Revised warehousing guidelines and procedures in relation to imported goods

**Background**

As a trade facilitation measure, the Finance Bill, 2016 proposed the simplification of warehousing provisions in terms of moving from physical control to record-based control. Consequent to the enactment of the Finance Act, 2016 the Central Board of Excise and Customs (CBEC) has notified revised guidelines and procedures relating to the warehousing of imported goods and movement of such goods by issuing Notification No 66/2016-Exports (NT) to 72/2016-Imports (NT) dated 14 May 2016 and Circular No 17/2016-Excise and Circular No 18/2016 – Customs dated 14 May 2016.

The guidelines have come into effect from 14 May 2016.

**Key highlights of the revised guidelines and procedures**

- The new guidelines *inter alia* include:
  - process for the appointment of the warehouse keeper
  - eligibility of the applicant
  - facilities to be maintained in the warehouse
  - receipt of goods from customs station or warehouse
  - transfer of goods to another warehouse, removal for home consumption or export
  - maintenance of records (to be maintained for five years from the date of removal from the warehouse including the requirement for maintenance of digital copies) and
  - reports to be filed (including time period) and penal provisions are prescribed.
- The warehouse keeper would be required to obtain digital signatures for electronically filing documents as required under the regulations.
- Special warehouse notified for storage of specified goods such as gold, silver or goods intended to be supplied to duty-free shops in the customs area or as stores to vessels or aircraft, etc.
- Existing Public and Private warehouses will be allowed to carry out operations in respect of these specified goods for a period of three months from the commencement of regulations. However, if a Public or Private Warehouse intends to store such goods beyond three months, they would need to apply for a license as a special warehouse within one month of commencement of these regulations.
- Special warehouses will be locked and under the control of the Customs authorities and no movement will be allowed without their specific permission and presence.
• Existing Public and Private warehouses will continue to be licensed subject to the fulfillment of specified conditions in terms of solvency, furnishing undertaking, etc. However, they would be required to comply with the regulations within a period of 3 months of the commencement of the regulations. Upon compliance with the regulation, the Customs’ lock will be removed by the Customs authorities.

• Movement of imported goods between warehouses or from port to warehouses, etc. will be against a one-time lock (serially number bottled seal) and against a specific prescribed form. The specification of the one-time lock will be affixed on all relevant import documents.

• The record of such a one-time lock is required to be maintained at each Customs station.

• The importer will be now required to execute a triple duty bond now at the port of import. The bond will remain valid till the goods are cleared for home consumption or export and will cover the movement of goods and accounting for them as well.

Our comments

The revised guidelines could be seen as a major procedural and compliance relief to trade in terms of the removal of physical control.

However, the test is likely to be in the effective implementation. We hope that these guidelines are implemented effectively at the ground level with strict monitoring by the respective Commissioners and the CBEC to ensure that they meet their objective.

Overall, it is a positive step of the government towards trade facilitation and improving the ease of doing business in India.
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