

What's New

News Flash



August 2016

CBEC removes customs bonding requirement for EOUs

Central Board of Excise and Customs has issued a notification¹ removing the requirement of customs bonding for Export Oriented Units, Software Technology Park units and Electronics Hardware Technology Park units (collectively referred to as 'EQU units'). It has also issued a circular², clarifying these changes. The summary of amendments is as under:

- The EQU units would stand delicensed as warehouses under Customs Act with effect from 13 August, 2016.
- The EQU units would not be required to maintain warehousing bond register, and will be required to maintain records of imported goods in digital form, in prescribed format. The software for maintenance of records is required to have an audit trail feature, giving specified details. A digital copy of records of transactions for every month need to be submitted to the proper office by 10th of next month. These requirements would also be effective from 13 August, 2016.
- The requirement of re-warehousing certificates is discontinued, and the units are required to obtain/ furnish a procurement certificate at the Customs Station. The units also need to submit a copy of the relevant bill of entry to jurisdictional officers.
- Inter-unit transfers should also be supported by procurement certificates.

PwC comments

This relaxation would help the EQU units by reducing their compliance requirements. This is a welcome step towards Government's stated object of bringing 'ease of doing business'. With removal of income-tax benefits for EQU units in 2011 and possible introduction of GST, quite a few EQU units were considering to exit from the EQU scheme. In view of this procedural relaxation, these units would need to reassess their exit strategy.

¹ Notification No. 44/2016-Customs dated 29 July, 2016

² Circular No. 35/2016-Customs dated 29 July, 2016

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With Best Regards
PwC TRS Team

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