

**Instruction No. 16/2024- Customs**

F. No. CBEC-170473/3/2020-Land customs section  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Indirect Taxes & Customs  
International Customs Division  
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Room No. 227 A, North Block, New Delhi  
Dated: 25th June, 2024

To,

All Principal Chief Commissioners / Chief Commissioners of Customs / Customs (Preventive)  
/ Customs and Central Tax

All Principal Commissioners / Commissioner of Customs / Customs (Preventive)

All Principal Directors General / Directors General under CBIC

Madam / Sir,

**Subject: MOOWR - Transfer of Goods from one Section 65 Unit to another - reg.**

Representations from trade have been received in the Board seeking clarity on the payment of deferred duties and other procedural requirements when goods resulting from undertaking '*manufacturing or other operations*' in a warehouse, as permitted under Section 65 of the Customs Act, are transferred to another Section 65 Unit. Members of the trade and industry have reported challenges in moving such goods for use or further processing within the supply chain. They have highlighted non-uniformity in implementation of provisions of Section 65 of the Customs Act read with the Manufacture and Other Operations in Warehouse (no.2) Regulations, 2019 (MOOWR) and extant Circulars issued on the subject.

2. In this regard, attention is drawn to the proviso to Regulation 14 of MOOWR which states that import duty in respect of the warehoused goods contained in so much of the resultant goods, becomes payable at the time of removal of such resultant goods for home consumption. Thus, Regulation 14 provides the extent of deferred customs duty payable on the warehoused goods and the manner of its payment in the event that the resultant goods are removed for home consumption.

2.1 MOOWR, in effect, provides that the deferred customs duty on the warehoused goods becomes payable only when the resultant goods (containing such warehoused goods) are cleared for home consumption which concomitantly entails filing the Ex-Bond Bill of Entry for the contained warehoused goods in terms of Section 68 of the Customs Act.

3. Further, Regulation 11 envisages receipt of goods in a Section 65 unit from another warehouse, which could also be a warehouse operating under Section 65. In this regard, clause (3)(a) of Regulation 11 provides that goods may be received from another Section 65 unit, subject to the licensee verifying the intactness of the one-time-lock, reconciling the quantity of such received goods from the Form appended to the MOOW Regulations, and complying with other requirements of the regulation. The Form prescribed for transfer of goods under MOOWR consists of two parts – Part A (to be filled at the dispatch warehouse) and Part B (to be filled by the recipient). This Form is to be endorsed by the licensee or warehouse keeper of both the dispatching warehouse and the receiving warehouse at the respective places in the Form. Complete description of the resultant goods and the corresponding warehoused goods (i.e., warehoused goods contained in the resultant goods) are required to be captured in Part A of this form before initiating the dispatch of such goods. The transfer must be intimated to the bond officer on the said Form as required under Regulation 13.

3.1 The above requirements are in addition to the due process of debiting of the triple duty bond of the transferee (i.e., one who deposits goods at the recipient warehouse) and crediting of the triple duty bond of the supplier (i.e., one who removes goods from the dispatch warehouse) in terms of Section 59 of the Customs Act. The said bond is prescribed at Annexure C of Circular 34/2019-Customs. Furthermore, compliance to Para 4 of the Circular 21/2016-Customs, that prescribes a transit risk insurance policy to cover the customs duty involved in the goods moved from one warehouse to another, must be ensured.

3.2 Attention is also drawn to the relevant portion of Circular 34/2019-Customs (that prescribes the procedure to be followed by units operating under Section 65) which states as follows –

*"15. Sections 67, 68 and 69 of the Act provides for permission of the proper officer for removal of the goods from one warehouse to another, for home consumption and for export, respectively. Even in cases, the resultant goods are being removed, permission of the proper officer would be required for removal of the (imported) warehoused goods contained in the resultant goods.*

*15.1 Given the continuous nature of operations in warehouses under section 65, and the potential need to clear resultant goods expeditiously, the requirement to obtain prior permission of the proper officer for each clearance could pose a challenge to making clearances on time to meet delivery schedules. Therefore to facilitate such timely clearances and for convenience of the trade, recourse has been taken to the powers vested under Section 143 AA, and it is provided under regulation 13, 14 and 15 of MOOWR 2019 that while a licensee shall file the due documentation (such as the Form for transfer of goods from a warehouse, bill of entry and shipping bill, respectively) and pay the duties due, prior permission of the proper officer is not an essential condition for removal of the warehoused goods (as part of the resultant goods)..."*

Evidently, transfer of resultant goods from one Section 65 Unit to another is allowed subject to filing of due documentation, sending intimation to the bond officer and complying to other requirements of the regulations.

4. In view of the above, it is conveyed that the transfer of resultant goods from a Section 65 Unit to another warehouse/Section 65 Unit is permitted subject to due compliance of the

conditions prescribed under MOOWR read with the warehousing provisions under Chapter IX of the Customs Act, 1962.

5. The officers under your jurisdiction as well as members of the trade and industry alike, should be sensitised to adhere to the conditions prescribed regarding transfer of resultant goods from one warehouse to another. The aspect of maintenance of digital records along with accurate and timely filing of monthly returns (as prescribed under Regulation 17 of MOOWR) should be strictly implemented. The licensees of the despatching and receiving warehouses must, in their records, duly account for the resultant goods so transferred and the dutiable goods contained therein, as well as the corresponding duty amount, so as to ensure that the duty liability remains intact till the duty so deferred is paid upon clearance for home consumption.

6. Difficulty, if any, in implementing the above instructions may be brought to the notice of the Board. Hindi version follows.

  
(Komila Punia) 25/6/24

Deputy Secretary

International Customs Division