<u>Chapter: 4</u> - VALUATION (100% Covered)	
Section 37D	Round off of duty/Service tax in to nearest Rupee
<u>Definitions :</u>	
1. Section 4(3)(d)	Transaction Value = Amt. paid/payable as a liablity -> By reason/in connection -> @ time of sale or subsequently. 1. Other Notes : (i). Include taxes in TV if not paid to government (Instruction No. 6/8/2014) (ii). Tax means compulsory extortion of money under an Act (UP Sheera Niyantaram adhiniyam is a tax) (iii). If optional charges exercised by buyer = Add to TV (iv.) Trade discount excluded if actually passed on (v). Provisional discount (eg. yr end discount) can be allowed by doing a provisional assessment U/R 7, CER 02. (vi). Delayed Payment Charges excludable (since it represents interest) (vii). Packing Charges includible (viii). Inspection & Testing done as a condition of sale (i.e., agreement) = Includible (ix). Dharmada Charges = Includible (x). Cost of reusable container = Proportionately Includible iff not already included in TV (xi). Bought out items supplied along main product = Includible (if found that they are not for trading) (xii). Spare Parts = Valued separately and not included in main product. (xiii). Warranty expenses Includible (xiv). Ford India Pvt. Ltd. = Extended warranty charges provided by dealers, in case of cars -> not Includible (xv). If Price = Cum Duty + Other Taxes -> Reduce other taxes first.
2. Section 4(3)(cc) [tells ED kab pay karni hai ?]	TOR in respect of Goods removed from Depot = Time of clearance from factory
Section 4(3)(c.) [tells ED par pay karni hai ?]	POR = Factory or Bonded WareHouse or A Depot
I. Valuation under Section 4(1) :	
1. Section 4(1)(a)	1. **AV = Transaction Value** 2. Conditions : (i). Goods are **SOLD** (otherwise **Rule 4, Rule 8, Rule 10A**) (ii). For delivery @ **TOR and POR** (otherwise **Rule 5, Rule 7**) (iii). To **UNRELATED** Person (otherwise **Rule 9, Rule 10**) (iv). Price is the **SOLE CONSIDERATION** (otherwise **Rule 6**)
<u>**2.** Section 4(1)(b) :</u>	Central Excise Valuation Rules, 2000

Rule 2 - ''Normal TV''	TV @ which greatest aggregate qty. are sold.
Rule 8 -Captive Consumption Valuation	**AV = COP x 110 %** ; COP = Prime Cost + Works OH + QCE + R&D Exp + Adm. OH + Packing Cost - Sale of Scrap Note : do not inlude S&D OH
Rule 4 - Goods NOT SOLD (other conditions satis	 1. **AV = SP of Identical goods sold by the same assessee + Adjustments** (as required by PO) 2. Other Points : (i). New product sold as sample, AV = 110% of COP (Priority I) or apply for Provisional assessment (Priority II) (ii). Goods distributed as sample @ Nominal Value ; TV = AV (no need of valuation Rules) (iii).
Rule 10A - Job Worker	Case I: If goods sold by manfacturer @ Factory of JW : **AV = TV** Case II : If goods NOT sold by manfacturer @ Factory of JW : **AV = TV @ POR at the time of TOR**
Rule 7 - Depot Valuation	1. **AV = TV @ POR (depot) at the time of TOR** 2. Other Points : (i). If no sale at depot on the date of removal of goods from factory -> Go back to nearest past (ii). In case of New Depot = First provisional assessent and finalise at time of first sale from Depot (iii). If unbonded WH = Treat as Depot
Rule 5 - When Goods Sold at place other than P(	 **AV = TV excluding the COT and Insurance from POR (Factory/Depot/WH) to Place of Delivery (Buyer's Premises)** 2. Other Notes : (i). If POR is WH or Depot = TV shall include COT and Insurance (ii). Actual COT < Recovered COT i.e., Profit made = Include in AV (iii). Actual COT > Recovered COT i.e., Loss suffered = Reduce from AV (iv). If assese has uniform pricing all over india, calculate freight on average basis (Total freight / total units sold)
Rule 9 - Sale to a Related Person other than ICU	Case I : If further sale : RP --> URP : **AV = TV charged by RP from URP** Case II: If further sale : RP 1 --> RP 2 : **AV = TV charged by RP 1 from RP 2** (if RP2 sells them in retail) Case III: If RP 1 --> Captive consumption in mfr. : **AV = Rule 8**
Rule 10 - Sale to ICU	 Case I: If ICU + Relative/ subdistributor of relative distributor / interest in business of each other : **AV = Rule 9** Case II: If Holding subsidiary relationship : **AV = Rule 9** Case III: Other Case : **AV = Consider them Unrelated** Other Points : 1. Bharti Telecom Ltd. : If goods to RP at price charged from URP, then SP shall be acceptable as AV.

Rule 6 - Price NOT SOLE CONSIDERATION	1. **AV = TV + Additional consideration from buyer to Assessee** 2. Price not a sole consideration + SP < Mfr. Cost & profit + No additional consideration from buyer to seller : **AV = TV** 3. Other Points : (i). If advance payment influences the fixation of price of goods (proved by deptt) = Add Notional Interest (ii). Circular No. 983/7/2014 : In respect of fertilisers for which subsidy is provided by govt., the ED will be chargeable on the MRP at which fertiliser is sold to the buyer and not on the subsidy component provided by the govt.
Rule 11 - Best Judgement Valuation	If AV indeterminable by the above Rules.
II. Valuation under Section 4 A	
Section 4A	1. **AV = MRP - notified %** 2. Conditions : (i). Goods mandatorily required to declare MRP **and** (ii). Govt. has notifed such goods for this Section 3. Other Points : (i). Goods where MRP not mandatory to declare : Bulk supplies / Militeray Canteen / Free Samples / Export / weight upto 10 gm/ml / Bidis (ii). if Manufacturer --> Do not declare MRP / Invalid MRP / Alter MRP after removal --> Confiscation of Goods (iii). More than 1 MRP printed : Consider Maximum RSP (iv). If MRP altered at/before clearance from Factory --> Consider altered MRP (v). Scored out MRP is to be ignored (Surf Excel) (vi). CBEC Circular 673/64/2002 : If MRP printed on both individual item and multi pack : Case I : Mentioned that individual item not to be sold separately / packed in that way = Conside MRP of Multi Pack Case II: Nothing mentioned as such and capable of being sold separately = Consider aggregate MRPs' of the pieces (vii). Free Item provided without MRP printed on it : Consider MRP on Multi Pack (viii). Circular 915/05/2010 : Products covered under MRP assessment but distributed as Free samples : Still covered under this Section. (ix). Bharti Telemedia Ltd.: Imported Setup boxes : To calculate CVD 3(1) --> Total (A) as per customs and not under this Section
III. Valuation under Section 3(2)	

Section 3(2)	1. Ready Made Garments: CASE I: If MRP Declared/required to be declared : **AV = MRP x 60%** Case II: Brand name of others + MRP not declared : **AV = Tariff value / transaction value** 2. Make Up Items : AV = **MRP - notified %**
<u>IV. Valuation under Production Based Duty :</u>	
1. Rule 15, CER 2002	1. Compund Levy Scheme : (i). Stainless Steel Pattis / Pattas : **AV = Rs. 40,000 per cold rolling machine per month** (ii). Aluminium Circles : **AV = Rs. 12,000 per cold rolling machine per month** 2. Other Points : (i). Scheme optional (ii). Apply to CEO (iii). Lock in 1 year (iv). required to pay monthly/quarterly/half yearly/yearly as asked. (v). N**o CCR allowed** (vi). Actual production irrelevant
2. Section 3A	 Duty based on annual production capacity 1. Notifed goods = Chewing Tobacco 2. If factory was closed for continous period of more than 15 days = proportional abatement shall be granted