

OFFICE OF THE COMMISSIONER OF CUSTOMS(IMPORT)



JAWAHAR CUSTOM HOUSE, NHAVA SHEVA

DIST. RAIGAD, MAHARASHTRA


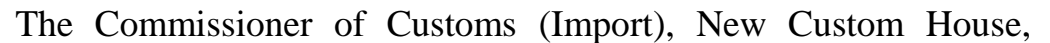


F. No. S/26-Misc-2195/05

VA  Date: 14.2.2008

 STANDING ORDER
NO. 11 /2008

 Sub:  **Valuation Guidelines for Imported Bearings**

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1.  The Commissioner of Customs (Import), New Custom House, Mumbai, had issued  Circulars/letters to all Chief Commissioners of Customs  vide F. No.S/26-757/97 VA dated 08.09.05, 27.10.05 and 12.12.05 giving the suggested approach  on the valuation of Ball and Roller Bearings. The letters suggest: (i) to follow the prices mentioned in the price lists of reputed branded manufacturers of Bearings, (ii) to give discounts as mentioned in annexure to the letter dated 08.09.05 over and above the manufacturers price list & (iii) to follow a minimum cut off price of USD 1.6 per Kg. on the basis of contemporary import prices of Bearing Quality Steel. The letter dt. 8-9-05 prescribed practice of assessment for FLT brand of bearings of Poland origin, HT brand of bearings of

China origin, ZKL brand bearings of Slovakia origin, SKF brand bearings of German origin, HCH brand bearings of China origin and for ZWZ brand bearings of China origin. It is stated in the letter that all the imports from China may be assessed to final duty on the basis of HCH prices/ Quotations and ZWZ price list subject to minimum cut off price of US \$ 2 per Kg. The letter dated 27.10.05 dealt with unbranded / lesser known brands of bearings. In the letter dated 12.12.05 the cut off prices of bearings was reduced from USD 2 per Kg. to USD 1.6 per Kg.

2. The Directorate General of Valuation, Mumbai has reviewed the valuation of imported ball and roller bearings(CTH 8482) and has issued fresh guidelines for the valuation of the subject item vide Valuation guidelines No. 1/2008 dated 6.2.2008 under F. No. VAL/NIDB/9/2006.

3. Accordingly the following guidelines may be followed for the valuation of ball and roller bearings(CTH 8482):

(i) The well known brands/ models may be valued based on the price lists of manufacturers which are generally updated every year. The individual price lists may be obtained from the local agents or importers. In cases where authenticity of price list is in doubt and verification abroad is needed, the same may be referred to DGRI under intimation to DGOV so that the matter could be followed up and other field offices could be alerted.

(ii) In the letter F. No.S/26-757/97 VA dated 08.09.05, of the Commissioner of Customs (Import), New Custom House, Mumbai, certain discounts were considered admissible and they are found reasonable. The discounts may be allowed as per the price lists. Further, trade discount may be allowed provided that (i) the trade discount is offered by the seller to all buyers across the board uniformly and (ii) the discount is offered prior to the importation of goods. In this regard the existing case laws of CESTAT/High Court/ Supreme Court on allowing the discounts may be followed.

(iii) In respect of bearings which are imported without declaring any brand / model, the declared values may be compared with similar products of the same country of origin and in case of low declared values, comparisons should be made with the minimum cut-off value based on cost of production illustrated in this Standing Order.

(iv) If the declared values of imported Bearing are found to be less than (i) the price mentioned in the price list or (ii) the contemporaneous imports of identical/ similar goods as per NIDB data or (iii) the minimum cut off price based on the contemporary import prices of Bearing Quality Steel, then the declared value may be taken up for rejection under Rule 12 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 (CVR 07). The goods may be revalued following the subsequent methods of valuation taking into account the information available in NIDB and other relevant factors.

(v) **Minimum Cut-Off Value:** While assessing the Bills of Entry pertaining to the import of bearings the declared value may be compared with a minimum cut-off value arrived by Cost construction method based on the contemporary import prices of Bearing Quality Steel as detailed below

(i) Average cost of raw material per Kg ..
Rs.A

(ii) Add : Wastage @ 30% as per SION of DGFT Rs.B

(iii) Total Material Cost to manufacture one Kg. of

Bearing Rs.C=A+B

(iv) Add. Total Manufacturing Cost to manufacture one

Kg. of Bearing taking into account other fixed and variable

costs and Charges @ 100% Rs.D=C

(v) Total cost of raw material and manufacturing cost Rs.E= (C+D)

(vi) Less: Recovery of wastage of 30% viz.300 gms by

way of selling scrap at contemporary import

prices of scrap Rs.F

(vii) Total Cost Rs.G=E-F

The Commissioner of Customs (Import), NCH, Mumbai in his letter dated 8.9.05 cited above had fixed a minimum cut-off value of USD 2 Per Kg. on the basis of cost of Bearing Quality Steel @ USD 870 PMT in September 2005. This was subsequently revised in Dec 2005 to USD 1.6 Per Kg. on the basis of cost of bearing Quality Steel @ USD 500-600 PMT.

(vi) The DGOV's latest study on the basis of NIDB data and other sources for the period from 1st October 2007 to 31st December 2008, found the weighted average of assessed values for the import of Bearing Quality Steel of various origin as tabulated below. The minimum cut off values calculated by applying the formula set out at para 3 (v) above for the corresponding bearings are also shown in the table below:

COO	Weighted Average of Assessed values Unit Price		Minimum Cut off Value per Kg.	
	Rs. / Kg.	USD PMT	USD	Rs.
Japan	39.20	981.93	2.52	100.5
China	33.01	826.96	2.12	84.5
European Countries	66.43	1663.96	4.27	170.5



Note : US \$ Avg. Customs Exchange Rate for the quarter Oct 07 to Dec 07: Rs.39.92

(vii) The cut off prices indicated above are based on the data for the quarter October to December 2007. This would need periodic revision based on price variation of bearing quality steel and this exercise may be taken up by Custom House in consultation with DOV preferably once in a quarter. The minimum cut-off value for the import of bearings should not be disturbed unless the calculations show a variation of at least 10% which will require an increase/decrease in the price of bearing grade steel by about 20%. The data for the assessed value for the import of Bearing Quality Steel may be taken for a minimum period of 3 months from NIDB for any revision in the minimum cut-off value of bearings.

