EXPORT VALUATION OF GOODS

(Source : Para 3.1 to 3.4 & 10 of Chapter 6 of customs manual)

3. Valuation of imported/export goods where no Tariff Value is fixed:

3.1 Section 2(41) of the Customs Act, 1962 defines ‘Value’ in relation to any goods to mean the value thereof determined in accordance with the provisions of Section 14(1) ibid. In turn, Section 14(1) states that the value of the imported goods and export goods shall be “the transaction value of such goods, that is to say, 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 as the case may be, 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”. It is also provided that in the case of imported goods such transaction value shall include “in addition…any amount paid or payable 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 manner specified in the rules made in this behalf”.

3.2 In accordance with the provisions of Section 14(1) of the Customs Act, 1962 the rules specified for the purpose of valuation may provide for:

   (i) the circumstances in which the buyer and the seller shall be deemed to be related;
   (ii) the manner of determination of value in respect of goods when there is no sale, or the buyer and the seller are related, or price is not the sole consideration for the sale or in any other case;
   (iii) The manner of acceptance or rejection of value declared by the importer or exporter, as the case may be, where the proper officer has reason to doubt the truth or accuracy of such value, and determination of value for the purpose of this section.

3.3 The price paid or payable 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 of export, as the case may be, is presented under Section 50 of the Customs Act, 1962.

3.4 When compared to the earlier provisions of Section 14(1), the present provisions have discarded the concept of ‘deemed value’ and adopted the concept of ‘transaction value’. Also, the present Section 14 contains therein provisions for specific rules to be made for determination of value and also for specific additions to value on account of cost and services. Some provisions deleted from the earlier Section 14 include:

   (i) Reference to such or like goods. Thus, the value (transaction value) shall be the price actually paid or payable for the goods under consideration.
   (ii) The reference to price of the goods ordinarily sold or offered for sale.
(iii) The price of the goods when sold for export to India is to be considered and not the price in the course of international trade.

Methods of valuation of export goods:

10.1 The provisions of Section 14(1) of the Customs Act, 1962 specifically cover the valuation of export goods. Also, the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 have been framed to provide a sound legal basis for the valuation of export goods and check deliberate overvaluation of export goods and mis-utilization of value based export incentive schemes.

10.2 Rule 3 of the Customs Valuation (Determination of Value of Export Goods) Rules 2007 that are framed in a format similar to the said Valuation Rules, 2007 for the imported goods emphasizes for acceptance of the transaction value, which is the primary basis for valuation of export goods. In cases where the transaction value is not accepted, the valuation shall be done by application of Rules 4 to 6 sequentially. As per Rule 7, exporter has to file Export Value Declaration relating to the value. Also, the value of the export goods declared by the exporter can be rejected under Rule 8.

10.3 Wherever there are doubts about the declared value of export goods and an investigation/enquiry is being undertaken to determine whether or not the Declared Value should be accepted, the export consignments should not be ordinarily detained. Due process envisaged under Rule 8, for rejection of declared value and consequent re-determination of value may be undertaken by applying valuation Rules sequentially.