

Warehousing

Do you want to remember Sections or Rules ?



Important Case Study

Kesoram Rayon vs S.C. 1996

Decision - Under clause (b) of section 72, goods which are not removed from the warehouse after the expiry of the period permitted for warehousing or extended, are deemed to be improperly removed. **The rate of duty applicable will be the rate in force on the date of deemed removal**, i.e. the date on which the permitted period or its permitted extension comes to an end.

Circular No.15/2009

Provision of Sec 47(2) are not attracted in case of clearances under Sec 68. Thus no interest is payable if payment is not made within 2 working days from the date on which bill of entry presented under Sec 68 is return after assessment for payment.

H.C - Home Consumption, T.V. - Transaction Value, W.H - Warehouse

Sections	Descriptions
Sec 57:	Appointing of public warehouses
Sec 58:	Licensing of private warehouses.
Sec 58A:	Licensing of Special Warehouse
Sec 58B:	Cancellation or suspension of Licence
Sec 59:	Warehousing bond
Sec 60:	Permission for deposit of goods in a warehouse
Sec 61:	Period for which goods may remain warehoused
Sec 62:	Control over warehoused goods
Sec 63:	Payment of rent and warehouse charges
Sec 64:	Owner's right to deal with warehoused goods
Sec 65:	Manufacture and other operations in relation to goods in a warehouse.

Sections	Descriptions
Sec 66:	Power to exempt imported materials used in the manufacture of goods in warehouse.
Sec 67:	Removal of goods from one warehouse to
Sec 68:	Clearance of warehoused goods for home consumption.
Sec 69:	Clearance of warehoused goods for exportation.
Sec 70:	Allowance in case of volatile goods.
Sec 71:	Goods not to be taken out of warehouse except as provided by this act.
Sec 72:	Goods improperly removed from warehouse, etc.
Sec 73:	Cancellation and return of warehousing bond
Sec 73A :	Liability of Warehouse Keeper (Licensee)

Circular No. 11/2010

it is clarifies that when imported goods are warehoused under Sections 58/59 of the Customs Act, 1962 and sold before H.C, the sale price in the W.H does not determine the assessable value. Instead, the original import price remains the T.V. u/s 14(1). This differs from high-seas sales, where the last sale price is used as per Circular 32/2004.

*Working hard for something we don't care about is called stress;
Working hard for something we love is called passion*

GST Guru
CA Vishal Bhattad





CUSTOMS PORT

Sec. 46 -
B/E for Warehousing

[Goods in custody of Custodian]
30 Days
Sec. 48

WAREHOUSING PROCEDURE UNDER CUSTOM

Sec. 59 - Warehousing Bond

- 1) Importer shall Execute Bond equal to 3 duty along with Security
- 2) Bond is for
 - to comply provision of the act
 - to pay duty & interest
 - to pay penalty to pay penalty & fines if any.
- 3) General Bond is allowed on permission of AC/DC
- 4) No need to change Bond in case of transfer of goods from one warehouse to another
- 5) If warehouse goods transferred to another then transferee shall execute new bond.

Sec 60 - Warehousing Order

- 1) After execution of bond PO make an order to deposit the goods in W.H.
- 2) Such order can be made electronically through CAS based on risk evaluation.

Sec 64: Owner's Right To Deal With Warehoused Goods

The owner of any warehoused goods may, after warehousing the same,

- (a) inspect the goods.
- (b) ensure that the goods do not deteriorate or get damaged during storage in the warehouse
- (c) sort the goods or
- (d) show the goods for sale.

Sec. 67 - Transferred to another Warehouse

- 1) **Transfer to another W/H** goods can be transfer from one W/H to another W/H **Without payment of ID [Bond Continued]**
- 2) **C.G may exempt by notification in O.G**

Sec. 68 Clearance for Home consumption

- 1) Filing of ex bond bill of entry
- 2) Payment of custom duty and other charges
- 3) Order of clearance for H.C. An order under (3) can be made electronically by CAS.
- 4) Relinquishment of rights without payment of payment of import duty. Owner shall not be allowed to transfer title in case of offence.

Sec 69: Clearance of Warehoused Goods for Export

- 1) Warehoused goods may be exported without import duty if:
 - A shipping bill, bill of export, or prescribed form (Sec 84) is filed. Export duty, fines, and penalties (if any) are paid.
 - The PO grants clearance, which may be electronic based on risk evaluation.
- 2) If the Central Government suspects goods may be smuggled back, it may notify that:
 - Export is allowed only with duty payment, or
 - Export is subject to specified restrictions.

Sec. 70 : Remission of duty on volatile goods

- 1) Goods of volatile nature notified by C.G. (Kerosine, wine, etc.)
- 2) Goods found to be deficient in quantity because of natural cause
- 3) Remission by AC/DC

Sec. 71 : Proper Removal

Warehoused goods are said to be properly removed in following cases

- 1) Sec 67 - Transfer to another warehouse
- 2) Sec 68 - Clearance for Home Consumption
- 3) Sec 69 - Clearance for Export
- 4) Any other purpose provided in this Act

CUSTOMS WAREHOUSE

Public, Private & Special Warehouse

Point	Public (Sec. 57)	Private (Sec. 58)	Special (Sec. 58A)
Nature of Warehouse	The P.Comm/comm may licence public Warehouses	P.Comm/comm may license any Private Warehouse	P.Comm/comm may license Sp. Warehouse
Type of Goods	Dutiable Goods only	Dutiable goods only	Notified Dutiable goods only
Licence	Public WH are run & managed by statutory bodies like Port Trust, CWC, etc	Private WH are run & managed by any person	Special WH are run & managed by any person
Control	No lock by proper officer	No lock by proper officer	Locked by PO

Note on sec 58A: Specified goods u/s 58A:

- a) Gold, silver, other precious metals etc
- b) **Goods for:** SUPPLY- to duty free shops
 - as stores to Vessels/ Aircrafts
 - to foreign privileged persons.



Sec 61 - Warehousing Period

	100% EOU	Other
W/Hing period	Till Clearance	1 Yrs.
Int-Free period	-	90 Days
Extension	Available	Available if goods not likely to deteriorate,

Comment : 1) If no duty at the time of removal then interest is not payable
2) Interest is payable @15% p.a.

Note: If goods like to deteriorate period can be reduce

Sec 58B : Cancellation or Suspension of Licence:

- 1) If the licensee contravenes or breaches any provisions or conditions, Comm/ P.C may cancel the license granted u/s 57/ 58/ 58A after giving opportunity of being heard.
- 2) During pendency of any enquiry Comm may suspend W.H operation in which no goods shall be deposited there in such period.
- 3) If the licence is cancelled, the warehoused goods shall:
 - be removed from such W.H to another or
 - be cleared for H.C/export within 7 days from the date of cancellation order or extended period.
- 4) However, same provisions shall continue to goods already deposited in the warehouse till their removal.

Sec 72: Goods Improperly Removed From Warehouse

- 1) If warehoused goods are removed in violation of Sec 71.
- 2) If goods exceed the prescribed warehousing period (Sec 61).
- 3) If bonded goods (Sec 59) are not cleared or properly accounted for.
- 4) The PO may demand duty, interest, fines, and penalties from the owner.
- 5) If unpaid, the PO may detain and sell warehouse goods after notifying the owner.

Sec 73: CANCELLATION AND RETURN OF WAREHOUSING BOND.

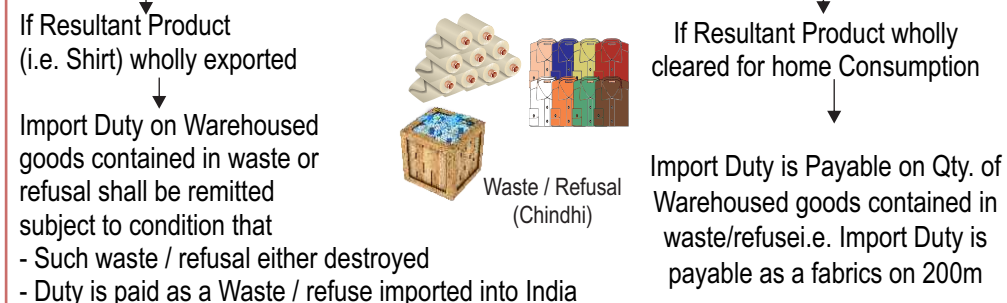
Once goods under a Section 59 bond are cleared and dues paid, the P.O cancels and delivers the bond upon request.

Sec 73A: : LIABILITY ON WAREHOUSE KEEPER (LICENSEE)

- 1) The licensee must appoint a warehouse keeper responsible for warehouse operations, maintaining a computerized accounting system.
- 2) The warehouse keeper must record all receipts, handling, storage, and removal of goods, keeping copies of relevant documents and executed bonds.
- 3) Records must be preserved for at least 5 years from the date of goods removal, with digital copies stored offsite.
- 4) As custodian, the warehouse keeper ensures compliance with custody and removal provisions.
- 5) Warehoused goods remain under the licensee's custody (u/s 57/58/58A) until cleared for home consumption, transfer, or export.
- 6) Unauthorized removal (contravening Sec 71) makes the licensee liable for duty, interest, fines, and penalties.

Sec 65 - Even 'MANUFACTURING OPERATIONS' are allowed in warehouse

Duty on Warehoused Goods (Fabrics) contained in Waste/Refusal



NOTE: 1) At present, manufacture/ other operations in a bonded warehouse are allowed only in a Private not in Public.
2) It is also allowed in Notified Special Bonded W.H.

Sec 65A: IGST & Compensation Cess payable on imported goods deposited in the warehouse:-

- 1) Applies to manufacturing or operations under Sec 65, requiring IGST & Compensation Cess payment on dutiable warehoused goods.
- 2) Goods can be removed from the W.H. if:
- 3) A bill of entry for home consumption is filed and assessed.
- 4) IGST & Compensation Cess are paid (Sec 47).
- 5) For transfer to another W.H. (Sec 67), IGST & cess are paid before removal.
 - Duty must be paid before W.H. removal.
 - Does not apply to goods deposited/removed before the notified date.
 - The Central Government may exempt IGST & cess via notification.