

## **Frequently asked questions on Customs Bonded Warehouses.**

*(“Frequently Asked Questions” has been drafted to facilitate understanding of customs bonded warehousing facilities by bringing together provisions of Chapter IX of the Customs Act, Notifications, Regulations and circulars issued thereunder. These answers have been paraphrased for the sake of simplicity and easier reading. Warehouse keepers, importers, and other interested parties are advised to study the text of the cited laws or regulations or circulars before making decisions.)*

**1. Does a DFS operator need to apply for a warehouse licence?**

Yes. Any person who is running a Duty free Shop should apply for a licence under Section 58A. The licensed premises is to be used for storage of the bonded goods, before they are removed to a Duty Free Shop.

**2. I am a new allottee of a DFS at an international airport. How should I apply to Customs authorities?**

Please file an application in the Form prescribed under circular 26/2016- customs dated 9<sup>th</sup> June 2016.

**3. I am an existing owner of a Duty free shop. How should I apply?**

There is no application form prescribed for existing owners of Duty free shops. They may apply for licensing under section 58A of any premises in the precincts of the airport and / or any other premises in the city along with supporting documents regarding their existing DFS at the airport / port.

**4. By when will I have to follow procedures laid down under Special Warehouse (Custody and Handling of Goods) Regulations 2016?**

A transitional period of three months has been provided under the aforesaid Regulations. By 13<sup>th</sup> August 2016 all DFS operators shall have to comply with the provisions of the Regulations.

**5. Are there any restrictions on the items that can be stored in a warehoused licensed under section 58A?**

There is no restriction on the items that can be stored in a special warehouse under Section 58A as long as the goods are removed to a DFS under physical escort by the Bond officer.

**6. I am a DFS with a warehouse licensed under Section 58A. Can I procure goods from any other public or private bonded warehouse?**

Yes. You will have to follow the procedure laid down in the Warehoused Goods (Removal) Regulations 2016. It will be a transfer under Section 67.

**7. My warehouse under Section 58A is not large enough to store all the goods imported by me. Can I store the goods in any public bonded warehouse?**

Yes. Goods imported by you can be stored in a Public Bonded warehouse licensed under section 57. As and when required, the goods shall be removed from the public bonded warehouse to the warehouse under section 58A. Such removal will be done following the procedure laid down in the Warehoused Goods (Removal) Regulations 2016. It will be a transfer under Section 67.

It is also clarified here that the goods stored in the public warehouse cannot be removed directly to the DFS.

**8. Where can I get a Customs Duty insurance policy as required under the Warehouse Licensing Regulations?**

Regulation 4(a) of the Public/ Private/Special warehouse Licensing Regulations 2016 states that the warehouse Licensee shall provide an all risk insurance policy, that includes natural calamities, riots, fire, theft, skillful pilferage and commercial crime, in favour of the President of India, for a sum equivalent to the amount of duty involved on the dutiable goods proposed to be stored in the warehouse at any point of time. The public sector insurance companies led by The New India Assurance Co. Ltd are offering a Customs duty insurance policy for warehouse Licensees.

**9. Do I have to take separate insurance policies for transit (goods being removed from a customs station for deposit in a warehouse) and storage of goods in a customs bonded warehouse?**

The Customs Duty Policy being offered by the Insurance Companies covers both transit and storage of goods. No separate policies need be taken. The licensee of the warehouse, where goods are proposed to be stored, is authorised to issue a document to cover the transit of goods from the customs station till the warehouse as well as their storage.

**Note: the FAQs will be updated from time to time. Any queries regarding procedures on Customs Bonded warehouses may be e-mailed to [customs.warehousing@gov.in](mailto:customs.warehousing@gov.in)**