

## **Indirect Tax Alert** Perspective everything

**Removal of mandatory warehousing requirement for EOUs, STPIs, EHTPs etc.**

**Issue no:** IDTX/8/2016

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## **Amendment in Procedural Requirement**

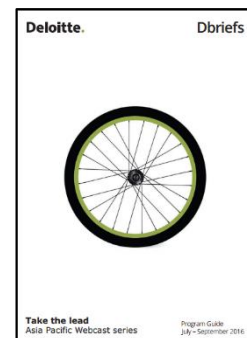
- Currently STPI, EOU, EHTP and BTP ('Units') are governed by Notification No. 52/2003- Customs, dated 31 March 2003, as amended, which exempts specified goods when imported for use in the units, from payment of Customs duties, subject to various conditions stated therein. The said notification provides for warehousing of imported goods, to be used by the units in their permitted operations.
- The Units, therefore, obtain a license as a warehouse under Section 58 of the Customs Act, 1962 ('Customs Act') and carry on manufacturing operations or provide services.
- However, in line with the Government's Make in India initiative as a measure of improving the 'ease of doing business', the compliance requirements with respect to warehousing provisions by these units are abolished and as an effect, these units would stand de-licensed as warehouses under the Customs Act with effect from 13 August 2016 (Notification no. 44/2016- Customs And Circular No. 35/2016- Customs).
- These Units would no longer be required to maintain Bond Register as applicable to other licensed warehouses. Also, the system of sending re-warehousing certificate to the Customs Station of import has been done away with.
- All the details regarding receipt, storage, processing and removal of goods is required to be maintained in electronic form. Furthermore, these Units will have to furnish details of all transactions for a month to proper officer, each month (by the 10th of month) in a CD or Pen drive, as convenient to the unit.
- In place of re-warehousing certificate procedure, Units will now have to obtain / furnish procurement certificate or pre-authenticated procurement certificate at customs station, at the time of import. Thereafter, the Units are required to submit relevant bills of entry to jurisdictional office which will reconcile imports with procurement certificates.
- Above procedure is also required to be followed in case of transfer of goods (capital goods, inputs and manufacture goods) between two Units
- Further, Foreign Trade Policy 2015-2020 ('FTP'), Handbook of Procedure 2015-2020 and Aayat Niryat Forms of FTP have also been amended to this effect. (Notification No. 23/2015-2020 and Public Notice No. 25/2015-2020)
- However, the basic conditions stipulated and the procedural compliances prescribed in the notifications issued under customs permitting duty free procurement of inputs and capital goods by these Units are still required to be fulfilled. The

relaxation to the Units is only in respect of the warehousing provisions to which these Units were subjected to till 12<sup>th</sup> August 2016.

**Source:** Notification No. 44/2016-Customs, Circular No. 35/2016-Customs dated 29 July 2016 and DGFT, Notification No. 23/2015-2020, DGFT Public Notice No. 25/2015-2020 dated 13 August 2016

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