



**OFFICE OF THE COMMISSIONER OF CUSTOMS  
P.B.NO.5400: CENTRAL REVENUE BUILDING:  
QUEEN'S ROAD: BANGALORE - 560 001.**

C.No.VIII/48/202/2010 Cus tech

Dated:14.03.2012

**STANDING ORDER No. 04 /2012**

**Sub:- Special Valuation Branch – Instructions – Reg.**

As per Board's decision communicated vide F.No.465/13/2010 Cus V dated 29.01.2010, SVB has been set up at Bangalore Customs which has been notified vide Public Notice No.86/2010 dated 10.12.2010. It can be seen that as on 30.09.2011, there are 233 cases registered with SVB, Bangalore. There are many giant MNCs which have complex relationship between the buyer and the seller and such relationships need deeper scrutiny and higher level of examination to check whether the circumstances of sale have impacted the value for customs purpose and whether such transactions have indeed been conducted at an arm's length as claimed by the parties. As per WCO and Transfer Pricing study done by the Income Tax authorities, approximately 60% of international transactions today relating to imports and exports are between related persons. The DRI has unearthed a few cases where certain crucial documents / agreements were not submitted to the SVB in course of the proceedings and the pricing pattern was not fully revealed to the SVB. Commissioner of Appeals, Chennai had done a study regarding rejection of SVB orders at the first appellate stage vide his letter Misc./05/2011 APU dated 22.2.2011, which has been circulated. As per the Board's directions, the consolidated report on "strengthening the investigations related to party transactions in Customs", containing 7 pages with Annexures 'A' to 'F' by DG (Val.), Mumbai vide letter F.No.VAL/Policy/02/2011 dated 21.01.2011, has also been circulated. The first meeting with the Commissioner of Income Tax, Bangalore(Transfer Pricing) has been fixed on 19.03.2012 at Air Cargo Complex, Bangalore.

In order to improve the quality of SVB Orders and also to liquidate the pendency, Chief Commissioner of Customs, Bangalore has approved that all SVB cases where Customs duty per annum is Rs.5 crores and above should be examined and orders issued by the Addl. Commissioner of Customs, Air Cargo Complex, Bangalore. This will be operationalized w.e.f. 01.04.2012

( B.BHATTACHARYA )  
COMMISSIONER

o/c

Copy for information to Chief Commissioner of Customs, Bangalore Zone, Bangalore .

2. Copy submitted to the Chief Commissioner of Customs, Custom House, Cochin.
3. Copy forwarded to the Commissioner of Customs, Custom House, Cochin 682009 .
4. Addl. Commissioner of Customs, Air Cargo Complex, Bangalore.
5. Addl. Commissioner of Customs, ICD, Bangalore
6. Addl. Commissioner of Customs (Technical), Bangalore