

SVB ASSESSMENT CUSTOMS

An Overview



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Special Valuation Branch ('SVB')

- ▶ Special Valuation Branch is a Branch of the Custom House specializing in investigating the transactions involving relationship between the supplier and the importer and certain other special features like Technical Collaboration between the parties, etc.
- ▶ Special Valuation Branch examines the influence of relationship on the invoice value of the imported goods in respect of transactions between related parties.

Who Should Register with SVB

- ▶ Indian entities importing goods from related companies undergo the Special Valuation Branch (SVB) process. This process ensures goods are invoiced at **arm's length price** and not undervalued to reduce Customs Duty liability.
- ▶ Importers who are related to the suppliers in terms of Rule 2(2) of the Customs Valuation Rules are required to register with SVB.
- ▶ Special Valuation Branch examines the influence of relationship on the invoice value of the imported goods in respect of transactions between related parties.

Comparison with Transfer Pricing

The SVB process contrasts with Transfer Pricing under Income Tax regulations. While SVB examines undervaluation, Transfer Pricing focuses on whether goods are overvalued to reduce Income Tax liability.



Valuation Methods

(Determination of Value of Imported Goods) Rules, 2007.

- ▶ Transaction value of identical goods or similar goods, in respect of sale to unrelated buyers in India
- ▶ Deductive Value for identical goods or similar goods
- ▶ Computed value for identical or similar goods; and
- ▶ Residual Method

SVB Procedure

- ▶ The procedure for registration/finalization is given in CBEC Circular No. 11/2001-Cus dated 23.02.2001.
- ▶ The importer who is related to the supplier must furnish a declaration about the relationship at the time of filing the Bill of Entry in the Appraising Group.
- ▶ Upon examining the circumstances of the sale, the group will make a reference to the Jurisdictional Special Valuation Branch for further investigation regarding the influence of the relationship on the assessable value.
- ▶ The Importer is required to submit replies to the questionnaire in to the CBEC Circular 11/2001-Cus dated 23.02.2021 and furnish all the documents listed in Annexure thereto within 30 days of receipt of the Questionnaire and SVB Notice from the department.

Finalization of SVB cases

- ▶ On receipt of replies to questionnaires and other documents, the SVB will examine the same and call for any other additional information that is required.
- ▶ On completion of submission of the documentation and written submissions, the Importer shall be granted an opportunity of being heard and a personal hearing shall be granted before Asst./Deputy Commissioner, Customs.
- ▶ Once the case is finalized by the Special Valuation Branch, Investigation Report (IR) shall be communicated to the referring Customs Station/ Appraising Group and the provisional assessments pending in the Appraising Groups will be finalized.
- ▶ The extra duty deposits paid at the time of Provisional assessment will be adjusted in accordance with the SVB order.

Renewal of SVB Order

- ▶ Renewal of SVB order is not required.
- ▶ Change in circumstances of sale or in terms and conditions between buyer and seller or any other payment under Rule 10(1)(c) or (d) or (e) will have to be declared at the time of import in the prescribed Annexure – C.



Thank you!

Reach us at:

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