

**OFFICE OF THE COMMISSIONER OF CUSTOMS (EXPORT)
JAWAHARLAL NEHRU CUSTOM HOUSE, NHAVA SHEVA.**

F. No. S/12-Gen-02/2006-07 AM (X)

Date: 10.10.2007

FACILITY NOTICE NO. 41/2007

**Sub: Customs valuation (Determination of Value of Export Goods) Rules,
2007- Instructions - reg.**

Attention of all the Importers, Exporters, CHAs and Members of the Trade is invited to Ministry of Finance, Department of Revenue [Notification No 93/2007-Customs \(NT\)](#) dated 13th September 2007 bringing in to effect the new section 14 of the Customs Act, 1962 with effect from 10-10-2007. The Export Valuation Rules, i.e., Customs Valuation (Determination of Value of Export Goods) Rules, 2007 made under the provisions of section 14 of the Customs Act, 1962, have been notified vide [Notification No 95/2007-Customs \(NT\)](#) dated 13-9-2007 and the same shall also come into force with effect from 10-10-2007. Central Board of Excise and Customs (CBEC) has issued [Circular No.37/2007-Customs](#) dated 09.10.2007 giving the guidelines in the application of the said rules.

2. The Customs Valuation (Determination of Value of Export Goods) Rules 2007 have been framed in a format similar to the Valuation Rules for the imported goods. Conceptually also, acceptance of Transaction Value for export goods has been emphasized in the said rules, in as much as Rule 3 specifically provides for it.

3. Rule 3 of the said rules also stipulates that the Transaction Value for export goods shall be accepted even where buyer and seller are related, provided that the relationship did not influence the price of the goods. Where the relationship is found to influence the price, as determined by the proper officer on receipt of further information from the exporter, the value of the export goods shall be determined by proceeding sequentially through rules 4 to 6 of the said Valuation Rules. The persons who shall be deemed to be related have been specified in Rule 2(2) of the said Valuation Rules, and this provision has been adopted from the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

4. Thus transaction value is the primary basis for valuation of export goods and the method specified under Rule 3 will be applicable in the vast majority of cases of export by acceptance of declared value. In cases where the transaction value is not accepted, the valuation of the export goods shall be done by application of Rules 4 to 6 sequentially.

5. Acceptance of transaction value is, however, subject to the provision of Rule 8, which provides for rejection of declared value for the export goods in certain exceptional cases. These are situations where the assessing officer has reasons to doubt the truth or accuracy of the declared value and further enquiry or investigation is needed to determine the appropriate value. When an investigation / enquiry is undertaken to determine whether or not the Declared Value should be accepted as Transaction Value, the export consignment shall not be ordinarily detained. Wherever there are doubts about the declared value of the export goods, the proper

officer shall retain representative sealed samples, wherever considered necessary and feasible, and allow the goods to be exported after due processing. However, it is clarified that in a situation of serious violation such as outright misdeclaration of goods, attempt to export the goods unauthorisedly, i.e., smuggle the goods out of the country, or where there is forgery or fraudulent documentation, the goods may be detained or seized as required. No export consignment shall be detained for reasons of doubts regarding valuation without the approval of the jurisdictional Commissioner of Customs.

6. An Explanation relating to rejection of declared value of export goods has been added to Rule 8 to bring clarity and objectivity in exercising the authority for rejection of declared value. The Explanation clarifies that this rule as such does not provide a method for determination of value, and that it merely provides a mechanism and procedure for rejection of declared value of export goods in certain cases. It also clarifies that where the proper officer is satisfied after consultation with the exporter, the declared value shall be accepted. This Explanation also gives certain illustrative reasons, which could form the basis for having doubt about the truth or accuracy of the declared value.

7. While raising doubt about truth or accuracy of the declared value in terms of Rule 8, the proper officer shall issue a query memo specifying reasons for such doubt. Meanwhile, the goods will be released for export against a simple undertaking after drawl of representative sample as indicated in para 5. A simple undertaking format for this purpose has been designed and the same is enclosed as Annexure-B The decision to initiate the process of investigation into valuation aspects, if any, shall be taken at the earliest at the level of Joint /Additional Commissioner.

8. In a case where transaction value cannot be determined or the declared value is rejected under Rule 8, and export value has to be determined by comparison in terms of Rule 4, the proper officer shall take utmost care in selecting an export product for an in-depth inquiry. The proper officer will make the adjustments objectively on the basis of the relevant factors, some of which have been illustrated at sub rule (2) of Rule 4.

9. Where the value has to be determined by Computed value method under Rule 5, the proper officer shall give due consideration to the cost-certificate issued by a Cost Accountant or Chartered Accountant or Government approved valuer, as produced by the exporter.

10. Rule 7 of the Export Valuation Rules calls for a declaration relating to the value to be filed by the exporter. A declaration format for this purpose has been designed and the same is enclosed as Annexure-A. Since it may be sometime before the format is notified to the trade by the respective Commissionerates, care should be taken to ensure that no export consignments are held up for want of such declaration which may for the time being be obtained subsequent to exports. The filing of the declaration along with the shipping bill should however be enforced with effect from 12th November 2007.

11. Difficulties faced, if any, in following the Facility Notice may please be brought to the notice of the undersigned.

Sd/- 10.10.2007
(K. L. GOYAL)
COMMISSIONER OF CUSTOMS (EXPORT)
JNCH.

Encl: Annexure A & B

Copy to: All concerned.

ANNEXURE B

Form of simple Undertaking

(For allowing provisional release of Export goods)

I / we, _____ having our registered office at
_____ do hereby
undertake to produce information, documents and evidence as may be required to the satisfaction
of the proper officer of Customs and to co-operate in the enquiry / investigation undertaken
under rule 8 of Customs valuation (Determination of value of Export Goods) Rules, 2007, with
regard to the valuation of the Goods presented for Export vide Shipping Bill
No _____ dated. _____ and allowed to be exported provisionally.

I / we, also undertake to discharge any liability which may arise as a result of the said
Enquiry/ Investigation

(Signature of the Exporter / His Authorized signatory)

Place:

Date:

Accepted for and behalf of the President of India on _____ day of
_____ 20 _____.

Signature and date

Name _____

Designation _____

Annexure Table

Sl. No.	Description of item	Quantity	Assessable Value	Export promotion incentive claimed
1	2	3	4	5