

F.No.209/08/2011-CX.6

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

Dated the 23<sup>rd</sup> May, 2013

**Subject: Procedure governing the movement of excisable indigenous goods to the Warehouses or retail outlets of Duty Free Shops appointed or licensed under the Customs Act, 1962 – Regarding**

In exercise of the powers conferred under sub-rule (2) of rule 20 of the Central Excise Rules, 2002, the Central Board of Excise and Customs hereby specifies the following conditions, limitations, safeguards and procedures for removal of such excisable goods as allowed herein, to godowns or retail outlets of Duty Free Shops, to which the warehousing provisions have been extended by the Central Government vide Notification No. 07/2013-C.E. (N.T.), dated 23<sup>rd</sup> May, 2013.

**(1) Registration of warehouse:**

(i) The godowns and the retail outlets of Duty Free Shops in the departure/ arrival side of the International Airport appointed/licensed under Section 57 or 58 of the Customs Act, 1962 shall be deemed to be registered under rule 9 of the Central Excise Rules, 2002 for the purpose of warehousing of excisable goods meant for sale to international passengers in terms of the aforesaid notification.

(ii) For the purpose of control over the receipt, storage and sale of such excisable goods, the officers of Customs having jurisdiction over these godowns and retail outlets have been appointed as officers of Central Excise vide notification No. 08/2013-C.E.(N.T.), the dated 23<sup>rd</sup> May, 2013.

**(2) Procedure in respect of excisable goods removed from a factory to a warehouse of Duty Free Shop:**

(i) **Application for obtaining the goods free of duty.** – The owner of Duty Free Shop (hereinafter referred to as consignee) shall make an application in writing to the jurisdictional Assistant/Deputy Commissioner of Customs, stating therein his intention to procure duty free excisable goods directly from the factory of manufacturer, for sale against foreign currency in Duty Free Shops located in the departure halls, or for sale in Duty Free Shops located in the arrival halls *in terms of a notification issued in terms of Section 5A of Central Excise Act, 1944 in this regard*, as the case may be, at the International Airports. The Assistant/Deputy Commissioner of Customs shall grant the permission after causing such enquiries as he may deem fit. The consignee shall then execute a running bond in the form given in Annexure A with such surety or security, as the Assistant/Deputy Commissioner of Customs may approve.

Provided that in the event of death, insolvency or insufficiency of the surety, or where the amount of the bond is inadequate, the Assistant/Deputy Commissioner of Customs may, in his discretion, demand a fresh bond, or, if the security furnished for a bond is not adequate, demand additional security.

(ii) **Issuance of Certificate** - For procuring the excisable goods without payment of duty directly from the

factory, the owner of the Duty Free Shop shall make an application to the jurisdictional Superintendent of Customs, giving the details and quantity of the goods required, the name, address and registration No. of the manufacturer, value of the goods and the Central Excise duty involved thereon. The said officer of customs shall issue a certificate, in triplicate, in the form given in Annexure-B and debit the bond amount accordingly. The original certificate shall be sent by the said Customs officer to the factory from which the goods are to be obtained. The duplicate copy of the certificate shall be sent to the Central Excise Superintendent in-charge of the Range of the aforesaid factory. These copies may be sent to the addressee by handing over the same to the consignee in a tamper proof sealed cover. The certificate shall be serially numbered financial year wise.

**(iii) Removal of goods to duty free shop.** - On receipt of the certificate mentioned in para 2(ii) above, the owner of the factory from where the goods have to be removed (hereinafter referred to as consignor) shall prepare an application in the form given in Annexure-C, in quadruplicate, for removal of the goods mentioning clearly the details of the bond as given in the certificate issued by the Superintendent of Customs. The removal application should be serially numbered. Separate Serial Nos. should be given for each financial year. The Serial Number should be noted on all the copies.

**(iv) Preparation of Invoice and disposal of Annexure- C** The manufacturer or consignor shall also prepare an invoice in terms of Rule 11 of the Central Excise Rules, 2002 in respect of the goods proposed to be removed from his factory and will thereafter remove the goods from the factory. The package shall indicate the address of the consignee and bear the marking ‘For sale in Duty Free Shop at ----- Airport’. The original, duplicate and quadruplicate copy of Annexure-C and original copy of the invoice shall accompany the consignment. The triplicate copy of Annexure-C along with a copy of the invoice shall be sent by the consignor to the Superintendent of Central Excise officer-in-charge of Range of his factory within 24 hours of the removal of the consignment in question. The said Superintendent of Central Excise shall keep a record of the same with him in a register in the format as per Annexure D.

**(vi) Responsibility for further accounting-** After receipt of the goods from the consignor, proper accounting and disposal of the goods shall be the responsibility of the consignee in terms of the Bond.

**(vii) Examination of the consignment on receipt-** The consignee must give intimation of the arrival of the consignment at his premises to the Superintendent of Customs without any delay and should store the same separately and intact, pending examination and check by the said officer. The said officer, after taking account of the goods, will identify them with the marks and numbers, and check the consignment in full. Thereafter, he shall complete the certificate on the original, duplicate and quadruplicate copy of Annexure-C as received along with the consignment. The duplicate copy of Annexure C shall be returned to the Central Excise Superintendent in-charge of the Range directly, through registered post or in a tamper proof seal cover through consignee/consignor. The quadruplicate copy would be sent to the factory from where the goods had been received. The original shall be retained by the said Customs officer for his record. The deficiency, if any, shall immediately be reported to the Central Excise Superintendent incharge of the Range for realising the duty on the deficiency. Suitable entries shall be made in the records of the warehouse as may be prescribed by the Commissioner of Customs. The warehousing shall be completed accordingly.

**(3) Goods allowed to be cleared under these provisions** – The procedure prescribed herein should not

be allowed for clearance , from the factory , of goods which are restricted or prohibited under Second Schedule of ITC (HS) [Export Policy ] or in respect of which quantitative restrictions have been imposed for exports under FTP or under any other notification issued by the DGFT .

**(4) Demand of duty on goods not reaching destination.** - If the certificate of receipt of the goods despatched to the consignee as per paragraph 2 (vii) is not received back by the consignor within 45 days of the removal of the goods or within such extended period as may be allowed by the Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise, it shall be the responsibility of the consignor to pay the duty of excise leviable on the consignment.

**(5) Procedure for transfer of goods from warehouse to retail outlet and sale therefrom**

(i) The procedure prescribed by the Commissioner of Customs for transfer of imported goods from the godown of Duty Free shop to its retail outlets in the departure hall or the arrival hall of the International Airport shall be applicable, mutatis mutandis, to indigenous goods so procured. Commissioner of Customs may also prescribe suitable records i.e. stock register etc to be maintained at the retail outlets for the proper accounting of the excisable goods.

(ii) Every sale of the excisable goods shall be covered by a sale voucher or invoice . The Commissioner of Customs may also prescribe suitable procedure for the reconciliation between the receipt of excisable goods in the warehouse and sale thereof from the Duty Free Shops.

**(6) Period of Warehousing,-** The excisable goods shall be allowed to remain warehoused for one year or for six months in the case of perishable goods , or such extended period , not exceeding a total of three years , as may be allowed by the Assistant/Deputy Commissioner of Customs. If the registration of a warehouse is revoked or suspended, the excisable goods kept therein shall be deemed to have been cleared for home consumption on the date of such revocation or suspension of the warehousing permission.

**(7) Duty on removal for home consumption or on expiry of the warehousing period -** Warehoused goods can be removed for home consumption from the warehouse under the cover of an invoice with the permission of the jurisdictional Assistant/Deputy Commissioner. Warehoused goods shall be deemed to have been removed for home consumption on expiry of the warehousing period. Duty and interest shall be charged as applicable on removal of warehoused goods for home consumption. Interest at the rate of twenty four per cent shall be charged from the date of clearance from the factory of production to the date of removal of the goods from the warehouse or to the date of expiry of warehousing period as the case may be.

**(8) Duty leviable on the goods not duly accounted for as having been sold in foreign currency to passengers going abroad, or sold to passengers arriving from abroad, etc.** - If any goods obtained under this procedure are not duly accounted for to the satisfaction of the Assistant/Deputy Commissioner of Customs as having been sold against foreign currency to the passengers going abroad, or to the passengers arriving from abroad *in terms of a notification issued in terms of Section 5A of Central Excise Act, 1944 in this regard* they shall be deemed to have been cleared for home consumption. Duty and interest *at the rate of twenty four per cent* shall be charged on these goods from the date of clearance from the factory of production till the date of payment of duty. The facility granted to the consignee, may, at any time, be withdrawn by the Commissioner of Customs if a serious or repeated breach of the procedure is committed by the consignee, his

agent or any person employed by him. In the event of such a breach, the Commissioner of Customs may also order the forfeiture of the security deposited under paragraph 2(i) above and may also confiscate the goods.

**(9) Periodic Reconciliation** - Reconciliation at such periodic intervals as may be prescribed by the jurisdictional Commissioner but at intervals not lesser than once a year shall be carried out independently at the warehouse by the warehouse owner, at the factory by the factory owner supplying goods to the Duty Free Shops and result thereof submitted to the jurisdictional superintendent. Such reconciliation shall include reconciliation between Annexure B, Annexure C and invoice issued from the factory.

**(10)** Hindi version of this Circular follows.

(Pankaj Jain)

Under Secretary to the Government of India (CX- 1)

### ANNEXURE-A

Bond (with surety) for the due arrival of the goods removed from a factory to warehouse/duty free shop in the departure hall or arrival hall, as the case may be, of the customs airport  
(Delete the letters and words not applicable)

I/We (1)..... of ..... hereinafter called the obligor(s) and (2) I/We ..... of .....(hereinafter called the surety) 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 representatives.

The above bounded obligor(s) being permitted to remove the goods described in his/their application No..... dated ..... from the factory at ..... to the warehouse/retail outlet of duty free shop in the departure hall or the arrival hall, as the case may be, of customs airport at .....

The condition of this bond is that if the obligor(s) and his/their legal representatives shall observe all the provisions of the Notification No. \_----- dated \_\_\_\_ dated read with this circular and all the provisions of the Central Excise Rules, 2002, and all such amendments thereto, as maybe issued from time to time, to be observed in respect of the goods so transferred.

And, if all the said goods are duly removed to the duty free shop in the departure hall or the arrival hall, as the case may be, of the customs airport before the ..... day of..... 20

And, if all the said goods are sold, in foreign currency to eligible passengers going abroad or to the passengers arriving from abroad, as the case may be,

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.

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.

Place:

Date:

Witnesses (1)  
(2)

Address (1)  
Address (2)

Occupation (1)  
Occupation (2)

Accepted by me this ..... day of ..... (Month).....(Year)

[..... of Central Excise]

[for and on behalf of the President of India]

**ANNEXURE-B**

No.....

Date.....

**FORM**

**Certificate for removal of the goods under bond**

This is to certify that:

(1) Mr./Messrs.....(Name and address) is/are authorised to store and sell the goods, in foreign currency to eligible passengers going abroad or to passengers arriving from abroad, as the case may be, up to.....

(2) That he/they has/have executed a bond, as required, under Circular No. \_\_\_\_\_ dated \_\_\_\_\_ issued under rule 20(2) of the Central Excise Rules, 2002 for Rs.....with the Asstt./Deputy Commissioner of Customs.....and as such may be permitted to remove..... (Qty.) of.....goods from the units at.....to warehouse/retail outlet of duty free shop in the departure hall or the arrival hall, as the case may be, of customs airport at.....

(3) That the specimen signatures of his/their authorised agent namely Shri.....are furnished here below duly attested:

Specimen Signatures of owner  
of DFS or his authorised agent

Superintendent of Customs  
(Seal)

Sd./Attested

## ANNEXURE-C

Range...  
Original  
Duplicate  
Triplicate  
Quadruplicate

### **Application for removal of the goods from a factory to the warehouse of the duty free shop in the departure hall or the arrival hall, as the case may be, at the Customs airport**

I/We holder(s) of Central Excise Registration No.....apply for leave to remove the under mentioned goods from the factory at.....to the warehouse/retail outlet of duty free shop in the departure hall or the arrival hall, as the case may be, of customs airport at..... of Mr./Messrs.....

Description of goods	No. And description of packages	Gross weight of packages	Marks and number of packages
(1)	(2)	(3)	(4)

Quantity of goods	Value	Duty		Manner of Transport	Remarks
		Rate	Amount		
(6)	(7)	(8)	(9)	(10)	(11)

2. The aforesaid Mr. / Messrs.....have executed a bond at destination; bearing No.....dated .....for rupees.....

A certificate from the officer of customs in-charge of the duty free shop at.....in Annexure B to the Circular No. -----Central Excises, dated ----- is attached.

3. I/We hereby declare the above particulars to be true.

Place:	Signature of Consignor(s)/ Owner(s) or his/their authorised agent
Date:	

### On the back side

(1) Certificate of Superintendent of Customs.  
To,

The Central Excise Officer

In-charge of Range of factory of removal

I hereby certify that the consignment arrived at.....and that the goods conform in all respects to the description given above/overleaf/except for the following discrepancies and that they have been entered under Entry No.....dated .....of the Stock Register prescribed by the Commissioner of Customs.

Place:	Signature of Superintendent of Customs
Date:	

**ANNEXURE-D**

**Record of Removals in Bond**

Range officer.....

Sl.No.	Annexure B No. & Date	Name and address of the factory of removal	Goods		Destination
			Description	Net quantity despatched	Name and address of the Duty Free Shop
(1)	(2)	(3)	(4)	(5)	(6)

Annexure C No. and Date	Invoice No. & Date	Date of Despatch of goods	Date of return of duplicate Annexure C with warehousing certificate	Gain (Plus) or Loss (Minus) in transit	
				Gain	Loss
(7)	(8)	(9)	(10)	(11)	(12)

Action taken on gain/loss	Remarks
(13)	(14)