

F. No. 493/124/86-Cus. VI, dated 4-1-1988

Government of India
Ministry of Finance (Department of Revenue)
New Delhi

Subject : Valuation of second-hand machinery and fixing up scales of depreciation.

Attention is invited to Ministry's instructions of even number dated 19-11-1987 wherein rates of depreciation were fixed for the purpose of arriving at the assessable value of second-hand machinery.

2. In para 3 of the above-mentioned letter, it was stated that the depreciation will be calculated on the original value of the machinery under import and that officers of the Customs Houses would have to determine the original value of the machinery on the basis of the current c.i.f. value of the machinery as shown in the certificate of the Chartered Engineer. In this regard, it has been reported to the Board that a Chartered Engineer's certificate generally mentions the price of the new machinery and does not indicate clearly as to whether this is the current price or it is the price of the new machine in the year of its manufacture. Accordingly, where a certificate mentions the current price of the new machinery only, the Customs Officers do not have sufficient evidence to deduce the original value of the machinery as in its year of manufacture.

3. It has accordingly been decided that where the Chartered Engineer's certificate does not specifically mention the price of the new machinery as in its year of manufacture, the scale or depreciation should be calculated on the basis of the price of the new machinery as declared in the Chartered Engineer's certificate without going into the question as to whether this price pertains to the current c.i.f. price or the c.i.f. price in the year of its manufacture. The earlier instructions dated 19-11-1987 are modified to the above extent.

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