

Warehousing

Question 1

Discuss the provisions governing packing, re-packing, labelling or re-labelling within the warehouse in respect of export warehousing.

Answer

The operations of packing, re- packing, labelling or re-labelling within the warehouse in respect of excisable goods received and stored in the warehouse are governed by the procedure specified under Rule 20 of Central Excise Rules, 2002. Suitable entries must be made in the Export-Warehouse Register. In case of non-reconciliation of quantity, after adjusting any wastage or refuse, the differential quantity shall be treated as unaccounted and action for recovery of duty will be initiated.

The exporter may procure packing or labelling material and bring the same into the warehouse under the warehousing procedure itself .It is also worth mentioning that where the process of packing, repacking, labelling or re-labelling amounts to manufacture in terms of the provisions of the Central Excise Tariff Act, 1985, the goods permitted for clearance for home consumption shall be assessed accordingly.

Question 2

How can the goods kept in a warehouse for the purpose of export be diverted for home consumption? Explain briefly.

Answer

The goods kept in a warehouse for being exported can be diverted for home consumption in the following manner:

- (i) With the permission of the Deputy or Assistant Commissioner of Central Excise, the goods can be cleared for home consumption on invoice prepared under rule 8 on payment of duty, interest and any other charges on TR-6 challans. Necessary entries are to be made in the export warehouse register maintained by the exporter in the warehouse.
- (ii) Credit will be permitted in the Running Bond Account equivalent to the duty involved in the goods so diverted, which shall not exceed amount of duty debited on the basis of ARE-3 on which such goods were received in the warehouse.
- (iii) Goods can also be diverted for home consumption even after clearance of goods from warehouse under ARE- 1. The documents will be cancelled as per **Notification No. 46/2001 CE (NT) dated 26.6.2001** as amended. The intimation of such cancellation is to be given to Deputy/Assistant Commissioner having jurisdiction over the warehouse. Credit in Running

Bond Account will be permitted in the same manner as mentioned above.

- (iv) The exporter has to pay an **interest @ 24% p.a** on the amount of duty payable on such goods from the day of clearance from the factory of production or any other premises approved till the date of payment of duty and clearance.

Question 3

Briefly discuss the provisions in respect of waiver of physical warehousing in case of exigency.

Answer

The officer-in-charge of the warehouse may permit waiver from physical warehousing (i.e. permitting export without physically storing the goods in the warehouse) where the exporter so requests in writing. However, aforementioned permission will be given only if the formalities relating to record-keeping are completed in usual manner with suitable record in the Warehouse Register: 'Warehousing waived'. It is to be kept in mind that aforesaid permission is given in the following exceptional cases:

- (i) where delay occurred due to delayed supply from the factory; or
- (ii) Longer transit period; or
- (iii) Requirement of immediate export; or
- (iv) Any other genuine reasons

Besides, it is also essential that the entire consignment is entered for export in the original packing. Such cases of permission granted are required to be reported to the Superintendent-in-charge of the warehouse at the earliest.

Question 4

Write a brief note on statutory provisions in respect of warehousing.

Answer

Rule 20 of Central Excise Rules, 2002 deals with warehousing. The various sub-rules of aforementioned Rule 20 have been given in the following brief table:

Relevant sub-rule of Rule 20 of Central Excise Rules, 2002	Statutory provisions
(1)	Central Government is authorised to extend the warehousing provisions by issue of notifications for the goods specified in the relevant notification. Warehousing provisions allow removal of specified goods from factory to warehouse or from one warehouse to another warehouse without payment of duty.
(2)	CBEC is authorised to prescribe the conditions, limitations and safeguards subject to which warehousing procedure would operate.

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(3)	Consignee has been made responsible for payment of duty on goods removed from factory to warehouse or one warehouse to another warehouse.
(4)	Consignor will be liable to make payment of duty if the goods dispatched for warehousing or re-warehousing are not received in the warehouse.

Question 5

Write a brief note on the warehousing procedure for goods removed from the factory under the Central Excise Act, 1944 and Rules made thereunder.

Answer

The procedure for warehousing of goods removed from a factory is detailed below:

- (i) The consignor shall prepare an application for removal of goods from a factory to a warehouse in quadruplicate and also prepare an invoice for goods to be warehoused.
- (ii) He has to send original, duplicate and triplicate application and duplicate invoice along with goods to the warehouse of destination. The quadruplicate copy of application has to be sent to the Superintendent of Central Excise in-charge of his factory within 24 hours.
- (iii) Within 24 hours of receipt of the goods the consignee shall verify the goods with all the copies of application.
- (iv) The consignee has to send:
 - (a) Original copy to Superintendent-in-charge of his warehouse.
 - (b) Duplicate copy of consignor and retain the triplicate for record.
- (v) The Superintendent-in-charge of the warehouse shall countersign the application received by him and send the same to Superintendent-in-charge of the consignor.
- (vi) The consignor shall retain the duplicate application duly endorsed by the consignee for his record.

Question 6

Mr. Subodh Mishra, manufactures electronic items for selling them within India as well as exports to Germany. He has stored his goods in the warehouse for the purpose of export. However, on account of certain unforeseen circumstances, goods cannot be exported to Germany. Now, he wishes to divert the goods kept in the warehouse for the purpose of export for home consumption. Explain briefly the procedure under Central Excise Act, 1944 to be adopted by Mr. Subodh Mishra for diverting the said goods kept in the warehouse for the purpose of export to Germany for home consumption.

Answer

The goods kept in a warehouse for being exported can be diverted by Mr. Subodh Mishra for home consumption in the following manner:

- (i) With the permission of the Deputy or Assistant Commissioner of Central Excise, the goods can be cleared for home consumption on invoice prepared under rule 8 on payment of duty,

interest and any other charges on TR-6 challans. Necessary entries are to be made in the export warehouse register maintained by the exporter in the warehouse.

- (ii) Credit will be permitted in the Running Bond Account equivalent to the duty involved in the goods so diverted, which shall not exceed amount of duty debited on the basis of ARE-3 on which such goods were received in the warehouse.
- (iii) Goods can also be diverted for home consumption even after clearance of goods from warehouse under ARE- 1. The documents will be cancelled as per **Notification No. 46/2001 CE (NT) dated 26.6.2001** as amended. The intimation of such cancellation is to be given to Deputy/Assistant Commissioner having jurisdiction over the warehouse. Credit in Running Bond Account will be permitted in the same manner as mentioned above.
- (iv) The exporter has to pay an **interest @ 24% p.a.** on the amount of duty payable on such goods from the day of clearance from the factory of production or any other premises approved till the date of payment of duty and clearance.

Exercise

1. *What will happen if the consignor fails to receive the warehousing certificate within 90 days?*
2. *What are the registered person's right to deal with the warehouse goods?*