



17,400 will be Rs 6,090 plus education cess of Rs 121.80 @ 2% of customs duty and Rs 60.90 as SAH education cess.

6.4 METHODS OF VALUATION OF IMPORTED GOODS

The Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, based on WTO Valuation Agreement (earlier GATT Valuation Code), consist of rules providing six methods of valuation.

The methods of valuation for customs methods are as follows -

- Transaction Value of Imported goods [Section 14(1) and Rule 3(1)]
- Transaction Value of Identical Goods [Rule 4]
- Transaction Value of Similar Goods [Rule 5]
- Deductive Value which is based on identical or similar **imported** goods sold in India [Rule 7]
- Computed value which is based on cost of manufacture of goods plus profits [Rule 8]
- Residual method based on reasonable means and data available [Rule 9]

6.4.1 Conditions for accepting Transaction Value

In *Eicher Tractors v. CC* 2000 AIR SCW 4080 = AIR 2001 SC 196 = 2001(1) SCC 315 = 122 ELT 321 = 41 RLT 621 (SC), it has been held that actual transaction value can be rejected only for reasons specified in rule 4(2) [Now rule 3(2) of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 w.e.f. 10-10-2007] of Valuation Rules and 'special circumstances' or 'extraordinary circumstances' as specified in section 14(1). Subject to the three conditions laid down in section 14(1) of time, place and absence of special circumstances, price of imported goods is to be determined u/s 14(1A) in accordance with Valuation Rules framed in this behalf.

Thus, transaction value can be rejected either for special circumstances as per section 14(1) or conditions as specified in rule 3(2) of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

Special circumstances as per section 14(1) - The 'special circumstances' in section 14(1) are (a) Buyer and seller should not be related **and** (b) Price should be the sole consideration for the sale. If these 'special circumstances' are not satisfied, transaction value can be rejected. Any other 'special circumstances' cannot be considered.

Methods to be applied sequentially - These methods are to be applied in sequential order, i.e. if method one cannot be applied, then method two comes into force and when method two also cannot be applied, method three should be used and so on. The only exception is that the 'computed value' method may be used before 'deductive value' method, if the importer requests and Assessing Officer permits.