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C. No. II/48/181/2016 CC Cus BZ

Dated: 19.07.2016

4515/16

PUBLIC NOTICE No. 08/2016

Sub: Procedure regarding Duty Free Shops-reg.

C.B.E.C Circular No. 32/2016-Customs dated 13.07.2016 has been issued in respect of Procedure regarding Duty Free Shops.

2. It may be noted that the Special Warehouse (Custody & Handling of Goods) Regulations, 2016 prescribe maintenance of a computerized system for accounting. Accordingly, a system of accounting of receipt, storage, operations and removal of goods with regard to Duty Free Shops is prescribed below:

3. Maintenance of records of warehoused goods only in digital form:

(a) Every licensee shall maintain electronic records of receipt, handling, storage and removal of the warehoused goods based upon data elements contained in Form A appended to this circular. While the data elements contained in the Form are mandatory, the licensee will be free to add or continue with any additional data fields, as per their commercial requirements. It would be necessary for the data to be maintained as per systems of "stock keeping unit" (SKU).

(b) All licensees are required to enter data accurately and immediately upon the goods being deposited in or removed from the warehouse. Such electronic records should be kept updated, accurate, complete and shall be available at the warehouse at all times so as to be accessible to the bond officer or any other authorized officer, for verification.

(c) The software for maintenance of electronic records must incorporate the feature of audit trail which means a secure, computer generated, time-stamped electronic record that allows for reconstruction of the course of events relating to the creation, modification, or deletion of an electronic record and includes actions at the record or system level, such as, attempts to access the system or delete or modify a record.

7. Effective Date:

The above requirement of maintaining digital records, in the prescribed Forms, is applicable from the 14th May 2016. Thus, the record of any goods received on or after 14th May 2016 shall be maintained as per the prescribed Forms. However, during the consultations with Duty Free Shop Operators, it was gathered that they are already maintaining records in software based systems but due to the requirement of maintaining the bond register, records are being reduced to manual form to comply with prescribed columns. Now that a system of computerised record keeping has been prescribed, the information regarding the stock of goods lying deposited in the warehouse can be integrated into the digital record prescribed under this circular. It is clarified that data relating to goods already removed from the warehouse by 13th May 2016, are not required to be updated in the digital records. However, the stocks lying for sale in the duty free shops should be entered in the digital records since their duty liability is not extinguished till their sale to international passengers. In so far as goods deposited, removed and already sold through Duty Free Shops before 14th May 2016 are concerned, the information recorded in the extant bond register shall suffice.

8. Procedure for removal of goods from the warehouse and accounting thereof:

The Board has approved the following procedure for accounting of the goods removed from a warehouse licensed under section 58A of the Customs Act, 1962, without payment of duty:

- a. Upon removal of goods from the warehouse licensed under section 58A, the licensee shall immediately record the same in the records;
- b. The removal of goods from the warehouse, without payment of duty, is subject to the condition that the goods are removed to the customs area for sale to passengers arriving into or departing from India.
- c. The records relating to removal of the goods to the duty free shops at the arrival area and departure area shall be maintained separately.
- d. The bond officer shall escort the goods from the warehouse to the point of sale (DFS) in the customs area, whereupon, their subsequent sales to passengers arriving into or going abroad from India shall be under the general supervision of the customs officers on duty at the passenger terminals.
- e. Every duty free shop shall record their sales to passengers by a computer generated invoice, which shall contain the name of the passenger, flight number & passport number. This data shall be stored digitally, in Form C.
- f. The records of the warehouse shall be updated every 24 hours with the data elements contained in Form C.

9. Security and Solvency Requirements:

The Board has dispensed with the requirement of security to be furnished under section 59 of the Customs Act, 1962 by a DFS operator in respect of his imports (Circular No.21/2016- Customs refers).

supervision could also be based upon Merchant Over Time. However, if the warehouse is at such distance from the nearest customs office or the nature and duration of work is such that, the visit of the bond officer on every day basis, means his absence from his office for an entire day or better part thereof, the licensee shall have to undertake the services on cost recovery basis. Further, in cases where the licensee requires services of a customs officer for more than once in a day, he shall have to undertake supervision on cost recovery basis. Similarly, in case where round the clock services are requested, the licensee will have to bear charges on cost recovery basis for a suitable number of officers. Basically, this issue has to be examined on the above lines for deciding the recovery of costs from the licensee.

12. Administrative arrangements:

For the purposes of uniformity of jurisdiction and supervision, the Board has also approved the following:

- a. The duty free shops shall be under the general supervision of the Principal Commissioner/ Commissioner of the Airport (Passenger Terminal).
- b. A warehouse licensed in the precincts of the Airport complex shall also be in the jurisdiction of the Principal Commissioner / Commissioner of the Airport (Passenger Terminal). Accordingly, he shall be the licensing authority.
- c. A warehouse licensed under section 58A, which is located outside the precincts of the airport shall be under the Principal Commissioner / Commissioner having jurisdiction over that site. Accordingly, he shall be the licensing authority and also allot the Bond Officer(s) required.
- d. Principal Commissioners / Commissioners shall ensure a smooth transition to the above system on or before 13th August 2016.

13. Difficulties, if any, should be brought to the notice of this office.

This issues with the approval of the Chief Commissioner of Customs, Bengaluru Customs Zone, Bengaluru.

भवदीय / Yours faithfully,

19.7.2016

(BIPIN KUMAR UPADHYAY)
JOINT COMMISSIONER (CCO)

Copy to:

1. The Commissioner of Customs, Mangalore Customs Commissionerate, Mangalore.
2. The Additional Commissioner of Customs, Airport and Air Cargo Complex Commissionerate, Bengaluru.
3. The Joint Commissioner of Customs, Inland Container Depot, Whitefield, Bengaluru.
- ✓ 4. Bengaluru Customs Website/Notice Board.

FORM - B
Details of goods stored in the warehouse where the period for which they may remain warehoused under section 61 is expiring in the following month.
(as per Circular 32/ 2016-Customs dated 13.07.2016)

Bill of Entry No. and date	Bond No. and date	Date of order under Section 60(1)	Sl. No of the import invoice	Balance goods in the warehouse			Date of expiry of initial bonding period	Date of expiry of extended Bonding period	Remarks
				Description of goods	Quantity	Value			
1	2	3	4	5	6	7	8	9	10

FORM - C
Details of sale made through DFS
(as per Circular 32/ 2016-Customs dated 13.07.2016)

Name of passenger	Passport No.	Flight no.	Description of goods along with Quantity	Name of passenger	Sale to outgoing passengers			Description of goods along with Quantity
1	2	3	4	5	Passport No.	Flight no.	8	
					6	7		