

	<p>सीमाशुल्क अग्रिम विनिर्णय प्राधिकरण</p> <p><b>Customs Authority for Advance Rulings</b></p> <p>नवीन सीमाशुल्क भवन, बेलार्ड इस्टेट, मुंबई - ४००००९</p> <p><b>New Custom House, Ballard Estate, Mumbai - 400 001</b></p> <p><b>E-MAIL: cus-advrulings.mum@gov.in</b></p>	
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F.No. CAAR/CUS/APPL/147/2025 - O/o Commr-CAAR-Mumbai दिनांक/Date : 09.03.2026  
DIN- 20260377OS0000222DFE

Order No. & date	CAAR/Mum/ARC/47/2025-26 dated 09.03.2026
Issued by	Prabhat K. Rameshwaram, Customs Authority for Advance Rulings, Mumbai
Name and address of the applicant	Beckhoff Automation Private Limited, 9th floor, Suyog Platinum Tower, Naylor Road, Off Mangaldas Road, Pune-41 1001, Maharashtra. Email: J.Kataria@beckhoff.com
Concerned Commissionerate	The Pr. Commissioner of Customs (Import), Air Cargo Complex, Sahar, Andheri East, Mumbai – 400099.

**ध्यान दीजिए/ N.B.:**

1. सीमाशुल्क अधिनियम, 1962 की धारा 28I की उप-धारा (2) के तहत किए गए इस आदेश की एक प्रति संबंधित को निःशुल्क प्रदान की जाती है।

A copy of this order made under sub-section (2) of Section 28-I of the Customs Act, 1962 is granted to the concerned free of charge.

2. इस अग्रिम विनिर्णय आदेश के खिलाफ कोई भी अपील ऐसे निर्णय या आदेश के संचार की तारीख से 60 दिनों के भीतर संबंधित क्षेत्राधिकार के उच्च न्यायालय के समक्ष की जाएगी।

Any appeal against this Advance Ruling order shall lie before the **High Court of concerned jurisdiction**, within 60 days from the date of the communication of such ruling or order.

3. धारा 28-I के तहत प्राधिकरण द्वारा सुनाया गया अग्रिम विनिर्णय तीन साल तक या कानून या तथ्यों में बदलाव होने तक, जिसके आधार पर अग्रिम विनिर्णय सुनाया गया है, वैध रहेगा, जो भी पहले हो।

The advance ruling pronounced by the Authority under Section 28 - I shall remain valid for three years or till there is a change in law or facts on the basis of which the advance ruling has been pronounced, whichever is earlier.

4. जहां प्राधिकरण को पता चलता है कि आवेदक द्वारा अग्रिम विनिर्णय धोखाधड़ी या तथ्यों की गलत बयानी द्वारा प्राप्त किया गया था, उसे शुरू से ही अमान्य घोषित कर दिया जाएगा।

Where the Authority finds that the advance ruling was obtained by the applicant by fraud or misrepresentation of facts, the same shall be declared void *ab initio*.



## अग्रिम विनिर्णय / Advance Ruling

Beckhoff Automation Private Limited having IE Code 3107006688, (hereinafter referred to as 'the applicant') filed an application in Form CAAR-1 on 05.08.2025 for seeking an advance ruling under section 28-H of the Customs Act 1962 before the Customs Authority for Advance Rulings, Mumbai (CAAR, in short). The applicant is seeking advance ruling on the issue of principle of product pricing proposed by the Applicant for goods imported from overseas related entities (i.e. basis of pricing between related buyer and seller as detailed in Distribution Agreement and Transfer Pricing Guidelines) in accordance with Section 14 of the Customs Act, 1962 read with the Customs Valuation (Determination of Values of Imported Goods) Rules, 2007.

2. M/s. Beckhoff Automation Private Limited (herein after referred to as the 'Applicant', or 'BAIN') is part of Beckhoff Automation GmbH & Co. KG, Germany (DE) (hereinafter referred to as 'BADE'). It is engaged in the business of providing PC-based control technology and industrial automation solutions. The Applicant deal with a product range covering Industrial PCs, Input Output modules and fieldbus components, Drive technology (Servo Motors, Servo Drives, Stepper Motor etc.), Automation software and hardware for machine vision (Industrial Cameras, Lenses, Lighting solution, etc.). Beckhoff Automation has business presence across the globe.

2.1 The Applicant is essentially a trader of imported goods and imports from its parent entity BADE. In addition to the dominant business activity of product import and sale, the applicant also undertakes application support services in India. It is pertinent to note that majority of the imported goods are manufactured by the parent company in Germany, while the rest are sourced from third-party vendors. In other words, BADE acts as the manufacturer-exporter in majority of the cases, while also being the trader-exporter in some cases.

2.2 The Applicant has been operational since 2007 and has acted as sole distributor of BADE since the inception. Most recently, the Applicant has entered a Distribution Agreement dated 01.01.2015 with BADE whereby the Applicant has been appointed as the exclusive distributor of 'Beckhoff' products in India. Some of the key elements of the Distribution Agreement are summarized below:

- i. Exclusive Distribution: Effective January 1, 2015, BADE appoints the Distributor as the exclusive distributor for the products within the specified territory. This exclusivity applies only to transactions with customers domiciled in the territory.
- ii. No special treatment for Distributor. BADE, who is not obligated to treat the Distributor more favourably than other customers and is not subject to a supply commitment.
- iii. Pricing-. Sales to the Distributor follow BADE's price list, which may be modified over time.
- iv. Distributor's Pricing-. The Distributor can set their own prices and terms for third parties.
- v. Trademark License'. The agreement grants the Applicant a nonexclusive, non-transferable, and royalty-free right to use 'Beckhoff' trademarks during the term of the agreement.



2.3 The Applicant has been following the terms of Distribution Agreement as aligned with the SVB order dated 23.06.2015 passed by Special Valuation Branch (SVB) of Customs for determining the 'Product Price' (i.e., the transaction value) of imported goods.

2.4 In January 2022, BADE published their group Transfer Pricing Guidelines – 'Procedural rule for determining the transfer prices between Beckhoff Automation GmbH & Co. KG and foreign sales companies' – from a product pricing and Customs valuation perspective. These guidelines are intended to create a uniform set of rules whose contents, instructions and process will make transfer pricing transparent and comprehensible as well as ensure that the transfer pricing between BADE and the foreign related sales companies comply with the arm's length principle. The arm's length principle is used to assess the appropriateness of the transfer prices agreed between BADE and the sales companies. A transfer price is considered to be at arm's length if BADE and the BAIN set their prices in a way, which is consistent with the price setting of non-related, independent parties. While the guidelines were published for all subsidiaries of BADE across the globe, the Applicant has not implemented the said guidelines, and hence, continues to follow the same valuation framework that has been accepted by Customs wide SVB order dated 23.06.2015. However, the Applicant is now desirous of implementing the Transfer Pricing Guidelines to combat market dynamics and the uncertain economic environment.

2.5 Fundamental product pricing mechanism - Current and Proposed:

The Applicant has, till date, followed a retail price list minus discount method of product pricing for imported goods, as also validated by Customs vide SVB order dated 23.06.2015. The Distribution Agreement and Transfer Pricing Guidelines suggest that the 'arm's length principle' is a fundamental concept used to evaluate the appropriateness of group transfer prices agreed upon between BADE and its sales companies (in this case, the Applicant herein). This principle ensures that the prices set for transactions between related entities are consistent with the prices that would reasonably be agreed upon by nonrelated, independent parties under similar circumstances. BADE publishes an annual retail price list twice a year, which serves as a reference for Applicant to negotiate and agree a discount rate for each product group to be able to sell the imported products and run a reasonably profitable business in India. With decades of business experience and market insights, the Related Supplier and Applicant have been able to establish a baseline discount rate that has allowed the Applicant Company growth and profitability. This discount rate in the calendar year 2024 ranges between 35% and 50% for the products imported and sold by Applicant.

The product group discount rate for calendar year 2025 was determined based on budgeted revenue and cost for the Applicant's business. This discount rate, illustratively, have been captured for key product groups in the table below:

Product Group	Discount
Fieldbus Components	45%
Industrial PC / Embedded PC	35%
Drive Technology	40%
Training Systems	40%
TwinCAT	50%
Vision Camera	35%
MX Systems	40%



2.6 The import value of specific product is currently calculated using the formula:

$$\text{Import Price} = \text{Retail Price} * (1 - \text{Discount Rate})$$

Going forward, from latter part of 2025, the import value of specific product is proposed to be calculated using a slightly changed formula that includes a country multiple for capturing change in market conditions. The new formula would read as below:

$$\text{Import Price} = \text{Retail Price} * (1 - \text{Discount Rate} * \text{Country Multiplier})$$

The relationship between the formulas above can be said to be that the Country Multiplier was always assumed as 1 for all imports made until now, which would be a variable factor as per market conditions from the later part of 2025.

The Country Multiplier recognizes the difference in market conditions and operating circumstances of sales companies in different countries. Its inclusion into the formula allows flexibility in discount being given for same product category in different countries depending on its profitability of the sales company and economic condition of the country of import. This range allows for adjustments based on country-specific factors while maintaining adherence to regulatory requirements. The need for the above 'Country Multiplier' has been recognized because of volatility of commodity prices, different rates of inflation in different parts of the world, differential impact of energy pricing, and geopolitical conditions.

2.7 Monitoring and Adjustment of discount rate/ price during the year:

2.7.1 Twice a year, following the preparation of budget, the Applicant would review internally and with the supplier, i.e., BADE, the current business situation to identify any deviations from the targeted benchmarked margins. If necessary, the business plan is updated to reflect any changes. However, should the expected margin seem to fall outside the benchmarked arm's length range, further adjustments to the effective discount rate are introduced through change in Country Multiplier. If the margin is in excess of the benchmarked arm's length margin, the Country Multiplier would be less than 1 which will result in reduction in discount rate, or else, vice versa. The product price arrived after bringing in the Country Multiplier into effect would be the transaction value of the product for all future import transactions and will form the assessable value of the imported product, on a going forward basis.

2.7.2 Year-end adjustment:

In exceptional circumstances, it is possible that the margins realized by the Applicant does not align with benchmarked arm's length margins. In such case, year-end adjustments may be required. Year-end adjustment involves issuing a credit or debit note to adjust the margins achieved in a particular financial year concerning the supply of goods transactions. The amount of the year-end adjustment is calculated to ensure that the sales company achieves reasonable margins. The year-end adjustment amount, if required, can be apportioned to each transaction and to each product in such transaction. Any customs duty implications emerging out of the year-end adjustment could be handled through the mechanism under the newly introduced Section 18A, Customs Act, 1962. The above basis of pricing is consistent with deductive value method as prescribed under law. The Applicant has approached the CAAR to seek acceptance of the above basis of pricing.



determining the transaction value of the imported finished goods as per the Distribution Agreement read with Transfer Pricing Guidelines.

3. Section 14 of the Customs Act 1962 ('the Act') provides that 'value' of imported and exported goods will be 'transaction value' of such goods. Section 14 of the Act also provides that valuation of goods where the buyer and seller are related should be in terms of specified rules under the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 ('Valuation Rules'). Rule 3 of the Valuation Rules provides for determination of the method of valuation. Rule 3(3) of the Valuation Rules provides for determining the method of valuation in case of a related party transaction. Further, Rule 2(2) of the Valuation Rules, defines 'related' persons. In this regard, the Applicant understands that the Applicant and the overseas related entities are related parties in terms of Rule 2(2), Valuation Rules. Therefore, to demonstrate that the transaction value has not been influenced by the relationship, the Applicant will rely on Section 14 of the Act read with Rule 3(3)(a) (circumstances of sale), or Rule 3(3)(b) (test value as per prescribed methods) of the Valuation Rules. In the instant case, the Applicant is undertaking a related party transaction on an arm's length basis. This is evident from the demonstrated behaviour and disclosures made by the Applicant in the past and duly accepted by the Customs Department vide SVB order dated 23.06.2015. Hence, the transaction value is acceptable under Rule 3(3) of the Valuation Rules, as explained in the following paras.

3.1 Basis of pricing following Distribution Agreement read with Group Transfer Pricing Guidelines merits acceptance under Rule 3(3)(a) of Valuation Rules:

The Applicant understands that Rule 3(3) of Valuation Rules provides two ways of establishing the acceptability of the transaction value in cases of related party transactions:

- i. Examination of circumstances surrounding the sale to determine whether the relationship has influenced the price [Rule 3(3)(a)]; or
- ii. Declared value closely approximates one of prescribed three test values [Rule 3(3)(b)].

3.2 Interpretative Notes - Para 2 to Rule 3(3)

The Applicant draws reference from the Schedule to Valuation Rules Interpretative Notes to Rule 3] which provides that if proper and detailed information is already examined/ available and if the proper officer of customs is satisfied from such examination/ information that the relationship did not influence the price, then such transaction value should be accepted without need for further information. In the instant case of the Applicant, Customs vide SVB order dated 23.06.2015 has accepted the position that the relationship of the entities has not influenced the pricing at any time. Although the Transfer Pricing Guidelines have been newly introduced, the SVB order dated 23.06.2015 evidence the conduct of the Applicant and the supplier of undertaking business in a manner that relationship did not influence the pricing, and such pricing of the product was accepted as transaction value. The Applicant would like to leverage the acceptance of transaction value and conduct of doing the business such that relationship did not influence the price for the proposed transactions in the future undertaken in the framework outlined under the Transfer Pricing Guidelines As Customs has examined the relationship in the past, which continues to be the same, and accepted the transaction value, the Applicant would request the pricing methodology proposed within the framework of the Distribution Agreement read with Transfer Pricing Guidelines should



also be accepted as per the Interpretative Notes to Rule (3)(3)(a) of the Valuation Rules reproduced below:

“ ..Such examination will only be required where there are doubts about the acceptability of the price. Where the proper officer of customs has no doubts about the acceptability of the price, it should be accepted without requesting further information from the importer. For example, the proper officer of customs may have previously examined the relationship, or he may already have detailed information concerning the buyer and the seller, and may already be satisfied from such examination or information that the relationship did not influence the price.”

However, the Applicant has made further submissions in the following paragraphs for examination by CAAR to support that whether the basis of pricing captured in the Transfer Pricing Guidelines is arm's length in nature and the price so determined is not influenced by the relationship.

### 3.3 Interpretative Note - Para 3 to Rule 3(3)

Rule 3(3)(a) of Valuation Rules further provides for examination of circumstances surrounding the sale to determine that relationship did not influence the price. The Applicant draws reference from the Schedule to Valuation Rules [Interpretative Notes to Rule 3] that provides three illustrative ways by which it can be demonstrated that price is not influenced by the relationship, as below

- i. The manner in which the related parties act is consistent with the normal pricing practice of the industry.
- ii. The manner in which the seller acts is as if he sets his prices to unrelated buyers.
- iii. It is shown that the price is adequate to ensure recovery of all costs plus a profit which is representative of the firm's overall profit realized over a representative period of time (e.g. on an annual basis) in sales of goods of the same class or kind

It is submitted that the pricing methodology, especially with respect to price revisions (twice in a year), is generally used in unrelated party transactions too such as to reasonably meet the expected earnings of the importer-seller that could be impacted due to market conditions and economics factors.

4. The application was forwarded to the Pr. Commissioner of Customs (Import), ACC, Mumbai for their comments on 04.11.2025 and 28.11.2025 for their comments. The jurisdictional commissionerate vide letter dated 14.01.2026 has submitted that the matter pertains to valuation of goods imported from a related person and involves a proposed modification to the pricing methodology earlier examined by the Special Valuation Branch, it is submitted that the matter may also be referred to the Special Valuation Branch (SVB) for examination of revised pricing framework and for such action as deemed appropriate, in accordance with the applicable provisions of the Customs Act, 1962 and the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

5. Personal hearing in the matter was conducted on 14.11.2025 wherein the authorized representatives of the applicant Shri J. Kataria, Shri Himanshu Tewari and Ms. Sejal have appeared for personal hearing in the matter on behalf of the applicant. They reiterated the contention filed with the application. That the company/applicant dealt with a variety of goods largely classified



under chapter 85 of the Customs Act, 1962. They are following the terms of distribution agreement as aligned with the SVB order dated 23.06.2015 passed by SVB for determining the 'Product Price' pertaining to related party transaction at arm's length. They are currently calculating and adopting the formula for import value of the goods from related party-

$$\text{Import Price} = \text{Retail Price} * (1 - \text{Discount Rate})$$

Now they intend to follow the country specific formula to cope up with the challenges in different market and economic situations and proposed to follow the following one:

$$\text{Import Price} = \text{Retail Price} * (1 - \text{Discount Rate} * \text{Country Multiplier})$$

They contended that the relationship between the applicant and the overseas related entity does not influence the price. The transaction value arrived at by adopting the said formula is acceptable in view of Section 14 of the Customs Act, 1962 read with Rule 3(a) of Customs Valuation Rule (that is accepted by the department). They further contended that year end adjustment may be effected through the newly introduced provisions under section 18A of Customs Act, 1962, introduced in the Budget, 2025 and corresponding regulations as provided.

5.2 Nobody appeared on behalf of the Department for hearing.

6. I observe that the legislative background pertaining to valuation of goods under the Customs Act, 1962 is as under:

**A. Section 14 of the Customs Act - Valuation of goods**

*"(1) For the purposes of the Customs Tariff Act, 1975 (51 of 1975), or any other law for the time being in force, the value of the imported goods and export goods shall be the transaction value of such goods, that is to say, the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of importation, or as the case may be, for export from India for delivery at the time and place of exportation where the buyer and seller of the goods are not related and price is the sole consideration for the sale subject to such other conditions as may be specified in the rules made in this behalf.*

*Provided that such transaction value in the case of imported goods shall include, in addition to the price as aforesaid, any amount paid or payable for costs and services, including commissions and brokerage, engineering, design work, royalties and license fees, costs of transportation to the place of importation, insurance, loading, unloading and handling charges to the extent and in the manner specified in the rules made in this behalf.*

*Provided further that the rules made in this behalf may provide for,- (i) the circumstances in which the buyer and the seller shall be deemed to be related; (ii) the manner of determination of value in respect of goods when there is no sale, or the buyer and the seller are related, or price is not the sole consideration for the sale or in any other case.*

.....

**B. Rule 2 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007:**

2. Definition of "Related Persons":-



- (2) For the purpose of these rules, persons shall be deemed to be "related" only if –
- (i) they are officers or directors of one another's businesses;
  - (ii) they are legally recognised partners in business;
  - (iii) they are employer and employee;
  - (iv) any person directly or indirectly owns, controls or holds five per cent or more of the outstanding voting stock or shares of both of them;
  - (v) one of them directly or indirectly controls the other;
  - (vi) both of them are directly or indirectly controlled by a third person;
  - (vii) together they directly or indirectly control a third person; or
  - (viii) they are members of the same family.

**C. Rule 3 of the Valuation Rules: Determination of the method of valuation:**

(1) Subject to rule 12, the value of imported goods shall be the transaction value adjusted in accordance with provisions of rule 10;

(2) Value of imported goods under sub-rule (1) shall be accepted:

Provided that –

(a) there are no restrictions as to the disposition or use of the goods by the buyer other than restrictions which –

- (i) are imposed or required by law or by the public authorities in India; or
- (ii) limit the geographical area in which the goods may be resold; or
- (iii) do not substantially affect the value of the goods;

(b) the sale or price is not subject to some condition or consideration for which a value cannot be determined in respect of the goods being valued;

(c) no part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with the provisions of rule 10 of these rules; and

(d) the buyer and seller are not related, or where the buyer and seller are related, that transaction value is acceptable for customs purposes under the provisions of sub-rule (3) below:

(3) (a) Where the buyer and seller are related, the transaction value shall be accepted provided that the examination of the circumstances of the sale of the imported goods indicate that the relationship did not influence the price.

(b) In a sale between related persons, the transaction value shall be accepted, whenever the importer demonstrates that the declared value of the goods being valued, closely approximates to one of the following values ascertained at or about the same time.

(i) the transaction value of identical goods, or of similar goods, in sales to unrelated buyers in India;

(ii) the deductive value for identical goods or similar goods;

(iii) the computed value for identical goods or similar goods:

Provided that in applying the values used for comparison, due account shall be taken of demonstrated difference in commercial levels, quantity levels, adjustments in accordance with the provisions of rule 10 and cost incurred by the seller in sales in which he and the buyer are not related;

(c) substitute values shall not be established under the provisions of clause (b) of this sub-rule.



(4) if the value cannot be determined under the provisions of sub-rule (1), the value shall be determined by proceeding sequentially through rule 4 to 9.

7. In the instant case, I find that the applicant and Beckhoff Automation GmbH & Co. KG, Germany (DE) are related persons under Rule 2(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. The Applicant has been following the terms of Distribution Agreement as aligned with the SVB order dated 23.06.2015 passed by Special Valuation Branch (SVB) of Customs for determining the 'Product Price' (i.e., the transaction value) of imported goods. The said SVB order has been issued after investigating balance sheet, distribution agreement, comparative statement of import prices of unrelated party, service reports, cost certificates and deductive value computation for FY 2008-09 to FY 2013-14 etc. The competent authority has *accepted the declared invoice value of the goods under rule 3(3)(a) of the CVR, 2007, with no additions required under Rule 10 (1).*

*Further, it is also ordered that the decision will remain in force till present method of invoicing remains unchanged. **Any change affecting the invoice value materially, be informed to this section (SVB) suo-moto by the importer without delay.***

8. I find that CBIC has laid down the procedure for investigation of related party import cases and other cases by the Special Valuation Branches vide circular no. 05/2016-Customs Dated 09.02.2016 wherein it is mentioned that the 'Special Valuation Branch' ("SVB") was created as an institution specializing in investigation of transactions involving special relationships between buyer - seller or those involving other special circumstances surrounding the sale of imported goods, both of which have a bearing on the assessable value. Para 10 of the said circular has clarified that-

**Change in circumstances surrounding the sale**

*10. In any case where, the circumstances of sale or terms and conditions of the agreement between the buyer and related seller change, or any other payments of the kind referred under Rule 10 (1) (c), (d) & (e) of the CVR, 2007 become payable, the importers shall be required to declare the same at the place of import in the prescribed format at Annexure C. In all such cases, the proper officer shall examine the transactions as per procedures laid out above in this circular and the jurisdictional Commissioner shall refer the matter to the jurisdictional SVB, where required.*

*10.1 In view of the above, it may be noted that the system of renewal of SVB orders has been discontinued with immediate effect.*

9. Although framed as a question on "principle of valuation," the Applicant effectively seeks confirmation that the declared transaction value in related party imports is acceptable and the relationship has not influenced the price. The admissibility/quantum of the payment made to the seller/related party is subject to the SVB investigation at the time of import in terms of the Circular 05/2016-Customs Dated 09.02.2016. SVB is the specialized section which examines the influence of relation between related parties on the transaction value.

In case of related party, valuation of the goods governed by Section 14 of the Customs Act, 1962 and Customs Valuation Rules, 2007 which requires investigation of distribution agreement.



transfer pricing method, circumstances of sales, test values, comparable import data, scrutiny of balance sheets. Statuary mechanism/procedures are provided vide Board's circular no. 05/2016-Customs Dated 09.02.2016 in related party import cases or other cases by the Special Valuation Branch. It is pertinent to mention that Special Valuation Branch (SVB) is a specialised section for valuation aspect between related party. Since, the invoice value has already been accepted by the competent authority once vide SVB order dated 23.06.2015 and it is ordered that if there is change in method of invoicing then the importer has to inform SVB suo-moto for further investigation.

Also, in the Board's circular no. 05/2016-Customs Dated 09.02.2016, it has been made clear that if there is change in circumstances of sale or terms and conditions of the agreement then proper officer shall examine the transactions as per procedures laid out above in this circular and the jurisdictional Commissioner shall refer the matter to the jurisdictional SVB, where required.

The issue raised involves detailed factual examination. The matter falls primarily within the statutory domain of the SVB in as much as the applicant is following the SVB order. From the above, it is clear that there is statutory provisions/mechanism provided for related party import cases on valuation aspect. I observe here that as the applicant is already accepted the observation/order of the SVB and the applicant is not in any appeal against it, and that they are in agreement with the department in terms of the condition that if there is any changes in the invoice value affected that is required to be reported to SVB section.

Further, an advance ruling pronounced by the Authority, under the provisions of the Customs Act, is statutorily binding only upon the applicant and the jurisdictional Customs authorities in respect of the concerned port of import/Commissionerate. The binding force of such ruling is thus confined to the applicant and the respective port jurisdiction in terms of Section 28J of the Customs Act, 1962, and does not operate as a precedent of general application across all Customs formations in the country.

Whereas, an investigation report or order issued by the Special Valuation Branch (SVB) in relation to valuation of goods imported from related party bears wider operational applicability. The findings recorded by the SVB in respect of a particular importer and transaction are uniformly followed and implemented by all other Customs Houses/formations across the country, unless set aside or modified by a competent appellate authority.

10. The applicant has submitted that they are already following the terms of distribution agreement as aligned with the SVB order dated 23.06.2015 passed by the competent authority. Further, para 10 of the SVB circular dated 09.02.2016 specifically provides that in case of any change in circumstances of sale or terms and condition of the agreement between the buyer and related seller, or any kind of other payment under Rule 10 (1) (c), (d) & (e) of the CVR, 2007 become payable, the importers shall be required to declare the same at the place of import in the prescribed format. In all such cases, the proper officer shall examine the transactions as per procedures laid out above in this circular and the jurisdictional Commissioner shall refer the matter to the jurisdictional SVB, where required.

The jurisdictional commissionerate vide its letter dated 14.01.2026 submitted that the applicant intends to modify the pricing methodology earlier examined by the SVB; matter may also be referred to SVB for examination of revised pricing framework.



Here, I am in agreement with the contention of the jurisdictional authority. Accordingly, to ensure the equity, continuity, consistency and to maintain uniformity, matter is being referred back to the original Special valuation Branch. It is to underline that as per records, the existing valuation method adopted by the applicant is not in dispute and that while referring the matter to the competent authority, no any observation is made by this authority on merits of the case.

**Order**

The matter is referred to the jurisdictional commissionerate in terms of earlier valuation order dated 23.06.2015 and as per submission made by the jurisdictional authority to refer the matter to SVB for such revisions as per procedures laid down in circular no. 05/2016-Customs Dated 09.02.2016.

11. I order accordingly. The application is disposed of in above terms.



*Prabhat K. Rameshwaram*  
09/03/26

**(Prabhat K. Rameshwaram)**

Customs Authority for Advance Rulings, Mumbai

This copy is certified to be a true copy of the ruling and is sent to:

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(Vivek Dwivedi)

Dy. Commissioner & Secretary  
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