Circular No.17/2008-Customs

F.No.528/21/2008-Cus (TU)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs

North Block, New Delhi.
21st October, 2008.

To

All Chief Commissioners of Customs / Customs (Prev.).
All Chief Commissioners of Customs & Central Excise.
All Commissioners of Customs / Customs (Prev.).
All Commissioners of Customs & Central Excise.
All Director Generals under CBEC.
The Principal Chief Controller of Accounts (Cus & CX).

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Subject: Basis of levy of additional Customs duty (CVD) on import of Readymade Garments - Clarification - regarding.

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Sir / Madam,

It has been brought to the notice of the Board that in some cases of import of readymade garments, the additional duty of Customs (CVD) has been sought to be levied on the basis of the Maximum Retail Price (M.R.P.) / Retail Sale Price (R.S.P.) of the garments. Representations have been received from the trade and industry seeking a clarification in the matter.

2. The issue has been examined in the Board. In terms of the section 3 of the Customs Tariff Act, 1975, imported goods are charged to additional duty of customs (CVD) on the basis of transaction value as per the provisions specified in section 14(1) of the Customs Act, 1962 read with the Customs Valuation (Determination of Price of imported Goods) Rules, 2007. If any tariff value is prescribed by the Government for imported goods under section 14(2) of the Customs Act, 1962, then the CVD on such imported goods would be determined with reference to tariff value as prescribed therein instead of the transaction value. Further, in respect of certain specified goods which are notified under Section 4A of the Central Excise Act, 1944, and in respect of which the RSP / MRP is required to be declared in terms of the Standards of Weights and Measures Act, 1976 or the Rules made thereunder, the

excise duty, and in a similar manner, the CVD, is charged on the basis of the Retail Sale Price (and not on the basis of the transaction value).

3. Readymade garments falling under Chapter 61 or 62 of the Customs Tariff are not specified under the Notification No.14/2008-CE (N.T.) dated 1.3.2008 which prescribes the goods that are subjected to excise duty on the basis of retail sale price in terms of Section 4A of the Central Excise Act, 1944. In view of the above, it is clear that import of readymade garments would be subjected to CVD only on the basis of transaction value and not on the basis of retail sale price.

4. In view the existing legal provisions, it is clarified that for the purpose of uniformity in assessment, presently the additional duty of Customs (CVD) is chargeable on import of readymade garments on the basis of transaction value i.e. C.I.F. price plus landing charges and not on the basis of Retail Sale Price/Maximum Retail Price.

5. The field formations as well as trade and industry may be suitably informed.

Yours faithfully,

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(M.M. Parthiban)
Director (Customs)