



Central Board of Indirect Taxes & Customs

Department of Revenue, Ministry of Finance, Government of India


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Circular No. 422/55/98-CX
dated 21/9/1998

F.No. 209/48/97-CX.6

Government of India
Ministry of Finance
Central Board of Excise & Customs

Subject: Central Excise- Clearance of goods intended for storage in a warehouse and export therefrom under Notification NO. 26/98-CE (NT) dated 15th July 1998 - regarding-

I am directed to draw your attention to Notification No. 26/98-CEE (NT) dated 15th July, 1998 and Order Nos. 10/98-Central Excise 23rd July, 1998 and 11/98-Central Excise dated 10th August, 1998, both issued thereunder, relating to extension of the provisions of Chapter VII of the Central Excise Rules, 1944 to excisable goods specified in the Schedule to the Central Excise Tariff Act, 1985 for storage in a warehouse and export therefrom. In this regard, the salient features of the Scheme and the procedure to be followed are given as under:

2. Applicability of the Scheme

2.1 The Scheme is applicable to excisable goods falling in the Schedule to the CETA, 1985 (S of 1998), exclusively for the purpose of export of such goods from the warehouse registered for this purpose.

2.2 The exporters who have been accorded status of Super Star Trading House or Star Trading House and the foreign departmental stores of repute, are presently eligible to obtain approval and registration of warehouse from the Commissioner in terms of the provisions of rule 140 of the said rules.

2.3 The warehouses may be established and registered in Ahmedabad, Bangalore, Calcutta, Chennai, Delhi, Hyderabad, Jaipur, Kanpur, Ludhiana and Mumbai.

3. Registration

3.1 An application shall be made by the exporter to the Commissioner in the Form R-1 (Central Excise Series No.3) to get himself registered under rule 140 read with rule 174 of the said rules.

3.2 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 under the provisions of rule 140 of the said rules and forward the application to the Assistant Commissioner having jurisdiction over the premise **within seven working days of the receipt of the application.**

3.3 The registration certificate will be issued by the Assistant Commissioner in the Form specified in Annexure-I within one working day of the receipt. Any amendment in the certificate can be made by the jurisdictional Superintendent only after the concurrence of the Assistant Commissioner.

4. Execution of bond

4.1 Every exporter registered in the aforesaid manner, shall execute before the Assistant Commissioner of Central Excise a general bond under Rule 14 of the Central Excise Rules for export of goods from the warehouse in the B-1 (General Security) Form [modified] annexed to this Circular at Annexure-II. Notwithstanding Board's instructions contained in Circular No. 284/118/96-CX dated 31st December, 1996, the exporter shall also 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 A "Running Bond Register" will be opened in the format specified at Annexure-III. This register shall be maintained by the Superintendent in-charge of the warehouse. A similar register shall be maintained as mentioned in Annexure-IV 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 Removal of excisable goods from a factory or any other premise approved by the Commissioner to a warehouse : Procedure laid down under rule 156A as modified by rule 173N of the said rules will be applicable. It is clarified that the Notification No. 26/98-CE(NT) dated 15.7.98 **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-1 (modified) specified at Annexure-V indicating details of the general bond executed by the exporter. The CT-1 (modified) 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-1 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-1 (modified). After making provisional debit in the Running Bond Account, he will indicate the same in the CT-1 (modified). One copy of CT-1 (modified) 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 (AR-3A) and an export invoice (under rule 52A) taking into account CT-1 (modified) certificate and follow the procedure under rule 156A as modified by rule 173N. The serial number of the corresponding CT-1 (modified) shall be mentioned on the top of the each copy of AR-3A. Any nominal variations between the provisional debit indicated in the CT-1 (modified) and the actual duty involved in the goods removed as indicated in AR-3A, 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 AR- 3A.

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.

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5.5 A Warehousing Register shall be maintained by the assessee in the form specified at Annexure VI which will be in lieu of W.R.G.2 prescribed at series no. 81 of the List of Central Excise Forms in Appendix-I of the Central Excise Rules, 1944.

5.6 Goods supplied by an SSI Unit exempted from Registration

An SSI Unit exempted from registration under rule 174 of the said rules will also prepare AR-3A against CT-1 (modified) in the same manner as mentioned in Para 5.3 A against CT-1 (modified) in the same manner as mentioned in Para 5.3 above except that he will use his own invoice. Registration under rule 174 shall not be insisted merely because such units prepare AR-3A. 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). The clearances on those AR-3A 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 was 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 provisions of rule 141 as modified by rule 173N.

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 D-3 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 governed by the provisions of rule 143 as modified by rule 173N. Suitable entries must be made meticulously in the Export-Warehouse register. In case of non-reconciliation of quantity (Column 5 & 8A), 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 labelling 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 an AR-3A shall be stored separately till these are exported or diverted for home-consumption. A stock-card shall be maintained in the format given in Annexure-VII. In cases of change in marks & numbers, size of packaging, number of packets/containers due to any processing (packing/ repacking/ labelling / relabelling), the same should be suitably indicated in a new stock-card while retaining the original stock-card appended to the new-stock-card. These details shall also be recorded in the Export- Warehouse register.

9. Clearance of goods for export outside India

9.1 For the export of goods from the warehouse, the procedure relating to preparation of AR-4, examination and sealing and acceptance of proof of export specified under Board's Circular No. 87/87/94 dated 26th December, 1994 as amended from time to time.

9.2 The requisite copies of AR-4 (Para 10.1 of the aforementioned Circular) will be filed with the Assistant Commissioner having jurisdiction over the warehouse and with whom the B-1 Bond (modified) 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 on the basis of the certificate of the proof of export.

9.4 The Superintendent in-charge of the warehouse is empowered to issue certified attested copies (more than one copies may be required by exporter as one AR-4 may consist of goods of several AR-3As) 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 encashment of MODVAT credit accumulated on account of export in terms of rule 57F (13) of the said rules. This refund will be given only after goods covered on an AR-3A 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 handed 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 under Notification No. 85/87-CE dated 1.3.87, as amended. 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 duplicate copy of AR-4 nor original copy of AR-4 duly attested at the port of export, are available within the time stipulated under rule 4A, it shall be taken that export of goods cleared from warehouse has not taken place. The demand shall be raised by the Assistant Commissioner having jurisdiction over the warehouse (jurisdictional Assistant 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 Commissioner. The clearance shall be effected on invoice prepared under rule 52A on payment of duty, interest and any other charges, on TR-6 Challans and after making necessary entries in the Export Warehouse register. Credit of duty 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 AR-3A 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 after the clearance from the warehouse on AR-4. For cancellation of documents, the procedure contained in Board's Circular 87/87/94, supra, at Para 12 may be followed. The intimation shall be given to Assistant Commissioner having jurisdiction over the warehouse. Credit in Running Bond Account will be permitted in the same manner as mentioned on Para 9.1 above.

10.3 Where the goods are diverted for home-consumption in full or in part the exporter shall be liable to pay interest @18% 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 Remarks column : "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 and where 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.

13. However, any instructions of this Circular shall prevail.

Sd/-
(P.K. Sinha)

Form R-2 (Modified)

Proforma of Registration Certificate of Export Warehouse
(Rule 140 read with rule 174)

Serial No.

Range:
Division:
Commissionerate:

Mr./ Messrs of having undertaken to comply with the provisions of the Central Excise Rules, 1944, and any orders issued thereunder, hereby certified to have registered with the Central Excise Department to establish a private export warehouse for deposit of excisable goods on which duty has not been paid and export therefrom as detailed in the schedule.

2. The Certificate is valid only for the premises and purposes specified in the Schedule and for no other purposes and premises.
3. Registration Certificate is Non-transferable.
4. No. Corrections in the certificate will be valid unless ordered and attested by the Superintendent of Central Excise.
5. This certificate shall remain valid till the holder carries on the activity for which the certificate has been issued or surrenders the certificate whichever is earlier.
6. The grant of this certificate shall be without prejudice to the rights of any other person over the registered premises or warehouse to which such person may be lawfully entitled.

Schedule to the Registration Certificate

1. Name and address of the person to whom the registration certificate has been granted:
2. Address and specification of the premises:

Place:

Date:

Signature of the Registering Authority
Annexure-IIRange _____
Division _____
Commissionerate _____

From B-1 (General Security) [Modified]

Bond for the due despatch of excisable goods removed for warehousing
and export therefrom to a foreign country without payment of duty
(Rule 14)

(Delete the letters and words not applicable)

I/ We of [hereinafter called the obligor (s)] am/ are jointly and severally bound to the President of India in the sum of rupees to be paid to the President of India for which payment. I/we jointly and severally bind myself/ ourselves and my/our legal repre-sentatives.

The above bounden obligor (s) being permitted to remove the excisable goods from time to time conditional on the provisions of Central Excise Rules, 1944, being observed, without payment of duty from the registered factory/ any other premises approved by Commissioner at for warehousing at and exportation there from.

Whereas the Commissioner of Central Excise at [hereinafter called the Commissioner] has required the obligor (s) to deposit as security for the amount of this bond, the sum of rupees in cash or securities as hereinafter mentioned of a total face value of rupees endorsed in favour of the President of India and accepted on this behalf by the Commissioner, Additional Commissioner, Deputy Commissioner or Assistant Commissioner of Central Excise, namely: and whereas the obligor (s) has/ have furnished such guarantee by depositing with the Commissioner the cash/ security as aforementioned.

The condition of this bond is that the obligor (s) and his/ their legal representatives shall observe all the provisions of the Central Excise Rules 1944, and all such amendments thereto, as may be issued from time to time to be observed in respect of excisable goods removed.

And if the said goods are duly removed from the factory or any other premise as may be approved by the Commissioner, warehoused at and exported from the aforesaid warehouse within such period as the Commissioner directs,

And all such dues whether excise duty or other lawful charges as shall be fixed by the Commissioner of Central Excise and payable on the said goods or any portion or portions thereof are paid by TR-6 challans in the nominated bank(s) by the obligor (s) to the account of the Commissioner within ten days of the date of demand thereof being made in writing by the said Commissioner.

This obligation shall be void.

Otherwise, and on breach or failure in the performance of any part of this condition, the same shall be in full force.

And the President of India shall, at his option be competent to make good all the loss and the damages enforcing his rights under the above written bond.

I/We declare that this bond is given under the orders of the Central Government for the performance of an act in which the public are interested.

Signature (s) of Obligor (s)

Place:

Date:

Witnesses

(1)

Address (1)

Occupation (1)

(2)

Address (2)

Occupation (2)

Accepted by me this day of 19.....
[..... of Central Excise]
[for and on behalf of the President of India]

**Proforma of Running Bond Account to be maintained by Assistant
Commissioner of Central Excise/ Range Officer in - Charge of the
Warehouse in respect of B-1
(General Security) Bonds [Modified]**

1. Name of the Exporter
2. Address of the Exporter
3. Details of B-1 Bond [Modified]

	Bond No.	Bond Amount	Security Amount
(1)
(2)
(3)

Entry No.	Date	Opening Balance	Credit	Debit	Balance	Remarks	Signature of Asstt. Commr / Range Officer
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

1. Debit & Credit entries should be entered in separate lines.
2. Opening Balance is the amount of Bond as soon as it is executed and accepted.
3. Provisional debit entry shall be made after the receipt of copy of CT-1A issued by the exporter indicating such debit. Suffix "P" may be added to indicate provisional debit.
4. The provisional debit will be converted into actual debit on receipt of AR-3A.
5. Credit entry shall be made on acceptance of proof of export of execution of fresh bond.
6. The bond amount, security amount, opening balance, credit, debit and balance will be indicated in rupee terms.

Annexure- IV

**Proforma of Running bond Account to be maintained by Exporter in the
Warehouse in respect of B-1 (General Security) Bonds [Modified]**

1. Name of the Exporter
2. Address of the Exporter
3. Details of B-1 Bond [Modified]

	Bond No.	Bond Amount	Security Amount
(1)
(2)
(3)

Entry. No.	Date	Opening Balance	Credit	Debit	Balance	Remarks	Signature of exporter or his agent
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

1. Debit & Credit entries should be entered in separate lines.
2. Opening Balance is the amount of Bond as soon as it is executed and accepted.
3. Provisional debit entry shall be made at the time of issue of CT-1A. Suffix "P" may be added to indicate provisional debit.
4. The provisional debit will be converted into actual debit on receipt of AR-3A.
5. Credit entry shall be made on acceptance of proof of export or execution of fresh bond.
6. The bond amount, security amount, opening balance, credit, debit and balance will be indicated in rupee terms.

Annexure-V

Serial No.....
(Pre-printed)

Form C.T.1 [Modified]

**Certificate of Removal of Goods to Export Warehouse
(Rule 156)**

- (1) This is to certify that Mr. / Messers (name and address) is / are holder (s) of private Export Warehouse in this range.
- (2) His/ their registration No. is

(3) He/ they has/ have executed B-1 (General Security) bond [modified] with the Assistant Commissioner of Central Excise (address, phone number, e-mail address) for a sum of rupees (in both words and figures), which has been accepted in F.No. on (date).

Address of the Ragne

..... of Central

Officer

Excise of the Consignee Warehouse

(Central Excise Seal)

To be Filled by the Assessee for Procuring Goods

Name and address of the factory

ECC No. of the factory

Details of the goods to be procured

1. Description:

2. Quantity:

3. Value:

4. Duty involved:

I hereby declare that I have made a provisional debit of rupees (in both words and figures) in the Running Bond Account at serial No.

(Signature of the Exporter(s)
or his/ their authorised agents.

Annexure-VI

Page No.

Export-Warehouse Register

Name and address of the Warehouse Owner

Sl. No.	Manufacturer's details				Description of goods with Tariff heading/ Sub-heading	Marks and No.
	AR-3A No. & date	Invoice No. & date	Address & E.C.C. No.	Date of Warehousing Certific		
(1)	(2a)	(2b)	(2c)	(2d)	(3)	(4)
Quantity	Value	Amount of duty (deferred)		Operation in warehouse		
				Qut. used	No. of packages/ and Qty. in each package	New Marks Nos.
(5)	(6)	(7)		(8a)	(8b)	(8c)

Clearances From the Warehouse

(I) For export					(II) For home consumption/ Adjustments				
AR-4 No. & date	Invoice No. & date	Quantity	Value	Duty	Invoice No. & date	Quantity	Value	Duty	Interest
(9a)	(9b)	(9c)	(9d)	(9e)	(10a)	(10b)	(10c)	(10d)	(10e)
Balance					Initial		Remarks		
(11)					(12)		(13)		

Note:

- There should be one entry on one page AR 3A-wise. In case there is no possibility of vertical entries (rows) more than one entry, can be made on one page.
- Quantity should be mentioned along with the unit of measurement.
- The value, duty and interest shall be mentioned in rupee terms.
- In case of any operation in the warehouse, quantity mentioned at Sl. No. 5 and those at Sl. No. (8a) should tally.
- Any shortage/ loss has to be delt as per the provisions of the Central Excise Rules, 194 and instructions issued by the Board or the Commissioner, Column (10a) to (10e) can be used to indicate the adjustments.
- The goods brought under AR-3A should be fully accounted for by way of export or in exeptional cases by diversion to home - consumption or losses due to force majeure. Once "BALANCE" becomes "Nil" the entry should be closed.

7. The date of issue of re-warehousing certificate shall be indicated in Column (2d) and the officer incharge who signs the certificate or who is on duty shall put his signature in "Remarks" column to certify its correctness.
8. The owner or his authorised signatory will keep this register upto-date and for each entry made, he will put his initial with date in column (12).
9. In case of waiver from physical warehousing, indicate in the remarks column.

Annexure-VII**Stock Card**

(Name of Exporter and Address of the Warehouse)

Registration No. _____

Stock Card No. :
 Page Number & Serial No.
 of Export Warehouse Register:
 AR-3A Number & Date:
 Manufacturer's Name & Address:

Description of Goods	Receipts		Issues		Balance		Remarks
	No. of packages/ Containers	Quantity*	No. of packages/ containers	Quantity	No. of packages/ Containers	Quantity*	
(1)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)	(5)

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