

**:केंद्रीय उत्पाद तथा सीमा शुल्क के आयुक्त का कार्यालय:  
:टाऊन सेंटर : सिडको : औरंगाबाद 431 030:**

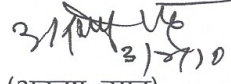
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**व्यापार सूचना नं. 01/2010  
(अ.क.01/GEN./2010 दिनांक 03.02.2010)**

**विषय : Inclusion of After Sale Service and Pre-delivery Inspection Charges  
in the assessable value-Reg...**

उपरोक्त विषय पर भारत सरकार के वित्त मंत्रालय, राजस्व विभाग, नई दिल्ली द्वारा दिनांक 11.12.2009 की फा.सं.6/4/2009-Ds (CX 1 & 4) के तहत जारी परिपत्र सं. 909/29/09-CX dated 11.12.2009 की प्रतिलिपि सूचना, मार्गदर्शन एवं कार्यवाही के लिये प्राप्त करें /

सभी संबंधित संगठनों से अनुरोध है कि वे इस परिपत्र/पत्र की जानकारी अपने सभी सदस्य निर्माताओं और व्यापारियों को दें /

  
(अरुण साहु)  
आयुक्त

फा.सं. VGN(30) 24/TC /2010  
औरंगाबाद, दिनांक 03.02.2010

प्रतिलिपि प्रेषितः डाक सूची के अनुसार

- उप/सहायक आयुक्त सभी मंडल प्रभारी तथा आय.सी.डी.
- सभी अनुभाग प्रमुख, मुख्यालय
- मुख्य आयुक्त, केंद्रीय उत्पाद तथा सीमा शुल्क, नागपुर
- आयुक्त, केंद्रीय उत्पाद तथा सी.शुल्क (अपील), औरंगाबाद

Department of Revenue  
Central Board of Excise and Custom

New Delhi, the 11 December 2009

To,

Director General (All)

Chief Commissioners of Central Excise including LTU (All)

Commissioners of Central Excise (All)

Sir/Madam

**Subject: Inclusion of After Sale Service and Pre-delivery Inspection Charges in the assessable value.**

Please refer to the Minutes of the Conference of Chief Commissioners at Shillong on 30<sup>th</sup> and 31<sup>st</sup> October 2009 with regard to the issue mentioned above at point No 2.9.

2. On this issue, the Board has vide point No 7 in circular No. 643/34/2002-CX dated 1-7-2002 clarified as follows:

What about the cost of after sales service charges and pre delivery inspection (PDI) charges, incurred by the dealer during the warranty period ?

Since these services are provided free by the dealer on behalf of the assessee, the cost towards this is included in the dealer's margin (or reimbursed to him). This is one of the considerations for sale of the goods (motor vehicles, consumer items etc.) to the dealer and will therefore be governed by Rule 6 of the Valuation Rules on the same grounds as indicated in respect of Advertisement and Publicity charges. That is, in such cases the after sales service charges and PDI charges will be included in the assessable value.

3. **The tribunal** in the case of Maruti Udyog Limited [2004 (170) E.L.T. 245 (Tri. - Del.)] held that these charges are not includible in the assessable value as these do not accrue to the manufacturer. But recently, the Tribunal has in the case of Maruti Udyog Ltd, [2009 (238) ELT 186 (T-Del)] doubted the correctness of its earlier decision referred to above, and referred the following question for consideration by a Larger Bench.

*“Whether the charges towards pre-delivery inspection and after-sale-services received by dealers from buyers of the cars are to be included in the assessable value of cars in the light of the definition of ‘transaction value’ given in Section 4(3)(d) of the Central Excise Act.”*

4. Further, the Supreme Court has in the case of Grasim Industries (C.A. No.3159/2004), referred the question as to whether the concept of transaction value under new Section 4 has made any material departure from deemed normal price concept of erstwhile Section 4(1)(a) of the Act for consideration of the Larger Bench.

5. In view of the above decisions referring the matter to larger bench, the conference was of the view that in this matter show cause notices should be issued demanding duty on the value of these activities, and transferred to Call Book pending the decision of Larger Bench on the issue.

6. The view expressed in the Chief Commissioners Conference has been accepted by the Board and accordingly you may direct the officers in your jurisdiction to continue issuing show cause notice and transfer them to call book, pending the decision of larger bench on the issue.

7. Receipt of this circular may be acknowledged

8. Hindi version would follow.

Yours faithfully

Madan Mohan

Under Secretary (CX.1)

F.No. 6/44/2000-CX1