



OFFICE OF THE COMMISSIONER OF CUSTOMS  
CUSTOM HOUSE: PORT AREA: VISAKHAPATNAM: 530 035

F.No.P3/06/2017-A.M. (Pt.1)

Date: 27.11.2017

STANDING ORDER NO.26/2017

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

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Attention of all the officers is invited to Board's Circular No. 46/2017-Customs, dated 24<sup>th</sup> November, 2017 issued from F.No.473/10/2017-LC on the above subject which is enclosed for information and guidance.

Difficulties if any may be brought to the notice of the undersigned.

(Dr. D.K. Srinivas)  
Commissioner of Customs

Encl: Board's Circular No. 46/2017-Customs

To

All concerned.

✓ EDI –  
(for uploading to website)

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

North Block, New Delhi  
Dated 24<sup>th</sup> 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. Ch IX of the Customs Act provides for deposit of goods into a customs bonded warehouse  
licensed under section 57 or 58 or 58A without payment of duty and the procedures to be followed with  
respect to the warehoused goods. Sub-section (5) of section 59 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

Sale of goods in a Bonded Warehouse and clearance thereof:

## ILLUSTRATION

