

**Ruby Chemicals Vs. Collector of Customs**

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**SooperKanoon Citation :** [sooperkanoon.com/9255](http://sooperkanoon.com/9255)

**Court :** Customs Excise and Service Tax Appellate Tribunal CESTAT Delhi

**Decided On :** Mar-13-1996

**Reported in :** (1996)(84)ELT506TriDel

**Appellant :** Ruby Chemicals

**Respondent :** Collector of Customs

**Judgement :**

1. Appellant placed order for supply of 200 drums of Linalol OCD 11 (each 25 Kgs) and an equal quantity of Linalyl Acetate and also some quantity of clove oil through an Indian party with foreign supplier of France. When half the quantity of goods ordered were received, Bill of Entry and Invoice were presented showing the price of Linalol at FF 50 per Kg and of Linalyl Acetate at FF 60 per Kg. The total price of 100 drums of Linalol and 100 drums of Linalyl Acetate was shown as FF 2,75,000. The appellant also produced the extract of general terms of sale and two letters of the supplier dated 9-9-1985. The general terms indicated that the orders above 50,000 FF in value turnover discount of 3% will be applicable and for letter of credit further discount of 2 1/2% will be applicable. In the two letters referred to, it was stated that the price was a special price based on the bulk order that has been placed. The working sheet showed that the price would be FF 66 and FF 56 per Kg. respectively granting 3% discount and the price shown in the invoice would be arrived at after reckoning 10% trade discount. The Assistant Collector as well as the Collector (Appeals) held that the prices shown in the invoice were the special prices and do not reflect the normal price in international

trade. Accordingly the value was loaded on the basis of allowing 3% discount only. These orders are now challenged.

2. Besides the materials produced before the lower authorities, appellant has now produced a copy of its undated letter to the supplier seeking information as to any decision of Board of Directors to grant 10% quantity discount in respect of orders above a certain quantity or value and whether such discount was available to all importers in India and the reply of the supplier by letter dated 23-2-1987 stating that the prices of FF 50 and FF 60 respectively were prices for quantities of 5 M.T. as per the Supplier's standard terms of sale for bulk shipments.

3. We do not think the new documents improves the case of the appellant to any extent. The invoice does not refer to any trade discount. The summary of the terms of sale indicate the maximum turnover discount of 3% on orders above 50,000 FF in value. The terms of sale do not indicate that based on value there was a higher slab of trade discount on bigger orders. Appellant sought specific information from the supplier as to the decision of the Board of Directors offering 10% quantity discount at higher value or quantity ordered available to all importers. The supplier's reply does not provide the information sought but merely indicates that the prices charged to the appellant were as per the standard terms of sale for bulk shipments. This reply is not supported by the summary of the general terms of sale produced by the appellant. In these circumstances, the conclusion of the lower authorities that the higher discount granted to the appellant was something special in the individual case and not a discount offered to all importers in India, and that being so such higher discount could not be allowed, is correct.

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