Circular No.: 12/2010-Cus

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 June, 2010.

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.

Sir / Madam,

The issue of the additional duty of Customs (CVD) on import of readymade garments on the basis of the Maximum Retail Price (M.R.P.) / Retail Sale Price (R.S.P.) has been under the consideration of the Board for quite some time. Representations have been received from the trade and industry as well as the field formations seeking a clarification in the matter.

2. The issue was examined in the Board vide Circular No. 17/2008-Cus dated 21-10-2008 and it was clarified that for the purpose of uniformity in assessment, 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 R.S.P./ M.R.P. However, w.e.f 19.-08-2009 a proviso has been inserted in Section 3(2) of the Customs Tariff Act, 1975 vide Section 93 of the Finance Act 2009 which reads as "Provided further that in the case of an article imported into India, where the Central Government has fixed a tariff value for the like article produced or manufactured in India under sub-section (2) of Section 3 of the Central Excise Act, 1944, the value of the imported article shall be deemed to be such tariff value."Thus Board's Circular No. 17/2008 dated 21.10.2008 has lost its relevance.

3. In view of the existing legal provisions i.e. Section 3(2) of the Customs Tariff Act, 1975, read with Section 3(2) of the Central Excise Act, 1944, the Notification No. 20/2001 CE (NT) dated 30.04.2001 and Sr. No. 21 of the Fifth Schedule of the Standards of Weights and Measures Act 1976. Government has fixed tariff value in respect of articles of apparel, whether or not knitted or crocheted, all sorts, falling under Chapter 61 or 62 of the First Schedule of the Customs Tariff Act, 1975 when imported in packaged form for retail sale at the rate of 60% of MRP. Accordingly, it is clarified that for the purpose of uniformity in assessment, the additional duty of Customs (CVD) is chargeable on import of such readymade garments on the basis of their R.S.P./ M.R.P.

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

Yours faithfully,

(R.P. Singh)
Director(Customs)

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