

Warehousing period of bonded goods — Extension of

F. No. 473/77/89-Cus. VII, dated 9-10-1989

Government of India

Ministry of Finance (Department of Revenue)

New Delhi

Subject : Extension of warehousing period of bonded goods - guidelines regarding.

I am directed to refer to Board's instructions contained in F. No. 473/232/88-Cus. VII, dated 29-11-1988 on the above mentioned subject and to say that these guidelines do not appear strictly being followed in the grant of extensions of warehousing period. In many cases it has been observed that extensions are granted in a routine way. The Board is really concerned about the large inventory of warehoused goods by the importers blocking substantial amount of revenue. Instances have also come to the notice that goods imported for stock and sale are also liberally granted the warehousing facility and extensions are also granted.

2. Board desires that Collectors should carefully scrutinise all the requests for extensions to ensure that extensions are not granted routinely but are granted only in cases where it is really warranted and the goods have to be kept in the warehouse under circumstances beyond the control of the importers such as closure of the factory due to strike, lock-out, floods etc. Financial difficulties of importers should not be regarded as an adequate ground for granting extensions because the importers are well aware that they have to clear the goods after the expiry of the statutory period and hence they should plan for payment of the dues well in time. Liberal extensions of time would upset the Governments 'Budget' and create financial constraints for it. Extensions should also be granted for the minimum period possible.

3. It has been decided that normally requests for extending the warehousing period a second time will not be entertained. However, if the importers for unavoidable reasons mentioned above, request for a second or even subsequent extension of the warehousing period, such requests should be accompanied by a draft/custom house treasury challan to indicate that they have paid the interest on the duty due for the first period of extension. This is to discourage the tendency of the importers to keep the goods in the warehouse for unduly long periods. The interest so collected should be adjusted against the final amount payable at the time of clearance of the goods. Suitable Public notice may be issued by Customs House/Collectorates for compliance by importers.

4. It is also noticed that prompt action is not taken under Section 72 of the Customs Act to recover duty on expiry of the warehousing period. Suitable instructions should be issued to the concerned officers to raise the demands of customs duty with interest within a week of the expiry of the warehousing period and also to take further action u/s 142 of the Customs Act for recovery of the dues from the importers. Senior Officers like Assistant Collectors/Deputy Collectors should periodically scrutinise the warehouse records to ensure that timely action is taken.