

Circular No. 12/2014 -Customs

F. No. 465/8/2013 – Cus V

Government of India
Ministry of Finance
Department of Revenue
Central Board of Customs & Excise

Room no. 49, North Block, New Delhi - 110001

Dated 17th November, 2014

To

Chief Commissioners of Customs (All),
Chief Commissioners of Central Excise and Customs (All),
Director General, Directorate General of Revenue Intelligence,
Commissioners of Customs (All),
Commissioners of Central Excise and Customs (All).

Madam/Sir,

Subject: Valuation/Assessment Practice in respect of export of Iron Ore

The Board has received references relating to the valuation of iron ore entered for export. The matter has been examined.

2. It has been reported that Iron ore, by its nature, undergoes a change in moisture and Fe content with the passage of time including during transport. The iron ore is tested both at the load port and at the port of discharge for ascertaining its quality and price. The commercial contracts governing its sale, often, contain provisions to adjust the amount payable depending upon the test report at the port of discharge. It is also reported that exporters present provisional invoices at the time of export since prices are to be finally determined after tests at discharge port.

3. The matter has been examined. In order to bring in uniformity, transparency and consistency in assessment of export of Iron Ore, fines and pellets, it has been decided that the following procedure shall be adopted by all Custom Houses:

- (a) When a consignment is entered for export of iron ore, fines or pellets, samples shall be drawn in the presence of Customs by following the procedure laid down by the Bureau of Indian Standards for drawal of samples of Iron ore, fines and Iron ore pellets and sent for testing.
- (b) The declared value of the export goods, shall be scrutinized in relation to the provisional invoice, contract, weight, price, etc., by the proper officer in terms of the provisions of Section 14 and the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and the Shipping Bill may be provisionally assessed. In case of the transaction being declared or found to be between related parties, procedures governing related party transactions shall be followed.

- (c) Upon receipt of the load port test report and discharge port test report the proper officer shall compare the two reports with the terms set out in the contract. Where variations in the two test reports are within tolerance limits provided in the contract and do not impinge upon the declared price, the proper officer may proceed to finalize the provisionally assessed shipping bill in terms of the provisions of Section 14 and the Customs Valuation (Determination of Value of Export Goods) Rules, 2007.
 - (d) In cases where the load port test report and discharge port test report show a variation, so as to impinge upon the price, the proper officer shall proceed to re-determine the value of the goods in terms of Customs Valuation (Determination of Value of Export Goods) Rules, 2007. In no case, shall a price based upon the average of the two test reports be accepted for the purposes of arriving at the assessable value.
 - (e) In cases where the transaction is being declared or is found to be between related Parties, while the above procedures will continue to be followed, the finalization of assessments shall be done by following instructions governing the investigation of such cases by SVBs.
 - (f) The Custom Houses will ensure that the shipping bills are finally assessed within 30 days of the receipt of all documents. However, this time limit shall not apply to cases under investigation for related party transactions, which shall be governed by the circular relating to investigations by SVBs.
4. The Custom Houses shall monitor receipt of Bank Realisation Certificates for the purposes of comparison with the final invoices submitted by the exporter to satisfy the accuracy of assessed values.
5. Difficulties, if any, faced in the implementation of this circular, may be immediately brought to the notice of the Board.
6. Wide publicity to this Circular may be given by way of issuance of public notice.

Yours faithfully,

(Satyajit Mohanty)
Director (ICD)