

F.No.305/14/2004-FTT
Government of India
Ministry of Finance
(Central Board of Excise & Customs)

Subject: Extension of Warehousing Period of Capital Goods imported by EOU/EHTP/STP-Regd

I am directed to draw your attention to sub-section 1(a) of section 61 of the Customs Act, 1962, wherein it has been provided that capital goods intended for use in the EOU can be kept in the warehouse for a period of 5 years. Extension of such warehousing period may be given by the Commissioner of Customs under proviso (i) to sub-section 1 (b) of above section. It has been brought to the notice of the Board that EOU/ EHTP/STP units have to approach every now and then for getting extension of warehousing period. This keeps the units always under pressure of keeping track of warehousing periods. This practice also distract the attention of the units from export production apart from being a major irritant.

2. The matter has been considered by the Board. The EOUs import capital goods frequently especially in the software development sector to keep pace with the development of technology. The units are required to be always in its toes to apply for extension of warehousing period within the time frame provided in the law. There is no denying that this practice does distract the units attention from export production and the units are always busy in preparation of obtaining timely extension of warehousing to avoid action under law for delay.

3. As you are aware that the EOU/ EHTP/STP units are required to obtain private bonded warehousing licence u/s 58 of the Customs Act. The said licence is valid for a period of 5 years and the units are required to apply for renewal after every 5 years. The Board in order to obviate the difficulties of the EOU/EHTP/STP units has decided to allow extension of warehousing of all the capital goods installed or put into use, simultaneously at the time of renewal of warehousing licences irrespective of the fact that the capital goods are due for extension or not. The period of extension would be allowed for such a period so that the capital goods need further extension only on the date of renewal of warehousing license. The period of extension, therefore may be adjusted accordingly for every piece of capital goods. However the maximum period of extension at a time would not be allowed for a period for more than five years.

[Illustration: In case of an EOU/EHTP/STP unit having obtained a warehousing license on 1.1.99 would fall due for renewal after initial 5 years period on 1.1.2004. In this case,

- (i) Assume a C.G has been warehoused on 1-1-2002. Hence, its extension of warehousing falls due on 1-1-2007
- (ii) The warehousing license under section 58 becomes due for renewal on 1-1-2004, and the same would be renewed for further five year period i.e upto 1-1-2009
- (iii) Extension of warehousing period for C.G at (i) above . would also be given on 1-1-2004 along with renewal of warehousing license for a period upto 1-1-2009.]

4. The notification 52/2003-Cus and 22/2003-CE both dated 31-3-2003 , governing duty free import and procurement of goods respectively, by EOU/EHTP/STP provides that in case the capital goods are not utilised or used within a period of one year from the date of import and procurement or within such extended period not exceeding 5 years allowed by the proper officer on being shown satisfactory ground for not utilizing the goods, the unit would be required to pay duty and interest. This provision of the

notification would remain unaltered. However, while granting extension of capital goods which has not been utilised, the unit may be asked to justify the reason for not utilizing the goods.

5. Nothing contained in this circular would apply in case of raw materials imported/ procured by EOU/EHTP/STP units.6. The difficulty , if any faced in implementation of this circular of the Board , the same may be brought to the notice of the Board immediately.
7. Wide publicity of this instruction may please be given by way of public notice
8. Kindly acknowledge receipt of this circular
9. Hindi version will follow.

Yours faithfully
Ranjit Kumar
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