

MANUFACTURE AND OTHER OPERATIONS IN WAREHOUSE (NO. 2) REGULATIONS, 2019

[Notification No. 69/2019-Cus. (N.T.), dated 1-10-2019.]

In exercise of the powers conferred by section 157, 143AA read with section 65 of the Customs Act, 1962 (52 of 1962), and in supersession of the Manufacture and Other Operations in Warehouse Regulations, 2019, except as respects things done or omitted to be done before such supersession, the Central Board of Indirect Taxes and Customs hereby makes the following regulations, namely :-

REGULATION 1. Short title and commencement. — (1) These regulations may be called the Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019.

(2) They shall come into force on the date of their publication in the official gazette.

REGULATION 2. Definitions. — (1) In these regulations, unless the context otherwise requires, -

- (i) "Act" means the Customs Act, 1962 (52 of 1962);
- (ii) "bond officer" means an officer of customs in charge of a warehouse;
- (iii) "Controller of Certifying Authorities" means the authority appointed under sub-section (1) of section 17 of the Information Technology Act, 2000 (21 of 2000);
- (iv) "Form¹" means the form appended to these regulations;
- (v) "section" means the section of the Act.

(2) The words and expressions used herein and not defined in these regulations but defined in the Act shall have the same meanings respectively as assigned to them in the Act.

REGULATION 3. Scope. — These regulations shall apply to such units that operate under section 65 of the Act or to the units applying for permission to operate under section 65 of the Act.

REGULATION 4. Eligibility for application for operating under these regulations. — (1) The following persons shall be eligible to apply for operating under these regulations, -

- (i) a person who has been granted a licence for a warehouse under section 58 of the Act, in accordance with Private Warehouse Licensing Regulations, 2016.
- (ii) a person who applies for a licence for a warehouse under section 58 of the Act, along with permission for undertaking manufacturing or other operations in the warehouse under section 65 of the Act.

(2) An application for operating under these regulations shall be made to the Principal Commissioner of Customs or the Commissioner of Customs, as the case may be, along with an undertaking to, -

- (i) maintain accounts of receipt and removal of goods in digital form in such format as may be specified and furnish the same to the bond officer on monthly basis digitally;
- (ii) execute a bond in such format as may be specified; and
- (iii) inform the input-output norms, wherever considered necessary for raw materials and the final products and to inform the revised input-output norms in case of change therein.

REGULATION 5. Grant of permission. — Upon due verification of the application made as per regulation 4, the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, shall grant permission to operate under the provisions of these regulations.

REGULATION 6. Validity of permission. — Any permission granted under regulation 5 shall remain valid unless it is cancelled or surrendered, or the license issued under section 58 is cancelled or surrendered, in terms of the provisions of the Act or the rules and regulations made thereunder.

REGULATION 7. Appointment of warehouse keeper. — (1) A person who has been granted permission under regulation 5 shall appoint a warehouse keeper who has sufficient experience in warehousing operations and customs procedures to discharge functions on his behalf.

(2) The warehouse keeper shall obtain a digital signature from authorities licensed by the Controller of Certifying Authorities for filing electronic documents required under the Act or the rules and regulations made thereunder.

REGULATION 8. Facilities, equipment and personnel. — A person who has been granted permission under regulation 5 shall provide at the warehouse, -

- (i) signage that prominently indicates that the site or building is a customs bonded warehouse;
- (ii) a computerized system for accounting of receipt, storage, operations and removal of goods; and
- (iii) such facilities, equipment and personnel as are sufficient to control access to the warehouse, provide secure storage of the goods in it and ensure compliance to these regulations by officers of customs.

¹ See Customs Series Form No. 175 in Part 5 of this Manual.

REGULATION 9. Conditions for transport of goods. — (1) Where the goods are transported from the customs station of import to a warehouse or from one warehouse to another warehouse or from the warehouse to a customs station for export, the load compartment of the means of transport shall be securely sealed with a one-time-lock :

Provided that the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, may having regard to the nature of goods or manner of transport, permit transport of such goods without affixing the one-time-lock.

(2) where the goods to be warehoused are removed, from the customs station of import to a warehouse, the one-time-lock as per sub-regulation (1) shall be affixed by the proper officer of customs.

(3) where the warehoused goods are removed from one warehouse to another warehouse the one-time-lock as per sub-regulation (1) shall be affixed by the licensee.

(4) where the warehoused goods are removed, from the warehouse to a customs station for export, the one-time-lock as per sub-regulation (1) shall be affixed by the licensee.

REGULATION 10. Receipt of goods from customs station. — (1) Upon receipt of goods at a warehouse from a customs station, the licensee shall, -

(i) verify the one-time-lock affixed by the proper officer at the customs station on the load compartment of the means of transport carrying the goods to the warehouse;

(ii) inform the bond officer immediately if the one-time-lock is not found intact, and refuse the unloading of the goods;

(iii) allow unloading, provided the one-time-lock is found intact and verify the quantity of goods received by reconciling with the bill of entry for warehousing;

(iv) report any discrepancy in the quantity of the goods within twenty-four hours to the bond officer;

(v) endorse the bill of entry for warehousing with the quantity of goods received and retain a copy thereof;

(vi) acknowledge the receipt of the goods by endorsing the transportation document presented by the carrier of the goods and retain a copy thereof; and

(vii) take into record the goods received.

(2) Upon taking into record the goods received in the warehouse, the licensee shall cause to be delivered an acknowledgement to the proper officer referred to in sub-section (1) of section 60 and to the bond officer regarding the receipt of the goods in the warehouse.

REGULATION 11. Receipt of goods from another warehouse. — Upon receipt of goods from another warehouse, the licensee shall, -

(i) verify the one-time-lock affixed on the load compartment of the means of transport carrying the goods to the warehouse;

(ii) inform the bond officer immediately if the one-time-lock is not found intact and refuse the unloading of the goods;

(iii) allow unloading, provided the one-time-lock is found intact and verify the quantity of goods received by reconciling with, -

(a) in case of goods received from a unit operating under section 65, the Form appended to these regulations;

(b) in case of goods received from a warehouse not operating under section 65, the Form as prescribed under the Warehoused Goods (Removal) Regulations, 2016;

(iv) report any discrepancy in the quantity of the goods within twenty-four hours to the bond officer;

(v) endorse the Form for transfer of goods from a warehouse with quantity received and retain a copy thereof;

(vi) acknowledge the receipt of the goods by endorsing the transportation document presented by the carrier of the goods and retain a copy thereof;

(vii) take into record the goods received; and

(viii) cause to be delivered, copies of the retained documents to the bond officer and to the warehouse keeper of the warehouse from where the goods have been received.

REGULATION 12. Receipt of domestically procured goods. — Upon receipt of the domestically procured goods, the licensee shall take into record the goods received.

REGULATION 13. Transfer of goods from a warehouse. — (1) A licensee shall allow transfer of warehoused goods to another warehouse or to a customs station for export, with due intimation to the bond officer on the Form for transfer of goods from a warehouse.

(2) Upon intimation to the bond officer as sub-regulation (1), the licensee shall, -

- (i) allow removal of the goods and their loading onto the means of transport;
- (ii) affix a one-time-lock to the means of transport;
- (iii) endorse the number of the one-time-lock on the Form and retain a copy thereof;
- (iv) endorse the number of the one-time-lock on the transport document and retain a copy thereof;
- (v) take into record the removal of the goods; and
- (vi) cause to be delivered, copies of the retained documents to the bond officer.

REGULATION 14. Removal of resultant goods for home consumption. — (1) A licensee may remove the resultant goods from warehouse for home consumption :

Provided that a bill of entry for home consumption has been filed in respect of the warehoused goods contained in so much of the resultant goods and the import duty, interest, fine and penalties payable, if any, in respect of such goods have been paid.

- (2) The licensee shall retain a copy of the bill of entry filed and take into record the goods removed.

REGULATION 15. Removal of resultant goods for export. — (1) A licensee shall remove the resultant goods from the warehouse for export, upon, -

- (i) filing a shipping bill or a bill of export, as the case may be; and
- (ii) affixing a one-time-lock to the load compartment of the means of transport in which such goods are removed from the warehouse.

- (2) The licensee shall take into record the goods removed.

REGULATION 16. Conditions for due arrival of goods. — The licensee of the goods shall produce, -

(i) to the proper officer within one month of the order issued under sub-section (1) of section 60, or within such extended period as such officer may allow, an acknowledgement that the goods have been deposited in the warehouse;

(ii) to the bond officer in charge of the warehouse, within one month from the date of removal of the goods from the warehouse or within such extended period as such officer may allow, an acknowledgement issued by the licensee of the warehouse to which the goods have been removed, stating that the goods have arrived at that place;

(iii) to the bond officer in charge of the warehouse, within one month from the date of removal of the goods from the warehouse or within such extended period as such officer may allow, an acknowledgement issued by the proper officer at the customs station of export, stating that the goods have arrived at that place,

failing which, the owner of such goods shall pay the full amount of duty chargeable on account of such goods together with interest, fine and penalties payable under sub-section (1) of section 72.

REGULATION 17. Maintenance of records in relation to warehoused goods. — (1) A licensee shall, -

(i) maintain detailed records of the receipt, handling, storing, and removal of any goods into or from the warehouse, as the case may be, and produce the same to the bond officer, as and when required;

(ii) keep a record of each activity, operation or action taken in relation to the warehoused goods;

(iii) keep a record of drawal of samples from the warehoused goods under the Act or any other law for the time being in force; and

(iv) keep copies of the bills of entry, transport documents, Forms for transfer of goods from a warehouse, shipping bills or bills of export or any other documents evidencing the receipt or removal of goods into or from the warehouse and copies of the bonds executed under section 59.

(2) The records and accounts required to be maintained under sub-regulation (1) shall be kept updated and accurate and preserved for a minimum period of five years from the date of removal of goods from the warehouse and shall be made available for inspection by the bond officer or any other officer authorised under the Act.

(3) A licensee shall also preserve updated digital copies of the records specified under sub-regulation (1) at a place other than the warehouse to prevent loss of records due to natural calamities, fire, theft, skilful pilferage or computer malfunction.

(4) A licensee shall file with the bond officer a monthly return of the receipt, storage, operations and removal of the goods in the warehouse, within ten days after the close of the month to which such return relates.

REGULATION 18. Audit. — The proper officer may conduct audit of a unit operating under section 65 in accordance with the provisions of the Act and the rules made thereunder.

REGULATION 19. Penalty. — If a person contravenes any of the provisions of these regulations, or abets such contravention or fails to comply with any of the provision of these regulations, he shall be liable to a penalty in accordance with the provisions of the Act.

REGULATION 20. Power to exempt. — The Board, having regard to the nature of the goods, their manner of transport or storage, may exempt a class of goods from any of the provisions of these regulations.