

# S.MURUGAPPAN

ADVOCATE, HIGH COURT

**ASSISTED BY:**

K.NANCY, B.COM., B.L. (HONS.),  
G.GAUTHAM RAM VITTAL, L.L.B.

**CONSULTANTS:**

GST, CUSTOMS, FOREIGN TRADE LAWS,  
FOREIGN EXCHANGE MANAGEMENT ACT.

## OPINION

1. **Querist :**

M/s. Vaya Life Private Limited,  
129, Harrington Road,  
Chennai – 600 030.

2. **Facts :**

- 2.1 The querist is an importer and exporter of consumer goods. Vaya Holdings Pte Ltd. (VHPL) is their holding company which holds the 99.96% of paid up share capital in the querist company. Holding company is engaged in similar kind of business but including ecommerce across the globe.
- 2.2 VHPL is expecting the querist to full fill the orders on their behalf i.e. VHPL shall get the orders from their website and route the orders to the querist and the querist shall export to the various customers with option of Bill to VHPL and ship to end customer.
- 2.3 Payment shall be collected by VHPL and then same can be transferred to the querist after the product delivery to the end customer.
- 2.4 The querist shall get 100% of the value collected by VHPL.


3. **Query :**

In this regard, the querist requested us to go through the Notification enclosed to their mail and above said process and wanted to know whether the Notification still holds good or not and the above process is good to go or need some changes.

4. **Opinion :**

- 4.1 Basically, the querist has sought for clarification on two aspects. One relates to execution of export orders on behalf of VHPL, Singapore and getting reimbursement of the full sale value from the holding company. In this connection, the querist sought to know whether the process adopted is in order.
- 4.2 The second query relates to claiming of duty drawback by export of goods through courier shipping bill mode. In this connection, the querist has referred to a public notice issued in 2018 by New Custom House, New Delhi.

...2



4.3 With regard to valuation, further information/clarifications sought for from the querist and the answers provided by the querist are mentioned below.

(i) Is there a price list universally applicable for all for the goods supplied by VHPL?

No, we have country wise price which will be amended from time to time.

(ii) If VHPL are to sell directly to customers, at what price, these will be sold? and is there any difference between the price at which, VLPL will be selling to a third party and the price at which, VHPL will be selling to a third party?

There is no difference in price i.e. what the VHPL sells to end customer for the same price we shall sell to VHPL and ship to end customer.

(iii) Will VHPL retain any margin or will be transferring 100% of the market price for these goods?

No Margin for VHPL, they will remit the 100% amount to VLPL upon shipping the goods.

(iv) Are the transactions between VHPL and VLPL at Arm's Length Price and not influenced by relationship or is it otherwise?

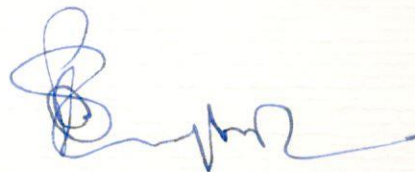
Since transaction value is equal to the end customer price i.e. price at which VHPL sell to third party same price VLPL is supplying. For sure the price is not influenced by relationship or otherwise.

(v) Is VLPL obliged to pay any commission or specified percentage to VHPL for the export turnover?

No

(vi) Are there any agreements between VHPL and VLPL in this regard?

Yes, we will have fulfilment agreement Between the parties



- (vii) For supplies to third parties by VLPL, what are the Inco terms of supply? Whether the freight and insurance are included?

Currently VLPL supplies to end customers free shipping for one point of delivery which includes the transit insurance. Even in the Export we will have same strategy that the price includes the freight and insurance for the same.

- 4.4 From the information provided as above, it appears that though the querist is executing the orders on behalf of the holding company to send the goods to buyers abroad, the transaction and realisation of the sale proceeds appear to be in conformity with the provisions contained in Customs Valuations (Determination of Value of Export Goods) Rules 2007.
- 4.5 With regard to the second query relating to drawback, it may be noted that the amendment referred to in public notice to Courier Imports and Exports (Clearance) Regulations 1998 deal with exports under MEIS scheme. These amendments do not refer to permitting drawback in respect of goods exported through courier.
- 4.6 For the sake of clarity, Regulation 2(2)(e) which relates to exclusion of export goods from courier mode is reproduced below.

“(e) the following export goods, namely:-

- (i) the goods which are subject to levy of any duty on their exports;
- (ii) the goods proposed to be exported with the claim for drawback;
- (iii) goods proposed to be exported under Duty Exemption Schemes, Export Promotion Capital Goods Scheme or any other similar export promotion schemes :

**Provided** that this sub-clause shall not apply to goods notified in Appendix 3C of the Foreign Trade Policy (2015-2020), under the Merchandise Exports from India Scheme (MEIS) in consignment of value up to five lakh rupees and involving transaction in foreign exchange

...4



- (iv) goods, other than the goods specified in Appendix 3C of the Foreign Trade Policy (2015-2020), in respect of which the proper officer directs the filing of shipping bill or bill of export in the prescribed form;
- (v) goods where the value of the consignment is above rupees five lakh and transaction in foreign exchange is involved.”

4.7 Therefore, goods on which drawback is proposed to be claimed cannot be exported through courier mode as of now.



**S. MURUGAPPAN**

sm/ss

**Disclaimer:-** The above opinion is provided based on the information and documents made available to us by the querist and further based on the laws and rules prevalent as on date and the understanding of such provisions by the author and is meant for the private use of the person to whom it is provided without assuming any liability for any consequential action taken based on the views expressed here.