Circular No. 32/2013 - Customs

F.NO. 450/87/2013- Cus IV

Government of India

Ministry of Finance

Department of Revenue

Central Board of Excise and Customs

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New Delhi, dated the 16th August, 2013

To,

All Chief Commissioners of Customs.

All Chief Commissioners of Custom and Central Excise.

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All Commissioners of Customs and Central Excise.

Sir/ Madam,

Attention is invited to provisions of Handling of Cargo in Customs Area Regulations (HCCAR), 2009 which deals with the manner of receipt, storage, etc of import and export goods in a Customs Area.

2. It has been represented to the Board that the amount of insurance under Regulation 5(1)(iii) of HCCAR, 2009 should be based on amount of Customs duty associated with goods likely to be stored at a particular time and not on the projected capacity. Attention of the Board has also been drawn to the requirement of annual revalidation of the carrier bond given by the Customs Cargo Service Providers (CCSPs) i.e. ICDs/CFSs for the movement of goods from the gateway ports (to the ICDs/CFSs) in terms of Goods Imported (Conditions of Transhipment) Regulations, 1995. It is contended that the annual revalidation is cumbersome.

3. The matter has been examined. Regulation 5(1)(iii) of HCCAR, 2009 provides that CCSPs shall provide to the satisfaction of Commissioner of Customs, insurance for an amount equal to the average value of goods likely to be stored in the customs area based on projected capacity and for an amount as Commissioner of Customs may specify having regard to the goods which are already been insured by the importers or exporters. Further, Regulation 5(3) of HCCAR, 2009 mandates CCSPs shall execute a bond equal to the average amount of duty involved on imported goods and 10% of the value of export goods that is likely to be stored in the customs area during a period of 30 days and furnish a bank guarantee or cash deposit equivalent to ten *percent* of such duty. Board is of the view that there is justification in having uniformity in these two provisions. Hence the Board has decided that the amount of insurance to be provided by CCSPs should be equal to the average value of goods likely to be stored in the Customs area. For a period of 30 days (based on projected capacity), and for an amount as Commissioner of Customs may specify having regard to the goods that are already insured by the importers or exporters.

4. As regards the validity of the carrier bond, Board appreciates that there is justification in increasing the validity period of the bond, which would remove procedural hassles. It is also seen that under Regulation 10 of HCCAR, 2009 the new CCSPs are approved initially for 2 years, which is renewed for 5 years at a time, while existing CCSPs are straightaway approved for 5 Years. Thus, as a simplification measure, Board has decided that the carrier bond executed by CCSPs i.e. ICDs/CFSs shall have a validity period of 2 years or 5 years, as the case may be.

5. Suitable Public Notice may be issued for guidance of trade and staff. Difficulties faced if any may be brought to the notice of the Board immediately.

Yours faithfully,

(M.V.Vasudevan)

(Under Secretary to the Government of India)

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