

 भारतसरकार र	 भारतसरकार/ Government of India वित्तमंत्रालय / Ministry of Finance	 G20 भारत सरकार
सीमाशुल्कप्रधानआयुक्तआयुक्तकाकार्यालय, न्हावाशेवा-I, मुंबईसीमाशुल्कजोन-II जवाहरलालनेहरूकस्टमहाउस, पोस्ट: शेवा, तालुका: उरण, जिला: रायगड, महाराष्ट्र-4007007 OFFICE OF THE Pr. COMMISSIONER OF CUSTOMS, NS-I, MUMBAI CUSTOMS ZONE-II JAWAHAR LAL NEHRU CUSTOM HOUSE, Post: Sheva, Taluka: Uran, Dist: Raigad, Maharashtra-400707.		

F.No. CUS/APR/PROV/225/2025-Gr 2 and 2(A-B) Date:22.09.2025

SCN No. 1019 | 2025-26 | DC / GRI (A-B) / NS-I / CACB / NH
 DIN No. 20250978 NW0000721624

**SHOW CAUSE NOTICE UNDER SECTION 18 OF CUSTOMS ACT,
1962**

Subject: Rejection of transaction value declared in the Bill(s) of Entry and re-determination of assessable value under Section 14 of the Customs Act, 1962 read with Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 - Reg.

Whereas imports made by **M/s Poly-o Chem Pvt. Ltd.** (hereinafter referred to as *the Importer*) having registered address at 1th Floor, 703, Promenade IV, Wadhwa the Address, Lal Bahadur Shastri Marg, Ghatkoper, Mumbai City, Mharashtra, 400086 from their foreign suppliers M/s Shijiazhuang Hejia Chemicals Products Co. Ltd., China and M/s HJC Corporation Ltd., Seychelles (hereinafter referred to as *the Suppliers*) were referred to the Special Valuation Branch (SVB), Mumbai after obtaining approval from the Commissioner of Customs, NS-I, JNCH vide F. No. S/26-Misc-812/2018-19-Gr. II A-B, JNCH by Deputy Commissioner of Customs, Central Valuation Cell (I) JNCH, Nhava Sheva, Taluka - Uran, Raigad - 400707, for examination of the correctness of the declared transaction value under Section 14 of the Customs Act, 1962, read with the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

2. Accordingly, a case was registered vide **DOV Regn. No. DOV0012112 dated 10.10.2019**. After completion of investigation, the SVB, Mumbai, has forwarded its findings vide *Investigation Report* No. 113/DC/SVB/DVK/2020-21

3. Whereas, the SVB investigation has since been completed and an Investigation Report has been submitted recommending loading of the declared transaction value on account of the influence of relationship between you and the foreign supplier, along with other findings.

4. **Summary of Investigation Report**

The SVB investigation revealed the following:

(i) Submissions by the Importer

- The Importer submitted documents including IEC, PAN, GST certificate, MOA, AOA, specimen Bills of Entry, balance sheets, and transfer pricing documentation etc.
- The Importer confirmed that:
 - They are a trader in polyurethane additives.
 - Their suppliers are related entities (subsidiaries/associates).
 - There is no royalty, licence, or technical know-how fee payable.
 - The prices were stated to be determined on a "cost plus normal profit" basis (ranging from 4% to 8%).
 - No post-import price adjustments (via credit/debit notes) were undertaken.

(ii) Relationship with Suppliers

- The Importer and the Suppliers were found to be related under Rule 2(2) (iv) & (viii) of the Customs Valuation Rules, 2007, as they are fellow subsidiaries under a common parent.

(iii) Pricing and Valuation

- To verify correctness of the declared prices, NIDB contemporaneous import data was obtained.
- It was observed that identical goods imported contemporaneously by unrelated buyers were priced significantly higher than those declared by the Importer.

Sr. No.	Item	Importer Price (USD/Kg)	Unrelated Party Price (USD/Kg)	Difference	% Difference
1	Hegrecat TA101 (Amin Catalyst)	259.87	294.27	34.40	13.24%
2	Hegrecat TA122 (Amin Catalyst)	178.20	238.40	60.20	33.78%

5. It is seen from the above table that there is a substantial difference in prices of goods i.e., Hegrecat TA101 (Amin Catalyst) and Hegrecat TA122 (Amin Catalyst) which were imported by third party importer and MIs Polyco Chem Pvt. Ltd. in the year 2020 during the contemporary time. Therefore, the declared price of the said imported goods i.e., "Hegrecat TA101(Amin Catalyst) and Hegrecat TA122 (Amin Catalyst) " imported in the year 2020 are rejected in terms of Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 as the significantly higher value at which identical goods imported at or about the same time in comparable quantities in a comparable commercial transaction is available for comparison. Therefore, the invoice price of the said imported goods i.e., "Hegrecat TA101(Amin Catalyst) and Hegrecat TA122 (Amin Catalyst)", imported by MIs Polyco Chem Pvt. Ltd. may be re-determined on the basis of contemporaneous

import data available in terms of import made and value may be loaded accordingly at par in terms of Rule 4 of the Customs Valuation (Determination of Value of Imported Goods) Rule, 2007.

- Based on this, the declared prices of the above two products were rejected under Rule 12 of CVR, 2007.
- The assessable value was proposed to be loaded as follows:
 - Hegrecat TA101 – by 13.24%
 - Hegrecat TA122 – by 33.78%
- For other goods where no contemporaneous data was available, the declared values were provisionally accepted.

(iv) Additions under Rule 10

- No royalty, licence fees, or additional payments were found.
- Hence, no additions are required to be made to arrive at the transaction value of the imported goods under Rule 10(1) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

6. From the above, it is evident that:
- a) The Importer and the foreign suppliers M/s. Shijiazhuang Hejia Chemical Products Co. Ltd., China and M/s. HJC Corporation Limited, Seychelles are related parties under Rule 2(2)(iv) & (viii).
 - b) The declared transaction value for Hegrecat TA101 and Hegrecat TA122 cannot be accepted, as contemporaneous import data clearly establishes higher prices for identical goods.
 - c) The assessable value is required to be re-determined under Rule 4 of CVR, 2007 (transaction value of identical goods).
 - d) There is, therefore, a case of undervaluation leading to short-levy of duty.

7. Legal Provisions Attracted

- **Section 14 of the Customs Act, 1962 –**

Valuation of goods.

.....(1)For the purposes of the Customs Tariff Act, 1975 (51 of 1975), or any other law for the time being in force, 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:

Provided that such transaction value in the case of imported goods shall include, in addition to the price as aforesaid, 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:.....

- **Rule 12 of CVR, 2007 -**

12. Rejection of declared value. -

(1) When the proper officer has reason to doubt the truth or accuracy of the value declared in relation to any imported goods, he may ask the importer of such goods to furnish further information including documents or other evidence and if, after receiving such further information, or in the absence of a response of such importer, the proper officer still has reasonable doubt about the truth or accuracy of the value so declared, it shall be deemed that the transaction value of such imported goods cannot be determined under the provisions of sub-rule (1) of rule 3.

(2) At the request of an importer, the proper officer, shall intimate the importer in writing the grounds for doubting the truth or accuracy of the value declared in relation to goods imported by such importer and provide a reasonable opportunity of being heard, before taking a final decision under sub-rule (1).

Explanation.-(1) For the removal of doubts, it is hereby declared that:-

(i) This rule by itself does not provide a method for determination of value, it provides a mechanism and procedure for rejection of declared value in cases where there is reasonable doubt that the declared value does not represent the transaction value; where the declared value is rejected, the value shall be determined by proceeding sequentially in accordance with rules 4 to 9.

(ii) The declared value shall be accepted where the proper officer is satisfied about the truth and accuracy of the declared value after the said enquiry in consultation with the importers.

(iii) The proper officer shall have the powers to raise doubts on the truth or accuracy of the declared value based on certain reasons which may include -

(a) the significantly higher value at which identical or similar goods imported at or about the same time in comparable quantities in a comparable commercial transaction were assessed;

(b) the sale involves an abnormal discount or abnormal reduction from the ordinary competitive price;

(c) the sale involves special discounts limited to exclusive agents;

(d) the misdeclaration of goods in parameters such as description, quality, quantity, country of origin, year of manufacture or production;

(e) the non declaration of parameters such as brand, grade, specifications that have relevance to value;

(f) the fraudulent or manipulated documents

- **Rule 4 of CVR, 2007 -**

Transaction value of identical goods. -

(1)(a) Subject to the provisions of rule 3, the value of imported goods shall be the transaction value of identical goods sold for export to India and imported at or about the same time as the goods being valued;

Provided that such transaction value shall not be the value of the goods provisionally assessed under section 18 of the Customs Act, 1962.

(b) In applying this rule, the transaction value of identical goods in a sale at the same commercial level and in substantially the same quantity as the goods being valued shall be used to determine the value of imported goods.

(c) Where no sale referred to in clause (b) of sub-rule (1), is found, the transaction value of identical goods sold at a different commercial level or in different quantities or both, adjusted to take account of the difference attributable to commercial level or to the quantity or both, shall be used, provided that such adjustments shall be made on the basis of demonstrated evidence which clearly establishes the reasonableness and accuracy of the adjustments, whether such adjustment leads to an increase or decrease in the value.

(2) Where the costs and charges referred to in sub-rule (2) of rule 10 of these rules are included in the transaction value of identical goods, an adjustment shall be made, if there are significant differences in such costs and charges between the goods being valued and the identical goods in question arising from differences in distances and means of transport.

(3) In applying this rule, if more than one transaction value of identical goods is found, the lowest such value shall be used to determine the value of imported goods.

8. Whereas, the provisional assessments of the Bill of Entry No. 9225960/19.10.2020 and 9225212/19.10.2020 are now required to be finalised in terms of Section 18(2) of the Customs Act, 1962. In light of the findings contained in the SVB Report, it appears that the B/E's can be finalised the provisional assessment by loading the value of the goods as per the methodology and additions set out therein, which would result in differential duty liability.

9. Therefore, you are hereby called upon to SHOW CAUSE as to why:

a) The declared values in the relevant Bills of Entry should not be **rejected** under Section 14 of the Customs Act, 1962 read with Rule 12 of CVR, 2007.

b) The assessable value should not be **re-determined** by loading as per SVB findings (13.24% for TA101, 33.78% for TA122) under Rule 4 of CVR, 2007.

c) The resultant differential duty should not be **demanded and recovered** under Section 18(2) of the Customs Act, 1962.

d) **Interest** should not be demanded under Section 18(3).

10. Any representation verbal or in writing against this notice with necessary documentary evidence about the correctness of their stand should be made to the **Deputy Commissioner of Customs, Group II, II(A-B), N.S-I, JNCH, Nhava-Sheva, Taluka-Uran, District-Raigad, Maharashtra-400707.**

11. You are further called upon to submit your written reply within 30 days of receipt of this notice, failing which it shall be presumed that you have no submissions to make and case will be decided on the basis of evidence on record. You may also avail the opportunity of personal hearing before the undersigned prior to finalisation, if you so desire, in terms of Section 122A of the Customs Act, 1962.

12. This Show Cause Notice is issued without prejudice to any other action that may be taken against the aforesaid notice or any other person/party connected with the case under the Customs Act, 1962 or any other law for the time being in force in India. The department reserves the right to amend, modify or supplement this notice at any time prior to the adjudication of the case.

Digitally signed by
Likhita Vijay Umare
Date: 22-09-2025
18:36:34

(Likhita V. Umare)

Dy. Commissioner of Customs,
Gr. 2 (A-B), JNCH

To,

M/s Polyco Chem Pvt. Ltd.

703, Promenade IV, Wadhwa The Address,
Lal Bahadur Shastri Marg, Ghatkopar,
Mumbai City, Maharashtra - 400086.

Copy to:-

1. Dy. Commissioner of Customs, CAC, JNCH
2. The Dy. Commissioner of Customs, SVB Cell, NCH, Mumbai-I
3. The Dy. Commissioner of Customs, EDI, JNCH
4. Notice Board (CHS Section for display)
5. Office Copy