 2006 (199) ELT 196 (SC) * *Nitco Tiles v. Gujarat Ceramic Floor Tiles Mfg Association* 2006 (199) ELT 198 (SC).

Mid-term review – Mid-term review of anti-dumping duty is permissible under rule 23 of Anti-Dumping Duty Rules. In *Rishiroop Polymers v. Designated Authority* 2006 (196) ELT 385 (SC), it was held that scope of review enquiry by Designated Authority is limited to the satisfaction as to whether there is justification for continuing imposition of anti-dumping duty. The inquiry is limited to change in various parameters like normal value, export value, dumping margin, fixation of non-injury price and injury to domestic industry. Only changed parameters should be considered

New Shipper Review – After imposing of anti-dumping duty, a new exporter may want to export same goods to India. As per rule 22, if he had not exported earlier, he can ask for review of anti-dumping duty. During the period of review, Government may resort to provisional assessment and may allow imports on submission of guarantee, pending review. If anti-dumping duty is determined, it will be payable retrospectively from date of initiation of review. Such review is termed as 'new Shipper Review'.

Discontinuation of anti-dumping duty i.e. sunset review - Anti dumping duty ceases on the expiry of five years from date of imposition. However, Central Government can extend the anti-dumping duty, if it is of the opinion that cessation is likely to lead to continuation or recurrence of dumping and injury.

Practical example on anti-dumping duty – **An importer imported Description of goods: Mulberry Raw Silk (not thrown) (HS Code 5002 00) from People's Republic of China. CIF value was US \$ 20,000 and quantity 1,000 Kgs. Exchange rate was 1 US \$ = Rs. 44 on date of presentation of Bill of Entry. Customs Duty rates are – (i) Basic Customs Duty 30% (ii) Education Cess 2% (iii) SAH Education cess - 1%. There is no excise duty payable on these goods if manufactured in India. As per Notification No. 106/2003-Cus dated 10-7-2003, anti-dumping duty has been imposed on these goods imported from China, manufactured by any pro-**

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ducer in People's Republic of China. The anti-dumping duty will be equal to difference between amount calculated @ US \$ 27.97 per Kg and 'landed value' of goods. Compute Customs Duty liability & anti-dumping liability.

Answer – (a) Computation of Customs duty:-

Total CIF Price	US \$	20,000
CIF @ Rs 44 = 1 US \$	Rs	8,80,000.00
Add – Landing charges @ 1%	Rs	8,800.00
Assessable Value	Rs	8,88,800.00
Basic duty @ 30%	Rs	2,66,640.00
Education Cess @ 2% on 2,66,640.00	Rs	5,332.80
SAH education Cess 1%		2,666.40
Total Customs Duty payable (Basic + Education Cess)	Rs	2,74,639.20
Rounded to	Rs	2,74,639.00

b) Computation of landed value

Assessable Value Under Customs Act,	Rs	8,88,800.00
Add: All Duties of Customs	Rs	2,74,639.00
Landed Value as per Anti-Dumping Notification	Rs	11,63,439.00



c) Computation of anti-dumping duty

Rate of Silk Yarn as per Anti Dumping Notification.(US \$ 27.97 per Kg)	US \$	27,970
Value @ Rs 44 = 1 US \$	Rs	12,30,680.00
<u>Less:</u>		
Landed Value as per Anti-Dumping Notification	Rs	11,63,439.00
Anti Dumping Duty payable	Rs	67,241.00

Thus, anti-dumping duty payable will be Rs 67,241.

6.3 VALUE FOR PURPOSE OF CUSTOMS ACT

Customs duty is payable as a percentage of 'Value' often called 'Assessable Value' or 'Customs Value'. The **Value** may be either (a) 'Value' as defined in section 14(1) of Customs Act or (b) Tariff value prescribed under section 14(2) of Customs Act.

The provisions relating to customs valuation have been completely revamped by introducing new section 14 w.e.f. 10-10-2007.

Tariff Value - Tariff Value can be fixed by CBE&C (Board) for any class of imported goods or export goods. CBE&C should consider trend of value of such or like goods while fixing tariff value. Once so fixed, duty is payable as percentage of this value. (The percentage applicable is as prescribed in Customs Tariff Act). Fixing tariff value is not permitted under GATT convention. However, the provision of fixing tariff values has been retained.

Tariff value for crude palm oil, RBD Palmolein, palm oil, crude soyabean oil and brass scrap has been fixed by notification No. 36/2001-Cus (NT) dated 3-8-2001.

Customs Valuation on basis of transaction value - New section 14(1) of Customs Act (effective from 10-10-2007) states that 'value' of imported and export goods will be 'transaction value' of such goods i.e. the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of importation, or for export from India for delivery at the time and place of exportation, where the buyer and seller of the goods are not related and price is the sole consideration for the sale, subject to such other conditions as may be specified in the rules made in this behalf.

Accordingly Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 and Customs Valuation (Determination of Value of Export Goods) Rules, 2007 have been notified effective from 10-10-2007.



Section 2(41) of Customs Act has also been amended as follows w.e.f. 10-10-2007 - 'value', in relation to any goods, means the value thereof determined in accordance with the provisions of sub-section (1) or sub-section (2) of section 14.

Addition to transaction value – First proviso to new section 14(1) states that such transaction value in the case of imported goods shall include, in addition to the price as aforesaid [i.e. as specified in section 14(1)], any amount that the buyer is liable to pay for costs and services, including commissions and brokerage, engineering, design work, royalties and licence fees, costs of transportation to the place of importation, insurance, loading, unloading and handling charges to the extent and in the manners specified in the Rules.

Though the *proviso* does not specifically say so, it is obvious that only those expenses which are relating to imported goods alone can be added.

Rate of foreign exchange - Third proviso to new section 14(1) states that such price shall be calculated with reference to the rate of exchange as in force on the date on which a bill of entry is presented under section 46, or a shipping bill or bill of export, as the case may be, is presented under section 50. As per *Explanation* (a) to section 14(2), the rate of exchange will be determined by CBE&C or ascertained in such manner as CBE&C may direct.

Tariff value - New section 14(2) empowers CBE&C to fix tariff values of imported goods or export goods by issuing a notification.

Valuation Rules if transaction value is not determinable - If there is no sale or buyer or seller are related or price is not the sole consideration, value of the goods will be determined as per Valuation Rules [Clause (ii) of second proviso to section 14(1)].

Valuation for CVD when goods are under MRP provisions - In respect of some consumer goods, excise duty is payable on basis of MRP (Maximum Retail Price) printed on the carton. If such goods are imported, CVD will be payable on basis of MRP printed on the packing. See discussions under 'CVD' in previous chapter.

Sale to related person – Transaction value is not acceptable if buyer and seller are 'related'. Definition of 'related person' is identical in rule 2(2) of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 and rule 2(2) of Customs Valuation (Determination of Value of Export Goods) Rules, 2007. The definition is discussed in a later chapter.

6.3.1 Transaction value at the time and place of importation

Price should be for delivery at the place of importation – Value at the place of importation does not mean that only expenses till goods enter Indian Customs water should be included. Import is an integrated process which culminates when goods land on land-mass of India so that they can be introduced in stream of supplies to form part of mass of goods within the country. Thus, all expenses upto the destination port, including freight, transit insurance, unloading and handling charges are to be included.

Price must be the sole consideration - Price should be sole consideration for sale. If there is other consideration, it should be added to the transaction value.



In *Jindal Photo Films v. CC* 2002(141) ELT 202 (CEGAT), it was held that license fee related to know how embedded in machine has to be added to Assessable Value. In this case, the foreign supplier had not charged license fee but had stated that if semi-processed raw material is not purchased from the foreign supplier, flat annual license fee will be payable for seven years. It was thus obvious that price was not the sole consideration and hence the license fee, which was additional consideration, was addible.

Price to include value of intellectual property contained in it – A software cannot be valued on basis of price of CD. In *Globe Entertainment v. CC* 2005 (180) ELT 258 (CESTAT), it was held that value of video cassettes cannot be valued on basis of material cost plus recording charges. Value of intellectual property i.e. serial recorded in cassettes has also to be taken into consideration. It is not value of material but value of intellectual property which is recorded in the cassettes.

Inclusions/Exclusions in Customs Value

- Valuation for customs is required to be done as per provisions of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007
- CIF value of goods plus 1% landing charges is the basis for deciding 'Assessable Value'.
- Commission to local agents, packing cost, value of goods and toolings supplied by buyer, royalty relating to imported goods are addible.
- Interest on deferred payment, demurrage at port is not required to be added
- Value of computer software loaded on machine is to be added to value of machinery.
- Old machinery and old cars are valued on basis of depreciated value, though such method has no sanction of law.

6.3.2 Customs Value – Inclusions

Rule 10 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 [Rule 9 upto 10-10-2007] provide that following cost and services are to be added, *if these are not already included in the invoice price.* –

- Commission and brokerage, except buying Commission, if not already included in the invoice price [rule 10(1)(a)(i)].
- Cost of container which are treated as being one with the goods for customs purposes, if not already included in the invoice price [rule 10(1)(a)(ii)].
- Cost of packing whether labour or materials, if not already included in the invoice price [rule 10(1)(a)(iii)].
- Materials, components, tools, dies, moulds, and consumables used in production of imported goods, supplied by buyer directly or indirectly, free of charge or at reduced cost, to the extent not already included in price [rule 10(1)(b)(i), (ii) and (iii)]



- Engineering, development, art work, design work, plans and sketches undertaken elsewhere than in India and necessary for production of imported goods, to the extent not already included in price [rule 10(1)(b)(iv)].
- Royalties and license fees relating to imported goods that buyer is required to pay, directly or indirectly, as a condition of sale of goods being valued [rule 10(1)(c)]
- Value of proceeds of subsequent resale, disposal or use of goods that accrues directly or indirectly to seller (i.e. to foreign exporter) [rule 10(1)(d)]
- All other payments made as condition of sale of goods being valued made directly or to third party to satisfy obligation of seller, to the extent not included in the price [rule 10(1)(e)]
- Cost of transport upto place of importation [rule 10(2)(a)]
- Loading, unloading and handling charges associated with delivery of imported goods at place of importation [These are termed as landing charges and are to be taken as 1%] [rule 10(2)(b)]
- Cost of insurance [rule 10(2)(c)]

The additions should be on the basis of objective and quantifiable data [rule 10(3) of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 (earlier rule 9(3))].

No other additions - No other addition shall be made to price paid or payable, except as provided for in rule 10 [rule 10(4) of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 (earlier rule 9(4))]. Interpretative Note to rule 3 (earlier rule 4) also clarifies that activities undertaken by buyer other than those for which adjustments are provided in rule 10 (earlier rule 9) are not to be added, even though it may be regarded as benefit to the seller.

Services / documents / technical know-how supplied by Buyer - Cost of engineering, development, art work, design work and plans and sketches undertaken by buyer which is necessary for production of imported goods is includible, **only if** such work is undertaken *outside India*. [Rule 10(1) (b) (iv) of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 (earlier rule 9)]

The addition should be done on objective and quantifiable data. Data available with importer should be used as far as possible. If the services are purchased or leased by importer, such purchase/lease cost should be added. If the importer has himself done the work abroad, its cost should be added on basis of structure and management practices of importer and his accounting methods (in other words, if development work, plans, sketches etc. is done by importer himself *outside India*, its cost should be calculated based on normal accounting practices - like apportionment of overheads, apportionment over various jobs if the same development work, design work etc. is used for more than one jobs etc.) [Interpretative Note to rule 10(1)(b)(iv) of Customs Valuation Rules].

Technical know how related to imported machinery - In *CC v. Essar Gujarat Ltd.* (1997) 9 SCC 738 = 88 ELT 609 = 17 RLT 588 (SC 3 member bench), it was held that payment of licence fee and transfer of technology, without which the imported plant could not function, will have to



be added to the value of imported plant. However, training charges cannot be included. - wrongly followed in *CC v. Himson Textile Engg. Ltd.* 1997(93) ELT 301 (CEGAT).

Royalties and licence fee - Royalties and license fees related to imported goods that the buyer is required to pay, directly or indirectly, as a condition of sale of the goods being valued, to the extent that such royalties and fees are not included in the price actually paid or payable, are required to be added in assessable value. [Rule 10(1)(c) of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 (earlier rule 9)].

Royalty payment un-connected with imported goods not to be added - Often, a lump-sum payment of royalty is made to foreign collaborators for technical know-how. In addition, components / parts/ CKD packs are procured from foreign collaborators. Customs department normally holds that the price of parts/CKD packs should be loaded, on assumption that the part of price of component parts/CKD packs has been paid as 'royalty payment'.

Charges for reproduction of goods in India not to be added - Interpretative Note to rule 10(1)(c) of Customs Valuation Rules makes it clear that charges for right to reproduce the imported goods in India shall not be added.

Barge/lighterage charges includible – In some cases, the ship is not brought upto jetty. Goods are discharged at outer anchorage. This may be for various reasons, e.g. (a) deep draught at port (b) Ports are busy (c) Odd dimensional or heavy lifts or hazardous cargo discharged at anchorage. Charges for brining the goods from outer anchorage are known as 'barging /lighterage charges'.

As per *explanation* to rule 10(2) of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 [inserted w.e.f. 10-10-2007], ship demurrage charges on chartered vessels, lighterage or barge charges are includible.

Mode of computation of freight of time chartered / daughter vessel has been specified in MF(DR) circular No. 4/2006-Cus dated 12-1-2006.

Landing charges to be added - Cost of unloading and handling associated with delivery of imported goods in port (*called landing charges*) shall be added. These will be calculated @ 1% of CIF value, i.e. FOB price plus freight plus insurance. [Rule 10(2)(b) of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 – earlier rule 9].

6.3.3 Exclusions from Assessable Value

Interpretative Note to rule 3 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 provide that following charges shall be excluded :

- (a) Charges for construction, erection, assembly, maintenance or technical assistance undertaken *after* importation of plant, machinery or equipment
- (b) Cost of transport *after* importation



- (c) Duties and taxes in India

Other payments from buyer to seller *that do not relate* to imported goods are not part of the customs value.

6.3.4 Illustrations of computing Customs Value

Question : An importer imports some goods @ 10,000 US \$ on CIF basis. Following dollar rates are available on the date of presentation of bill of entry : (a) RBI Floor rate : Rs. 43.37 (b) Inter-bank closing rate : Rs. 43.38 (c) Rate notified by CBE&C under section 14 (3) (a) (i) of Customs Act : Rs. 43.55 (d) rate at which bank has realised the payment from importer : Rs. 43.58. Find the assessable value for customs purposes.

Answer : The relevant exchange rate is Rs. 43.55. Thus, CIF Value of goods is Rs. 4,35,500. Landing charges [rule 9 (2) of Customs Valuation Rules] @1% of CIF Value are to be added - i.e. Rs. 4,355. Thus, Customs Value or Assessable Value is Rs. 4,39,855.

Question : A consignment is imported by air. CIF price is 1,000 US Dollars. Freight is 320 US \$. Insurance cost was \$ 35. Exchange rate is same as above. Find Value for customs purposes.

Answer : FOB Price of consignment is \$ 645 (1,000 less 320 less 35). Air freight is to be restricted to 20% of FOB Value for purpose of customs valuation. Hence, freight should be considered as 20% of 645 i.e. 129 US \$ for valuation. Thus, CIF Value for customs purposes is \$ 809 (645 + 129 + 35) i.e. Rs. 35,231.95 @ Rs. 43.55 per dollar. Add 1% of CIF i.e. Rs. 352.32 as landing charges. Thus, Value for Customs purposes will be 35,584.27.

Question : FOB Cost of a consignment is 3,000 UK Pounds. Insurance and transport costs are not available. What is Customs Value ? On the date of filing of bill of entry, Reserve Bank of India reference rate of US \$ was 43.37 and inter-bank closing rates were : Rs. 43.38 per US \$ and Rs. 69.38 per UK Pound. Exchange rate announced by Board (CBE&C) by customs notification was Rs. 69.78 per British Pound. T T buying rate was 69.70 and T T selling rate was Rs. 69.61 per UK pound.

Answer : FOB Price is 3,000 UK pounds. Add 20% as freight cost i.e. 600 as actual cost is not available. Since insurance charges are not known, insurance cost should be taken @ 1.125% of FOB price i.e. 33.75. Thus, CIF price is 3,633.75 UK pounds. Conversion rate is 69.78. Hence, CIF Value is Rs. 2,53,563.08 (3,633.75 x 69.78). Landing charges @ 1% of CIF will be Rs. 2,535.63. Thus, Customs Value is Rs. 2,56,098.71

Question : Customs value (Assessable Value) of imported goods is Rs. 2,00,000. Basic Customs duty payable is 10%. If the goods were produced in India, excise duty payable would have been 16%. Education cess is as applicable. Special CVD is payable at appropriate rates. Find the Customs duty payable. What are the duty refunds/benefits available if the importer is (a) manufacturer (b) service provider (c) Trader?