

Government issues FAQs on Manufacture and Other Operations in Warehouse Regulations, 2019

The customs law provides that the owner of any warehoused goods may carry on any manufacturing process or other operations, related to such goods, in the warehouse. In this regard, the government had issued the **Manufacturing and Other Operations in Warehouse Regulations, 2019 (MOOWR)** prescribing the procedure, documentation and compliances to be followed by the owner, who carries on such process or operation in the warehouse.

In order to address certain queries, the government has now issued Frequently Asked Question (FAQs). Some of the key aspects covered by the FAQs are as under:

- **Eligible persons:** A person who has been granted a licence for operating a warehouse in accordance with Private Warehouse Licensing Regulations, 2016 shall be eligible to apply for manufacturing and other operations in a bonded warehouse. Such person should be a citizen of India or have an entity incorporated or registered in India.
- **Eligibility of public bonded warehouse:** Currently, manufacturing and other operations in a bonded warehouse are allowed only in a private bonded warehouse.
- **Physical control:** There is no physical control over a licensed unit on a day-to-day basis. Such units will however be subject to risk-based audits.
- **Validity of licence:** The licence and permission granted is valid unless it is cancelled or surrendered. Thus, no renewal of the licence is required.
- **Import of goods without duty payment:** A licensed unit can import capital goods and warehouse them without payment of duty.
- **Duty deferment:** Manufacture and other operations in a bonded warehouse is a duty deferment scheme. Thus, both Basic Customs Duty (BCD) and Integrated Goods and Service Tax (IGST) on imports stand deferred as under:
 - **Capital goods:** The import duties stand deferred till they are cleared from the warehouse for home consumption or are exported.
 - **Goods other than capital goods:** The import duties stand deferred till they are cleared from the warehouse for home consumption, and no interest is payable on duty.
 - **Finished goods:** In case finished goods are exported, the duty on the imported inputs stands remitted i.e. they will not be payable.

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