



ORDER

I order that Customs Value be fixed on the basis of CIF price of 10 US dollars per Kg. The assessment be finalised accordingly.

Sd/-Assistant Commissioner

6.5 VALUATION OF EXPORT GOODS

Customs value of export goods is to be determined under section 14 of Customs Act, read with Customs Valuation (Determination of Value of Export Goods), Rules, 2007.

Transaction value is the main criteria for valuation - 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.

Thus, if buyer and seller are not related and if price is the sole consideration, transaction value at the time and place of exportation will be the assessable value.

Transaction value is the primary basis for valuation of export goods and the method specified in rule 3 will be applicable in the vast majority of cases of export by acceptance of declared value – par 4 of MF(DR) circular No. 37/2007-Cus dated 9-10-2007.

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 - 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 when buyer and seller are related – Definition of related person as per rule 2(2) of Customs Valuation (Determination of Value of Export Goods) Rules, 2007 is same as per definition of rule 2(2) of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

As per rule 3(2) of Customs Valuation (Determination of Value of Export Goods) Rules, 2007, the transaction value, the transaction value will be accepted as 'value' even if buyer and seller are 'related', if the relationship has not influenced price.