

## Case Study

#Indirect Taxation

# SPECIAL VALUATION BRANCH (SVB)

Procedures for  
Imported Goods  
in India from a  
Related Entity



## About Client

Our client is a leading multinational electronics technology trading company

# Problem Context

1

Import of goods in India attracts Basic Customs Duty ('BCD') at applicable rates under the Customs Act. Apart from BCD, "IGST" ('Import VAT') and GST Compensation Cess is also applicable

2

The transactions involving import of goods by Indian subsidiary company from its foreign holding or associated company are considered as 'related party transactions' and are investigated by the Customs authorities

3

The SVB is a special unit within the Indian Customs which specializes in investigating the valuation of the transactions between 'related persons', as defined under Rule 2 (2) of CVR

4

SVB investigation is triggered immediately at the time of first import of goods from the 'related party'

5

The important aspect under SVB procedures is to file the Specified Annexures, Supporting Data & Clarifications in a proper & complete manner to demonstrate that the intercompany prices of goods are not influenced due to the relationship, with an intention to reduce the Customs duty liability

6

In order to complete the aforesaid process, the importing company has to undergo an additional procedure known as the Special Valuation Branch (SVB) process which is extremely complex and time consuming

7

Without the completion of SVB process, the Importer Company has to face delay in subsequent clearance of imported goods and may require to pay an additional Extra Custom Duty Deposit (EDD) @ 5% of assessable value on provisional basis

8

Since imports of similar goods by some other parties have been at a higher price in India and therefore it was anticipated by the Customs that the prices of products being imported by the client might have been influenced by relationship

9

The Importer Client was looking for the support of competent professional consultant who can assist in completion of SVB procedures in optimum time frame to avoid additional duties & delay in Customs clearances

# Solution We Provided



# Conclusion/Benefits to Client

---

- Transaction value of imported goods was duly accepted by SVB authorities without any loading of additional custom duty.
- Hassle free and timely clearance in case of subsequent imports without Extra Duty Deposit (EDD) @ 5%.
- Saving in professional fee on account of renewal of PD bond on specified time intervals.

## Explore Our Indirect Tax Services

- Custom Valuation And Assistance in SVB Investigation
- Authorised Economic Operator Programme (AEO Programme)
- Representation on DGFT matters (Foreign Trade Policy Procedures and Incentives)
- Indirect Tax Litigation
- Trade Remedies under Anti-dumping and Countervailing Duties
- GST Services
  - GST Advisory and Compliance
  - GST Health Check
  - GST Refunds
  - GST Transactional Advisory
  - GST Departmental Audit
  - Litigation Support



## Contact

### Vaibhav Matta

Assistant Director - Indirect Taxes

[v.matta@mbgcorp.com](mailto:v.matta@mbgcorp.com)



India: Delhi | Gurugram | Mumbai | Bengaluru | Chennai

Worldwide: India | UAE | Japan | China | Germany | Singapore

