

F. No. 484/3/2015-LC (Pt II)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs

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North Block, New Delhi
Dated, the 29th July 2016

All Principal Chief Commissioners Customs,
All Principal Chief Commissioners of Customs & Central Excise,
All Chief Commissioners of Customs,
All Chief Commissioners of Customs & Central Excise,
All Directors General, Chief Departmental Representative,
All Principal Commissioners of Customs,
All Principal Commissioners of Customs & Central Excise,
All Commissioners of Customs,
All Commissioners of Customs & Central Excise.

**Subject: Removal of mandatory warehousing requirements for EOUs, STPIs, EHTPs etc. -
Amendment to Notification 52/2003- Customs dated 31.03.2003.**

Sir/Madam,

Chapter 6 of the Foreign Trade Policy (FTP) provides for manufacture of goods and supply of services, including repair, re-making, reconditioning, re-engineering by Export Oriented Units (EOUs), Electronics Hardware Technology Park Units (EHTPs), Software Technology Park Units (STPIs) and Bio-Technology Park Units (hereinafter referred to as "units") and undertaking to export their entire production of goods and services, except permissible sales in DTA.

2. Notification 52/2003-Customs dated 31.03.2003, as amended from time to time, exempts specified goods when imported for use in the units, from payment of Customs duties, subject to various conditions stated therein. The notification provides for warehousing of imported goods, to be used for manufacture of goods or other operations as well as their ex-bonding under certain circumstances. The Units, therefore, obtain a license as a warehouse under Section 58 of the Customs Act, 1962 and permission under Section 65 of the Act, as a manufacture-in-bond facility.

3. In line with the Government's objective of 'ease of doing business', the need for applying the warehousing provisions under Chapter IX of the Customs Act, 1962 to the above units, has been examined.

3.1 Warehouses are facilities set up to avail the benefit of customs duty deferment. Imported goods can be stored in a warehouse without payment of duty, and the applicable duty is required

to be paid only at the stage of their clearance from the warehouse. In case of the above-referred units, the need for duty deferment is obviated as the goods procured by them are exempt from duties of customs, under Notification 52/2003-Customs, subject to certain conditions, such as, the manner of usage of the procured inputs and capital goods; their end use including the removal of the said goods; and the requirement to maintain proper accounts of receipt, storage and utilisation of imported goods.

3.2 In this backdrop, it was felt that the application of warehousing provisions to these units adds to their compliance requirements without adding to either improved monitoring by the dept. or providing any additional facilitation to them.

4. Recognizing the potential role of these units in the Make in India initiative and as a measure of improving the ease of doing business, it has been decided to do away with the need to comply with warehousing provisions by these units. For this purpose, notification 44/2016 – Customs dated 29th July 2016 has been issued (effective from 13th August 2016) amending the principal notification 52/2003-Customs dated 31st March 2003. As a consequence, these units shall stand delicensed as warehouses under Customs Act, 1962, with effect from 13th August, 2016. They shall continue to adhere to the provisions of Notification 52/2003-Customs dated 31.3.2003, FTP, HBP and other applicable notifications.

5. In view of the condition of warehousing having been dispensed with respect to the units, the warehoused goods register (warehousing bond register) shall not be required to be maintained w.e.f 13th August 2016. However, in order to maintain records of receipts, storage, processing and removal of goods, imported by the units, as required under notification 52/2003-Cus dated 31.3.2003, the Board has prescribed that the units shall maintain records of imported goods, in digital form, based upon data elements contained in Form A (appended). The software for maintenance of digital records must incorporate the feature of audit trail which means a secure, computer generated, time-stamped electronic record that allows for reconstruction of the course of events relating to the creation, modification, or deletion of an electronic record and includes actions at the record or system level, such as, attempts to access the system or delete or modify a record. While the data elements contained in the Form A are mandatory, the unit will be free to add or continue with any additional data fields, as per their commercial requirements. All units are required to enter data accurately and immediately upon the goods being received in or removed from the unit. The digital records should be kept updated, accurate, complete and available at the unit at all times for verification by the proper officer, whenever required. A digital copy of Form A, containing transactions for the month, shall be provided to the proper officer, each month (by the 10th of month) in a CD or Pen drive, as convenient to the unit.

5.1. The above requirement of maintaining digital records, in the prescribed Form, is applicable from 13th August 2016. Record of imported goods received on or after 13th August 2016 shall be maintained as per the prescribed Form. The information regarding the stock of goods lying with the unit need to be integrated into the digital record prescribed under this circular. However, data

relating to goods already processed and/or cleared need not be updated in the digital records. The warehoused goods register maintained hitherto shall suffice for the purpose.

6. In view of the warehousing procedures having been dispensed with for these units, the system of sending re-warehousing certificates to the customs station of import shall also stand dispensed w.e.f 13th August 2016.

7. In place of the re-warehousing certificate procedure, the following is prescribed:

- (i) The Units shall continue to obtain / furnish a Procurement Certificate at the Customs Station at the time of import or pre-authenticated procurement certificates, as applicable to them;
- (ii) Upon receipt of goods in the unit, a copy of the relevant bill of entry shall be provided to the jurisdictional office;
- (iii) The jurisdictional office shall reconcile the imports with procurement certificates.

7.1 Inter-unit transfer of capital goods and manufactured goods has been provided in para 6.13 of FTP 2015-20 and involves prior intimation. Additionally, at present, a procedure of bond to bond movement is being followed, whenever capital goods, manufactured goods or inputs are supplied by one unit to another. In place of bond to bond movement, the following procedure shall be followed:

- (i) Any procurement by one unit from another should be supported by a procurement certificate or pre-authenticated procurement certificates, as applicable;
- (ii) The supply of the goods from one unit to another shall be based upon the usual commercial documents, such as, invoice & delivery challan;
- (iii) Upon receipt of goods, copies of documents shall be provided to the jurisdictional office of the sending and receiving unit by way of intimation;

8. Any difficulty faced in the implementation of this circular may be brought to the notice of the Board.

9. Hindi version follows.

Yours faithfully,

Encl: Form A

(S.Kumar)
Commissioner (Cus & EP)

