



**NATION
TAX
MARKET**

भारत सरकार
वित्त मंत्रालय, गजपट्ट विभाग
कार्यालय आयुक्त
सी.जी.एस.टी. एवं केंद्रीय उत्पाद शुल्क, उज्जैन
२९, भरतपुरी प्रशासनिक क्षेत्र, उज्जैन (मध्य)-४५६०१०

फा.सं. (Gen)19-01/Cex/TradeNotice/17-18

उज्जैन दिनांक 21.12.2017

इस पत्र के साथ मंत्रालय से प्राप्त अधिसूचना / परिपत्र / निर्देश व्यापार सूचना / जन सूचना मुख्यालय उज्जैन से जारी पत्र संख्या — Public Notice No. 40/2017 dated 18.12.2017 की प्रति आयुक्तालय, सी.जी.एस.टी. एवं केंद्रीय उत्पाद शुल्क, उज्जैन के निम्नादिष्ट अधिकारियों एवं अन्य की सूचना / मार्ग दर्शन एवं आवश्यक कार्यवाही हेतु अव्यक्त की जा रही है :

- मुख्य आयुक्त, सी.जी.एस.टी. एवं केंद्रीय उत्पाद शुल्क, भोपाल ।
- आयुक्त, सी.जी.एस.टी. एवं केंद्रीय उत्पाद शुल्क, मुख्यालय उज्जैन ।
- आयुक्त, (अपील) सी.जी.एस.टी. एवं केंद्रीय उत्पाद शुल्क, भोपाल ।
- अपर / संयुक्त आयुक्त, सी.जी.एस.टी. एवं केंद्रीय उत्पाद शुल्क, उज्जैन ।
- सभी उप आयुक्त / सहायक आयुक्त, सी.जी.एस.टी. एवं केंद्रीय उत्पाद शुल्क, उज्जैन (Statistics/Preventive/Review/Legal/Confidential/Technical(ST)) ।
- सभी प्रभागीय उप / सहायक आयुक्त, सी.जी.एस.टी. एवं केंद्रीय उत्पाद शुल्क, उज्जैन-1/11, रतलाम, पीथमपुर-1/11/11, खंडवा, पीथमपुर (सीमाशुल्क) ।
- उप / सहायक आयुक्त (सीमाशुल्क) आई०सी०डी० रतलाम, पीथमपुर, खंडवा ।
- सभी मुख्यालय अधीक्षक (Statistics/Preventive/Review/Legal/Confidential/Technical(ST)) एवं उपस्थित अधिकारी (विभागीय) केंद्रीय उत्पाद शुल्क एवं सीमा शुल्क ।
- सभी अधीक्षक सीमाशुल्क, आई०सी०डी० रतलाम, पीथमपुर, खंडवा ।
- सभी राजपत्रित अधिकारी, सी.जी.एस.टी. एवं केंद्रीय उत्पाद शुल्क, उज्जैन
- समस्त व्यापार संघों / वाणिज्य संस्थानों / क्षेत्रीय सलाहकार समिति (Bhopal Zone) के सदस्यों एवं जन समस्या निवारण समिति के सदस्यों की सूचना हेतु ।
- The Chairman, All India Manufacturers Organization, रतलाम, उज्जैन, पीथमपुर, खंडवा
- गार्ड / मास्टर फाईल ।
- नोटिस बोर्ड

अधीक्षक (तकनीकी)

सी.जी.एस.टी. एवं केंद्रीय उत्पाद शुल्क



**NATION
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कार्यालय आयुक्त, Office of the Commissioner
सी.जी.एस.टी. एवं केंद्रीय उत्पाद शुल्क
Central Goods Service Tax and Central Excise (CGST & CE)
२९, भरतपुरी प्रशासनिक क्षेत्र 29, Administrative Area, Bharatpur
उज्जैन (मध्य)-४५६०१०/11/11 (MP)-456010

F.No. 1 (Gen) 19-01/CEX/Trade Notice/2017-18

Ujjain, Date: 18.12.2017

Public notice No. 40/2017-18
Ujjain dated 18.12.2017

Subject :- Applicability of IGST /GST on goods transferred /sold while being deposited in a warehouse –Reg.

Attention of the Trade and Industry is invited to the Circular No. 46/2017-Customs dated 24.11.2017 issued under F.No. 473/10/20/2017-LC by the C.B.E.C., New Delhi in respect of Applicability of IGST /GST on goods transferred /sold while being deposited in a warehouse (Copy enclosed)

2 The contents of the aforesaid Circular may please be brought to the notice of members of your association in particular and public in general.

(Atul Saxena)
Commissioner

F.No: 473/10/2017-LC
Govt. of India
Ministry of Finance
Dept. of Revenue
Central Board of Excise & Customs

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North Block, New Delhi
Dated 24th November 2017

To,

All Principal Chief Commissioners / Chief Commissioners / Principal Commissioners /
Commissioners of Customs

**Subject: Applicability of IGST / GST on goods transferred / sold while being deposited
in a warehouse. -reg.**

References have been received from the trade regarding levy of IGST/GST on sales of
goods deposited in a customs bonded warehouse.

2. Section 14 of the Customs Act provides for deposit of goods into a customs bonded
warehouse. Section 15 of the Customs Act provides for the transfer of goods from a
warehouse to another person. Sub-section (1) of section 15 provides
that the importer is at liberty to transfer the ownership of such goods to another person while
the goods remain deposited in the warehouse.

3. It is to be noted that the value of imported goods, for purposes of charging customs
duty, is determined as per section 14 of the Customs Act, 1962 at the time of import i.e. at the
time of filing of the into-bond Bill of Entry. Any costs incurred after the import of goods, such
as, port charges / port demurrage charges or costs for customs clearing or transporting the goods
from the port to the customs bonded warehouse or costs of storage at the customs bonded
warehouse, cannot be added to the value of the goods, for the purpose of levy of duties of
customs at the stage of ex-bonding. Further, clause (b) of sub-section (1) of Section 15 of the
Customs Act provides that the rate of duty or tariff valuation for an ex-bond Bill of Entry shall
be the date on which it is filed. There is no provision to vary the assessable value of the goods
at the ex-bond stage unless they are such goods on which tariff valuation applies. Therefore,
duties of customs (BCD + IGST) shall be paid on the imported goods at the stage of ex-bonding
on the value determined under section 14 of the Customs Act.

4. However, the transaction of sale / transfer etc. of the warehoused goods between the
importer and any other person may be at a price higher than the assessable value of such goods.
Such a transaction squarely falls within the definition of "supply" as per section 7 of the Central
Goods and Services Tax Act, 2017 (hereinafter referred to as, "CGST Act") and shall be taxable
in terms of section 9 of the CGST Act read with section 20 of the Integrated Goods and Services
Tax Act, 2017 (hereinafter referred to as, "IGST Act"). It may be noted that as per sub-section
(2) of section 7 of the IGST Act, any supply of imported goods which takes place before they

cross the customs frontiers of India, shall be treated as an inter-State supply. Thus, such a transaction of sale/transfer will be subject to IGST under the IGST Act. The value of such supply shall be determined in terms of section 15 of the CGST Act read with section 20 of the IGST Act and the rules made thereunder, without prejudice to the fact that customs duty (which includes BCD and applicable IGST payable under the Customs Tariff Act) will be levied and collected at the ex-bond stage.

5. Thus, in respect of goods stored in a customs bonded warehouse, there is a possibility that certain cases may involve an additional taxable event, if a transfer of ownership of warehoused goods takes place between the importer and another person, before clearance of the goods, whether for home consumption or for export.

5.1 In other words, when goods remain deposited in a customs bonded warehouse and are transferred by the importer to another person, the transaction will be subject to payment of IGST at the value determined as per section 20 of the IGST Act read with section 15 of the CGST Act, 2017 and the rules made thereunder and the tax liability shall be reckoned as per section 9 of the CGST Act, 2017.

5.2 However, it may be noted that so long as such goods remain deposited in the warehouse the customs duty to be collected shall remain deferred. Further, it is only when such goods are ex-bonded under section 68, shall the deferred duty be collected, at the value as had been determined under section 14 of the Customs Act, 1962 in addition to IGST leviable, as indicated at Para 5.1 above. [Illustrative charts A, B and C are attached to the circular to facilitate better understanding]¹.

6. Difficulties in implementation, if any, may be brought to the notice of the Board.

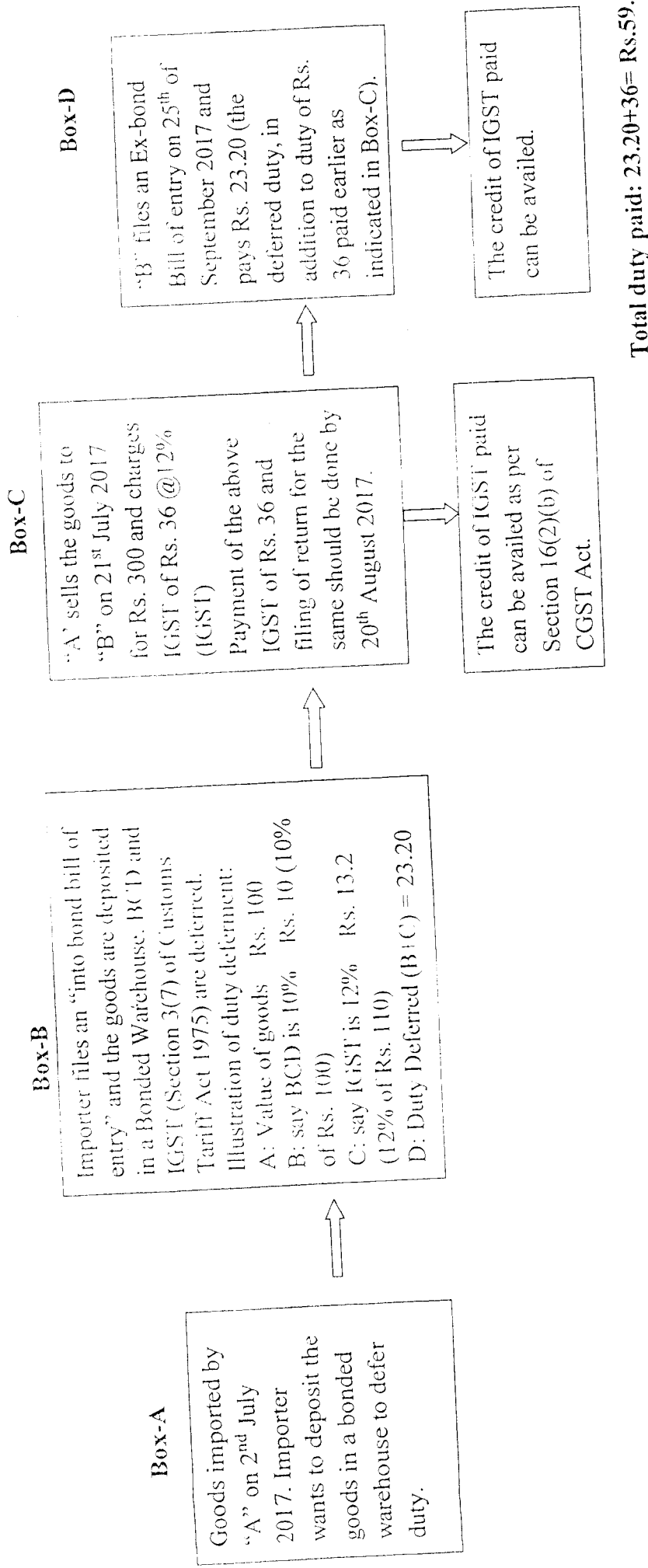
7. Hindi version follows.

(Temsunaro Jamir)
Officer On Special Duty (JCD)

¹ Substituted on 06.12.2017 vide F.No. 473/12-2017-LC

ILLUSTRATIVE CHART

Goods imported, bonded and sold while in the Bonded Warehouse and clearance thereof:



[Note: In this case, when 'A' sells the goods to 'B', 'A' becomes the supplier of the goods as per IGST Act and is therefore liable to pay IGST under section 5 of IGST Act, as explained in Box-C. 'B' in turn becomes the importer and is therefore liable to pay the duties deferred as in Box-B, on ex-bonding, as explained in Box-D above.]

ILLUSTRATIVE CHART-B

Goods imported, bonded and cleared for home consumption and subsequent sale thereof:

ILLUSTRATION

Box-B

Importer files an "into bond bill of entry" and the goods are deposited in a Bonded Warehouse. BCD and IGST (Section 3(7) of Customs Tariff Act 1975) are deferred.

Illustration of duty deferment:

A: Value of goods Rs. 100
 B: say BCD is 10% = Rs. 10 (10% of Rs. 100)
 C: say IGST is 12% = Rs. 13.2 (12% of Rs. 110)
 D: Duty Deferred (B+C) = 23.20

Box-A

Goods imported by "A" on 2nd July 2017. Importer wants to deposit the goods in a bonded warehouse to defer duty.

Box C

"A" files an Ex-bond Bill of entry on 21st July 2017 and pays Rs. 23.20 (the deferred duty). Credit of IGST paid can be availed.

Box-D

"A" sells the goods to "B" on 25th September 2017 for Rs. 300 and charges GST @ say 12% = Rs. 36 Credit of which can be availed.

Total duty paid: 23.20+36= Rs.59.2

ILLUSTRATIVE CHART 4

Goods imported and cleared for home consumption and subsequent sale thereof:

Box-A

Goods imported by "A" on 2nd July 2017. Importer clears the goods for home consumption.
 Illustration of duty payment:
 A: Value of goods = Rs. 100
 B: say BCD is 10% = Rs. 10 (10% of Rs. 100)
 C: say IGST is 12% = Rs. 13.2 (12% of Rs. 110)
 D: Duty paid (B+C) = 23.20

Box-B

"A" can take credit of IGST paid at the time of clearance for home consumption.



Box-C

"A" sells the goods to 'B' for Rs. 300 on 25th September 2017 and charges GST.
 Value of goods = Rs. 300
 GST (say 12%) = Rs. 36
 Credit of which can be availed.

Total duty paid: 23.20 + 36 = Rs. 59.2