

F.No.209/16/2001-CX.6

Government of India

Ministry of Finance

Department of Revenue

Central Board of Excise &amp; Customs

29<sup>th</sup> June, 2001

**Subject: Central Excise- Export Warehousing -Specifying conditions, procedures, class of exporters and places under sub-rule (2) of rule 20 of Central Excise (No.2) Rules, 2001 read with Notification No. 46/2001-Central Excise(N.T.) dated 26<sup>th</sup> June, 2001.**

I am directed to say that in pursuance of sub-rule (1) of rule 20 of the Central Excise (No.2) Rules, 2001 the Board has issued notification no. 46/2001-Central Excise (N.T.) dated 26<sup>th</sup> June, 2001 which will come into force on 1<sup>st</sup> July, 2001, whereby the warehousing provisions have been extended to all excisable goods specified in the First Schedule to the Central Excise Tariff Act, 1985 intended for storage in a warehouse registered at such places as may be specified by the Board and export therefrom. In pursuance of the above-mentioned notification the Board is hereby specifies the places and class of persons to whom the provisions of the notification No.46/2001-Central Excise(N.T.) dated 26<sup>th</sup> June, 2001 shall apply and also in pursuance of sub-rule (2) of rule 20, the Board hereby specifies the conditions (including interest), limitations, safeguards and procedures:

**2. Application of the notification no.46/2001-Central Excise (N.T.) dated 26<sup>th</sup> June, 2001:** The facilities under this notification shall be applicable to the following exporters and places, namely: -

(1)	<b>Exporters:</b> The exporters who have been accorded status of Super Star Trading House or Star Trading House, the foreign departmental stores of repute and the automobiles manufacturers who have signed Memorandum of Understanding with Directorate General of Foreign Trade in the Ministry of Commerce and Industry.
(2)	<b>Places:</b> The warehouses may be established and registered in Ahmedabad, Bangalore, Calcutta, Chennai, Delhi, Hyderabad, Jaipur, Kanpur, Ludhiana, District of Pune and Mumbai.

### 3. Conditions:

3.1 Where any goods are diverted to home consumption from the warehouse, interest shall be charged at the rate of twenty four per cent per annum on the duty payable, calculated from the date of clearance from the factory of production or any other premises approved by the Commissioner, till the date of payment of duty and clearances; and

3.2 The exporter shall furnish a general Bond (B-3) under rule 19 of the Central Excise (No.2) Rules, 2001 read with notifications issued thereunder, backed by twenty five per cent security of the bond amount.

### 4. Procedure:

#### 4.1 Registration

4.1.1 The exporter shall make a written request along with application for registration under rule 9 to the Commissioner for allowing to establish a export warehouse under this provision. The Commissioner may cause an enquiry to be made in respect of the security of the premise for warehouse indicated by the exporter in the application. If found in order, the Commissioner will accord his approval subject to such directions, terms and manners as he may specify and forward the application to the jurisdictional Superintendent of Central Excise through the jurisdictional Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise (having jurisdiction over the premise) within seven working days of the receipt of the application.

4.1.2 The registration certificate containing registration number will be issued by the jurisdictional Superintendent of Central Excise immediately on receipt. Procedure relating to registration will be same as notified in Notification No.36/2001-Central Excise (N.T.) dated 26.6.2001.

#### 4.2 Execution of bond

4.2.1 Every exporter registered in the aforesaid manner, shall execute before the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise having jurisdiction over the warehouse a general bond under Rule 19 of the Central Excise (No.2) Rules, 2001 for export of goods from the warehouse in the B-3 Bond (General Security) Form annexed to this Circular at Annexure-I. The exporter availing this scheme shall be required to furnish security equal to 25% of the bond amount. In case any bank guarantees are furnished, it shall be the sole responsibility of the exporter to renew its validity.

4.2.2 A "Running Bond Account " will be opened in the format specified at Annexure-II. This register shall be maintained by

the exporter in the warehouse and shall be made available to the officer-in-charge or officers of Internal Audit for scrutiny and checkings.

## **5. Warehousing Procedure**

5.1 For removal of excisable goods from a factory or any other premise approved by the Commissioner to a warehouse, procedure laid down in Circular No. 579/16/2001-CX dated 26.6.2001 issued under rule 20 of the said rules will be applicable. It is clarified that the Notification No. 46/2001-CE(NT) dated 26.6.2001 do not cover removal from one warehouse to another.

5.2 The Central Excise Officer in-charge of the warehouse will issue certificate in duplicate of removal in the Form CT-2 specified at Annexure-III indicating details of the general bond executed by the exporter. The CT-2 shall bear per-printed serial numbers running for the whole financial year beginning on the 1st April of each year. The said officer will issue twenty five CT-2 certificates at a time, signing each of the leaf with the official stamp. More certificates can be issued if it is so requested by the exporter on the grounds of large number of procurements. The exporter will fill up the relevant information in CT-2. After making provisional debit in the Running Bond Account, he will indicate the same in the CT-2. One copy of CT-2 will be forwarded to Officer-in charge of the warehouse. One copy will be sent to the consignor and one copy will remain with the exporter.

5.3 The consignor will prepare an application for removal in the Form specified in Annexure-IV (hereinafter referred to as ARE-3) and an invoice (under rule 8 taking into account CT-2 certificate) and follow the procedure specified in Circular No. 579/16/2001-CX dated 26.6.2001 issued under rule 20. The serial number of the corresponding CT-2 shall be mentioned on the top of the each copy of ARE-3. Any nominal variations between the provisional debit indicated in the CT-2 and the actual duty involved in the goods removed as indicated in ARE-3, can be ignored. Immediately on receipt of goods, the provisional debit shall be converted into actual debit on the basis of the details mentioned in ARE-3.

5.4 The officer-in-charge of the warehouse will countersign application and despatch to the Range Office having jurisdiction over the factory / other approved premise of removal within one working day of receipt of the application. He will make suitable entry in his own record accordingly.

5.5 The assessee shall maintain private record (Warehousing Register) containing information relating to details of ARE-3 and invoice, date of warehousing certificate, description of goods received including marks and numbers, quantity, value, amount of duty, details of operation in the warehouse and new packages and their marks and number, clearance from the warehouse for export (ARE-1 No., Invoice No., quantity, value, duty) and clearance for home consumption. They shall produce this Register to the Central Excise Officers in-charge of the warehouse whenever required.

### **5.6 Goods supplied by an SSI Unit exempted from Registration :**

An SSI Unit exempted from registration under rule 9 of the said rules will also prepare ARE-3 against CT-2 in the same manner as mentioned in Para 5.3 A against CT-2 in the same manner as mentioned in Para 5.3 above except that he will use his own invoice. Registration under rule 9 shall not be insisted merely because such units prepare ARE-3. The Warehousing Certificate forwarded to the Range Office having jurisdiction over such SSI Unit shall be retained in the office and will be tallied with the details submitted by the SSI Unit in the quarterly statement as specified in Board's Circular No. 212/46/96-CX dated 20th May, 1996 (F.No. 209/18/96-CX.6), which will continue to be applicable under Central Excise (No.2) Rules, 2001. The clearances on those ARE-3 in respect of which Warehousing Certificate is not received within ninety days of removal or such extended period as the Commissioner may allow, will be treated as clearances for home-consumption. If the Warehousing Certificate is subsequently produced, the clearances, which were treated as "clearance for home consumption" as aforesaid, shall be expunged.

## **6. Receipt of goods in warehouse**

6.1 Receipt of goods will be governed by the procedure specified Circular No. 579/16/2001-CX dated 26.6.2001 issued under rule 20.

6.2 Ten percent of the consignments, subject to minimum of two, received in a month will be randomly selected, spread over the entire month, for verification by officer-in-charge after the receipt of the written intimation.

## **7. Packing, re-packing, labelling or re-labelling within the warehouse:**

7.1 These operations in relation to excisable goods received and stored in the warehouse will be also be governed by the procedure specified under rule 20. Suitable entries must be made meticulously in the Export-Warehouse register. In case of non-reconciliation of quantity, after adjusting any wastage or refuse, the differential quantity shall be treated as unaccounted and action for recovery of duty will be initiated.

7.2 The exporter may procure packing or labeling material and bring into the warehouse under the warehousing procedure itself. No duty paid goods will be permitted to be brought into the warehouse.

7.3 Where the process of packing, repacking, labelling or relabelling amounts to manufacture in terms of the provisions of the Central Excise Tariff Act, 1985, its repercussions on the goods permitted for clearance for home consumption shall be determined, and assessment shall be done accordingly.

## **8. Storage :**

Goods brought under the cover of each ARE-3 shall be stored separately or proper accountal shall be maintained, till these are exported or diverted for home-consumption.

## **9. Clearance of goods for export outside India :**

9.1 For the export of goods from the warehouse, the procedure relating to preparation of application for export (ARE.1) , examination and sealing, acceptance of proof of export etc. shall be governed by notification No. 42/2001-Central Excise (N.T.) dated 26.6.2001 and instructions applicable for this notification.

9.2 The requisite copies of application will be filed with the Assistant Commissioner having jurisdiction over the warehouse and with whom the Bond was executed, for acceptance of proof of export and issue of a certificate to this effect.

9.3 The credit in Running Bond Account shall be made by the exporter on the basis of the application (ARE.1) duly endorsed by Customs at the place of export evidencing that the goods have actually been exported. The exporter will submit list of ARE.1 along with the date of export for the goods exported in each month, within six months of the removal from the warehouse and the original copies of ARE.1. The exporter shall be liable to pay duty with interest where such proof of export is not available with him within six months from the date of removal from the warehouse.

9.4 The Superintendent in-charge of the warehouse is empowered to issue certified attested copies of ARE.1 [more than one copies may be required by exporter as one application (ARE.1) may consist of goods of several ARE-3s] and hand over to the exporter for forwarding to the factory whose goods were exported so that such factories can avail other export benefits, such as refund of CENVAT credit accumulated on account of export in terms of the CENVAT Credit Rules, 2001. This refund will be given only after goods covered on an ARE-3 is entirely exported. In case of any diversion to home-consumption, refund will be reduced on pro-rata basis.

9.5 On request from exporter, copies of proof of export may be sent directly, by post to the Range Office having jurisdiction over the factory or sanded over to the exporter in sealed cover for delivery to such Range Office.

9.6 It is clarified that the photocopies of the Shipping Bill/ Export Application and Bill of Lading duly attested by the Superintendent in-charge of the Warehouse along with certificate of proof of export should be accepted as valid documents for the purposes of refund of accumulated credit under the CENVAT Credit Rules, 2001 on account of exports without payment of duty. The proof of export received directly/ official sealed cover from the Superintendent in-charge of the warehouse may be used to verify the authenticity.

9.7 Where neither the duplicate copy of ARE.1 nor the original copy of ARE-1 duly attested at the port of export, are made available within the time stipulated period of six months, it shall be taken that export of goods cleared from warehouse has not taken place. The demand shall be raised by the Assistant/Deputy Commissioner having jurisdiction over the warehouse (jurisdictional Assistant/Deputy Commissioner) for non-fulfilment of the conditions of bond executed by the exporter.

## **10. Diversion of goods for home-consumption :**

10.1 Goods can be diverted for home-consumption from the warehouse with the permission of the jurisdictional Assistant/Deputy Commissioner. The clearance shall be effected on invoice prepared under rule 8 on payment of duty, interest and any other charges on TR-6 Challans and after making necessary entries in the export warehouse register maintained by the exporter in the warehouse. Credit will be permitted in the Running Bond Account equivalent to the duty involved in the goods so diverted, which shall not exceed amount of duty debited on the basis of ARE-3 on which such goods were received in the warehouse. If entire quantity is not diverted, calculation shall be done on pro-rata basis.

10.2 Goods can be diverted for home-consumption even after the clearance from the warehouse on ARE.1. For cancellation of documents, provisions of notification no. 46/2001-CE(NT) dated 26.6.2001 shall be followed. The intimation shall be given to Assistant/Deputy Commissioner having jurisdiction over the warehouse. Credit in Running Bond Account will be permitted in the same manner as mentioned on Para 10.1 above.

10.3 Where the goods are diverted for home-consumption in full or in part the exporter shall be liable to pay interest @24% per annum on the amount of duty payable on such goods from the date of clearance from the factory of production or any other premises approved, till the date of payment of duty and clearance.

## **11. Waiver of physical warehousing in case of exigency:**

The officer- in-charge of the warehouse may permit waiver from physical warehousing (i.e. permitting export without physically storing the goods in the warehouse) where exporter so requests in writing provided all the formalities relating to record-keeping shall be completed in usual manner with suitable record in the Warehousing Register: "warehousing waived". This permission will be given in exceptional cases where delay occurred due to delayed supply from the factory or longer transit-period or requirement of immediate export or any other genuine reasons, provided the entire consignment is entered for export in the original packing. Such cases of permission granted will be reported to Superintendent-in-charge of the warehouse at the earliest.

## **12. Providing of accommodation for the Officer:**

The exporter shall provide adequate office accommodation and furniture for the Officer deployed for examination and supervision, in the warehouse. Where the exporter is willing to bear the cost of the posting of Officers on "cost recovery basis",

the deployment may be considered by the Commissioner, depending upon the administrative feasibility.

13. These instructions shall come into effect on 1<sup>st</sup> July, 2001 in supersession of Circular No.422/55/98-CX dated 21.9.98.
14. The field formations may suitably be informed.
15. Receipt of this Circular may please be acknowledged.
16. Hindi version will follow.

<a href="#">Annexure-I</a>	<a href="#">Annexure-II</a>	<a href="#">Annexure-III</a>	<a href="#">Annexure-IV</a>
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