

**OFFICE OF THE COMMISSIONER OF CUSTOMS, NS-I & III
JAWAHAR LAL NEHRU CUSTOM HOUSE, NHAVA SHEVA.
RAIGAD, MAHARASHTRA**

F. No.S/22-Gen-150/2015-16 AM (I)

Dated:03.06.2016

FACILITY NOTICE No.80/2016

Subject:-Manner of payment of interest on warehoused goods - reg.

Attention of all the Importers, Customs Brokers and the members of the Trade is invited to the Board's Circular No.23/2016 Customs, dated 01.06.2016 on the above mentioned subject.

2. Section 61 of the Customs Act, 1962 had been amended vide the Finance Act, 1994 whereby the interest payable with respect to warehoused goods was to be calculated with reference to the duty payable at the time of clearance of the goods from the warehouse. This was clarified through Board's Circular No. 31/96-Customs dated 07.06.1996.

3. However, noting the high inventory of goods lying in bonded warehouses, with the consequential effect of locking revenue, the Board had vide Circular No.47/2002-Customs dated 29th July 2002, prescribed that interest due in terms of section 61 should be collected before allowing extensions, with a view to encourage early clearances. This led to importers having to deposit interest and seek refunds in the event of interest not being payable, for example in cases where goods were finally exported. In certain industries, the Board had relaxed the above condition for extending the warehousing period but prescribed that a demand notice should be served upon the importer and the same decided upon clearance of the goods, i.e. when the liability became determinable (Para 7 of Board's Circular No.10/2006-Customs dated 14.02.2006).The extant circulars have been reviewed by the Board with a view towards simplification of processes and promoting the ease of doing business.

4. In order to secure revenue and discourage protracted duty deferment arising due to warehousing, the Board has prescribed conditions for furnishing of security by importers vide Board's Circular No.21/2016-Customs dated 31.05.2016. The said circular also specifies the amount (which is a percentage of the sum of duty and interest) of bank guarantee that would have to be furnished

before allowing an extension in warehousing period. In continuation of the earlier dispensation, certain industries have been exempted from furnishing of such security.

5. In view of having prescribed the requirement of furnishing a bank guarantee as security, it has been decided by the Board that henceforth there would be no requirement of payment of interest prior to allowing extensions of warehousing period nor would there be any need to issue a demand for payment of interest. Interest, if any, shall be paid at the time of ex-bonding of the goods from the warehouse.

6. Any difficulty noticed in the implementation may be brought to the notice of the undersigned.

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(D.K. SRINIVAS)

COMMISSIONER OF CUSTOMS, NS-I & III

Copy to:

1. The Pr. Chief Commissioner of Customs, Mumbai Zone- II.
2. The Pr. Commissioner / All the Commissioner of Customs, Mumbai Zone- II.
3. All Addl./Joint Commissioners of Customs, Mumbai Zone- II.
4. All Deputy/Asstt. Commissioners of Customs, Mumbai Zone- II.
5. The DC/EDI for uploading on the JNCH website.