



GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
OFFICE OF THE COMMISSIONER OF CUSTOMS  
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**PUBLIC NOTICE 01/2014**

Sub: Extension of warehousing and acceptance of LUT in place of Bank Guarantee for export warehousing for Status Holder Manufacturer Exporters.

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Attention of the Trade and Public is invited to Board's Circular No 976/10/2013-CX issued in F.No 201/14/2013-CX.6 dated 12.12.2013 (copy enclosed) regarding extension of warehousing and acceptance of LUT in place of Bank Guarantee for export warehousing for Status Holder Manufacturer Exporters.

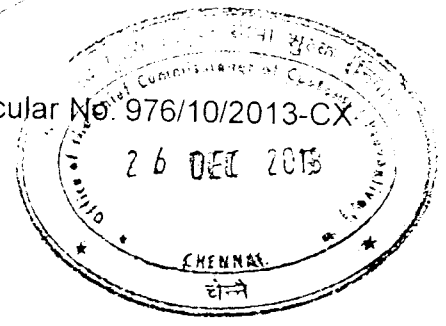
Encl : As above.

*Ref*  
*24/1/14*  
(A.R.S. KUMAR)  
COMMISSIONER

C. No. VIII/09/052013-Cus.Pol.  
Customs Policy, Hqrs., Trichy.  
Date : 01.2014

Copy submitted to:

1. As per mailing list.
- ✓ 2. Commissionerate website.
3. Notice Board, Cus. Hqrs., Trichy.



F. No. 201/14/2013-CX.6

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

New Delhi, the 12<sup>th</sup> December, 2103

All Chief Commissioners of Central Excise & Customs,  
All Chief Commissioners of Central Excise,  
All Directors General,

Sir / Madam,

**Sub:- Extension of warehousing and acceptance of LUT in place of Bank Guarantee for export warehousing for Status Holder Manufacturer Exporters – reg.**

I am directed to invite your attention to Circular No. 579/16/2001–CX dated 26.06.2001 and Circular No. 581/18/2001-CX dated 29.06.2001, which prescribe conditions, procedures and safeguards applicable for storage in a warehouse registered at such places as may be specified by the Board and export therefrom regarding all excisable goods specified in the First Schedule to the Central Excise Tariff Act, 1985.

Paragraph 6 of the Circular No. 579/16/2001–CX dated 26.06.2001 contains provisions relating to "Period of warehousing". The provisions in clause (a) and clause (b) are not detailed and therefore in pursuance of notification no 46/2001-CE (N.T.) dated 26.06.2001 and sub-rule (2) of rule 20 of the Central Excise Rules, 2002, it has been decided to further elaborate the provisions by replacing the existing clause (a) and clause (b) in paragraph 6 with the following new clause (a) and clause (b), to read as follows :-

(a) Warehousing of goods shall initially be allowed for a period upto six months, which may be further extended by the Assistant /Deputy Commissioner, each extension being for a period not exceeding six months, subject to the verification that the goods have not deteriorated in quality. The maximum period, for which goods may be left in the warehouse in which they are deposited, or in any warehouse to which such goods have been removed, shall be three years from the date on which such goods were first warehoused. Excisable goods shall be deemed to be cleared for home consumption on

Received in  
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cc's sent

Signature

expiry of the warehousing period including the extensions granted, if any. Duty and interest @ 24% per annum shall be charged on such deemed removal.

b) If the registration of a warehouse is revoked or suspended, the excisable goods lodged therein shall either be cleared for home consumption on payment of duty and interest @ 24% per annum or shall be removed to another warehouse without payment of duty.

3. Paragraph 3.2 and paragraph 4.2.1 of the Circular No. 581/18/2001-CX dated 29.06.2001 contain provisions requiring an exporter to furnish security equal to 25% of the Bond amount for availing the facility of export warehousing.

4. Reference has been received in the Board that submission of BG (Bank Guarantee) leads to increase in transaction cost and, therefore, manufacturer exporters who are also status holders may be allowed to submit Letter of Undertaking (LUT) in place of BG. On examination the problem has been found to be legitimate and, therefore, it has been decided to amend paragraph 3.2 and paragraph 4.2.1 of the Circular dated 29.06.2001. Accordingly Board specifies that these paragraphs be amended as follows:

i) Paragraph 3.2: After the words "backed by twenty five percent security of the bond amount " the words "in the manner as prescribed in paragraph 4.2" shall be added.

ii) Paragraph 4.2.1: A proviso, as follows, shall be inserted at the end of the paragraph.

Provided that where the exporter is a manufacturer and a Status Holder with a clean track record, the requirement to furnish security equal to 25% of the bond amount shall be replaced by the requirement of furnishing an LUT initially for a period upto six months which may be extended by a further period not exceeding six months. Further extensions in the warehousing period in terms of paragraph 6(a) of the Circular No. 579/16/2001-CX dated 26.06.2001 shall be allowed to such exporter only on furnishing security of 25% of the bond amount.


5. There is also a need to amend the terms "Super Star Trading House" or "Star Trading House" used at paragraph 2(1) in the Circular No. 581/18/2001-CX dated 29.06.2001 and to replace it with the current nomenclature. Accordingly Board also specifies that paragraph 2(1) of the Circular be amended as follows:

Paragraph 2(1): In this paragraph dealing with Exporters, expression "The exporters who have been accorded status of Super Star Trading House or Star Trading House" may be replaced with the expression "The exporters who are Status Holder under FTP - 2009-14". Export Warehousing facility would become available to all Status Holders under FTP of 2009-14 due to this amendment.

6. The contents of this Circular may be brought to the notice of the trade / exporters by issuing suitable Trade / Public Notices. Suitable Standing Orders / Instructions may be issued for the guidance of the assessing officers. Difficulties faced, if any, in implementation of the Circular may please be brought to the notice of the Board at an early date.

7. Receipt of this Circular may kindly be acknowledged.

Yours Faithfully,

  
12/12/12

(Pankaj Jain)

Under Secretary (CX)

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