

Important Schemes under Customs & FTP

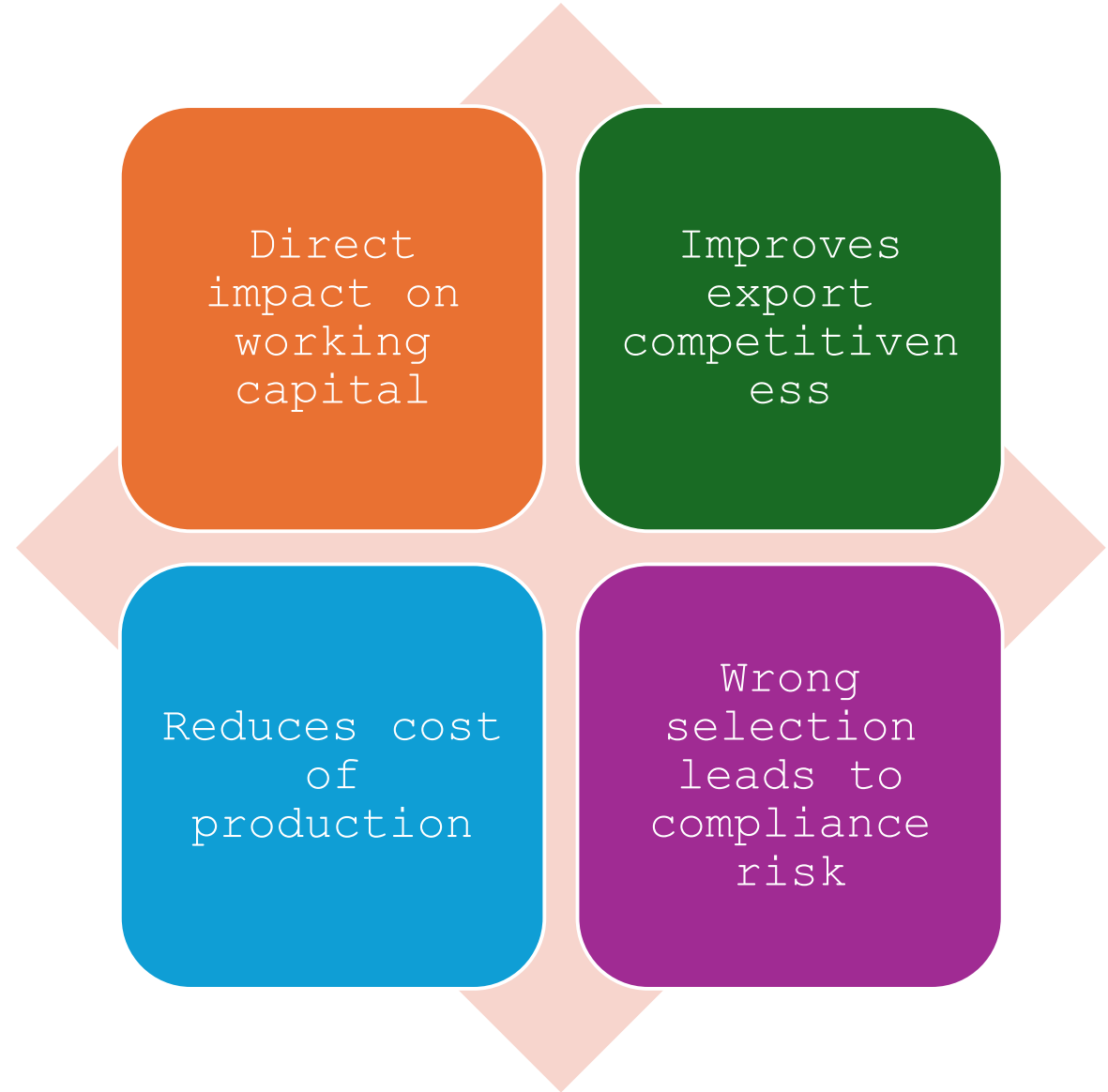
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Why Scheme Selection Matters



How to Select the Right Scheme?

Nature of imports: Raw vs
Capital goods

Export commitment
capability

Domestic vs export sales
mix

Compliance capability of
business

Manufacture
and Other
Operations
in
Warehouse
Regulations
2019



Why MOOWR?

Import Duty Deferment Scheme for Raw Material and Capital Goods



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Deferred duty is not payable in case of export of imported goods



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Import Duty Deferment Scheme for Raw Material and Capital Goods

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No Export obligation and Less Complex than Advance Authorization and EPCG

Duty is payable only in case goods are cleared in Domestic Market

Why MOOWR?



Import Duty Deferment Scheme for Raw Material and Capital Goods

Deferred duty is not payable in case of export of imported goods

No Export obligation and Less Complex than Advance Authorization and EPCG

Duty is payable only in case goods are cleared in Domestic Market

Activities like manufacture, storage, job work, trading can be carried out

Regulatory Framework



Imported raw materials and capital goods

Basic Customs Duty (BCD) + IGST deferred (without interest)

GST is paid on the purchase of raw materials & capitals goods



Domestically sourced raw materials & Capital Goods



Export of Finished Goods from the facility


BCD & IGST waived off

BCD+IGST on imported raw materials & capital goods (if sold in domestic markets) and GST on finished goods to be paid*



Domestic consumption of finished goods

PRIVATE BONDED FACILITY



Regulatory Framework

- **The Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019 (MOOWR)**
 - The Regulation issued under Customs Act, 1962, vide Notification No. 69/2019 Customs dated 1st October 2019 outlining the scheme.
 - Procedure for setting the unit and other clarifications are set out in Customs Circular No. 34/2019, 48/2020 and many more.
 - The monitoring of scheme by Customs Authority

Features of the MOOWR Scheme

- The imported goods can be brought in Warehouse without payment of Customs duties. However, GST is payable on local procurements.
- Improved liquidity with deferment of Customs duty.
- Any person can set up the unit for manufacturing in warehouse.
- Trading activity along with manufacturing is also allowed.
- No minimum investment criteria.
- No minimum requirement of land or premises.
- Conversion from exiting scheme to MOOWR is possible.
- No Export obligation on the unit.
- Sub-contracting is allowed.
- Other FTP scheme like EPCG can also be availed.



Key requirements for the setting up Warehouse

Infrastructure Requirement

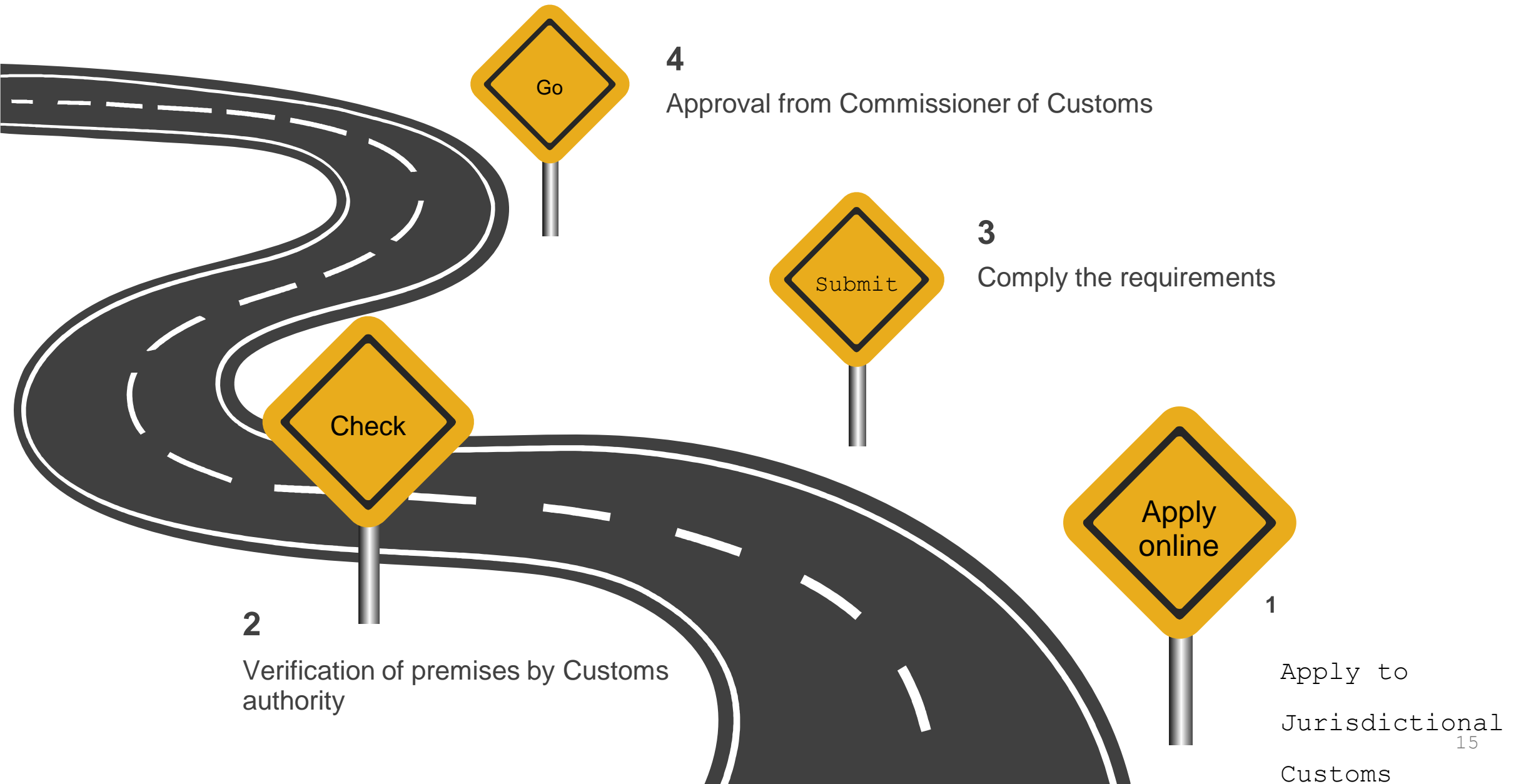
- No geographical restriction
- Premises should be secure for storage of duty-free imported goods
- All risk insurance policy, that includes natural calamities, riots, fire, theft, skillful pilferage and commercial crime.
- Burglar Alarm System
- CCTV Camera facility.
- Security Personnel available 24x7

Key requirements for the setting up Warehouse

Other Requirement

- ✓ Maintain accounts of receipt and removal of goods in digital form
- ✓ ERP upgradation to maintain prescribed records
- ✓ Execute a bond to safeguard revenue with triple duty amount
- ✓ Appointment of warehouse keeper having sufficient experience in warehousing operations and customs procedures
- ✓ Transfer of goods from & to warehouse with one-time lock

Procedure to setup MOOWR



Compliance



File a monthly return in Annexure B prescribed under Circular No. 34/2019 Customs towards the receipt, storage, operations and removal of the goods in the warehouse, within ten days after the close of the month



Preparation of prescribed Form for transfer of goods from a warehouse to warehouse

Discharge of duty saved on imported goods

Customs duty saved at the time of imported goods to be paid as under:

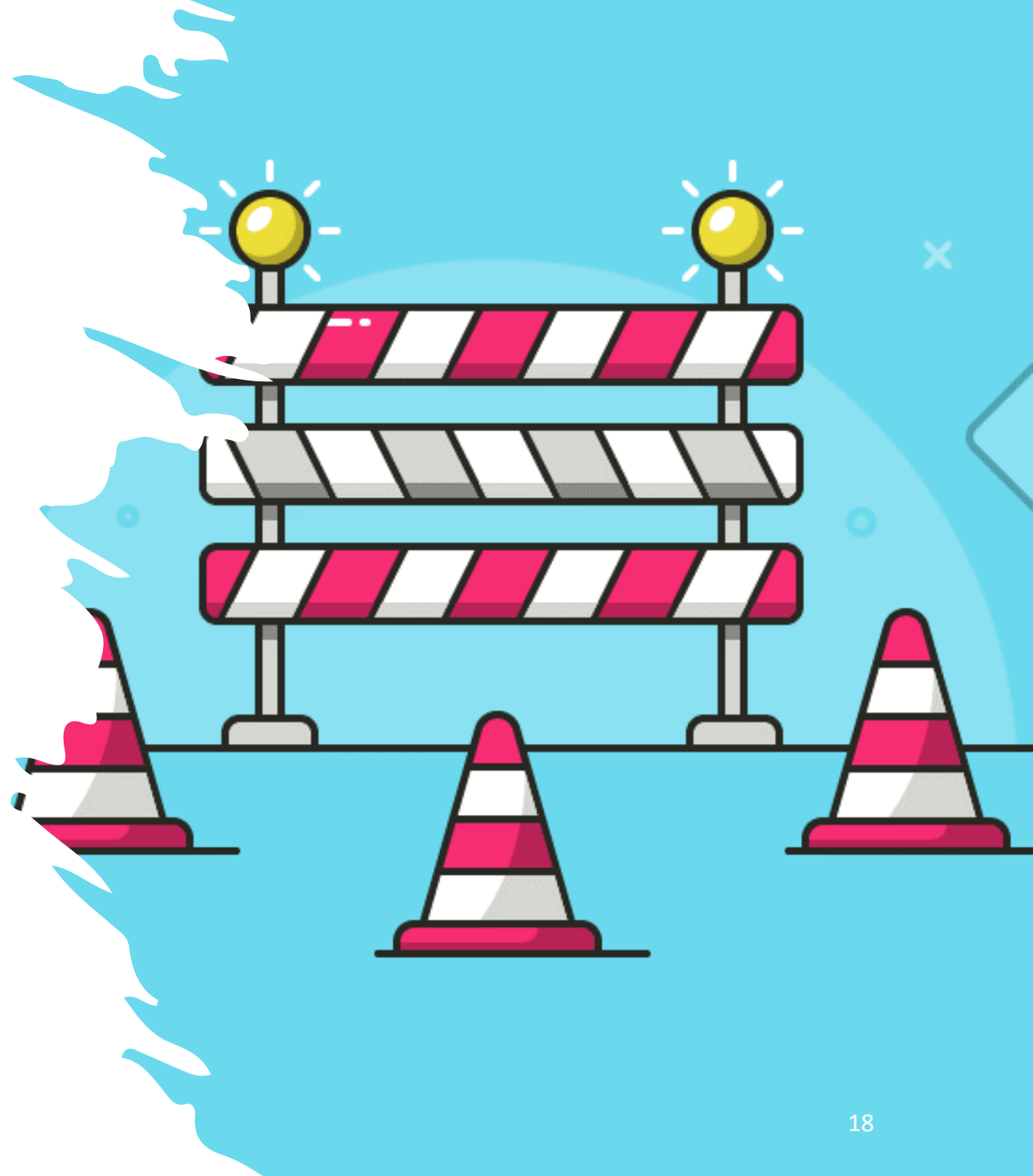
- In case of DTA sale of resultant finished goods, duty on input / raw material contained in finished goods as per input-output norms
- In case of Removal as such of imported goods, duty saved amount along with interest to be paid. In case of goods are cleared within three months, no interest is

payable. No duty is required to be paid in case goods are exported or transferred to another warehouse or supplied to SEZ, EOU/EHTP/STP units



Critical Points to be addressed

- No depreciation is allowed for payment of duty on imported capital goods cleared in DTA after use.
- Duty with along with interest is payable if goods are removed as such after period of 3 months.
- Additional Location



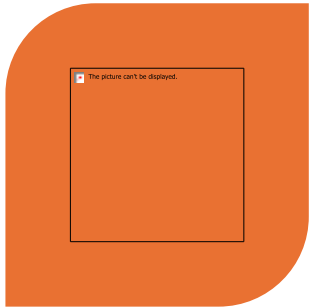
Deferred Payment of Customs Duties



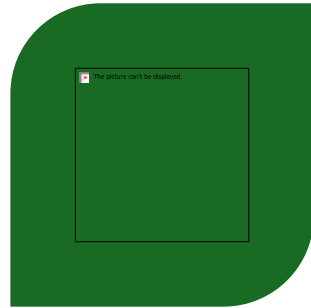
Deferred Payment of Customs Duties

Eligible Manufacturer Importers (EMI)

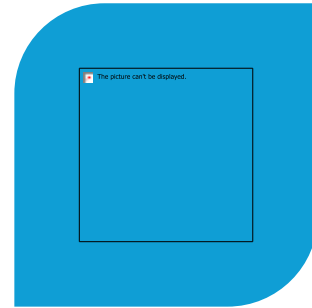
Introduction



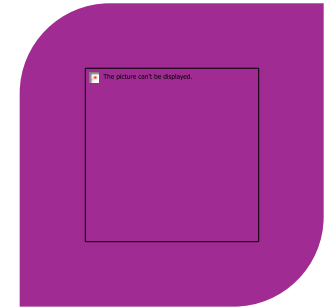
IMPORT DUTY
USUALLY PAID AT
CLEARANCE



CAUSES WORKING
CAPITAL BLOCKAGE



GOVT INTRODUCED
DEFERRED PAYMENT
FOR EMI



NOTIFICATION NO.
12/2026-CUSTOMS
(N.T.)

Policy Objective

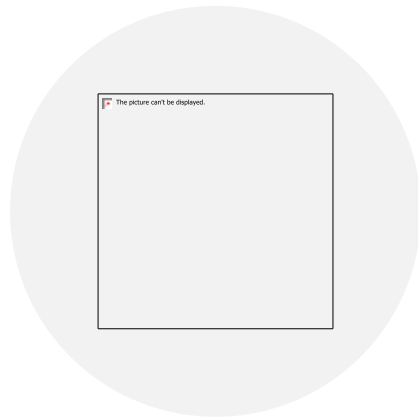
Expand benefit beyond AEO importers

Improve working capital

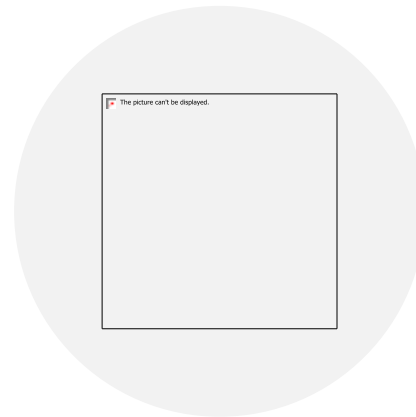
Faster customs clearance

Encourage compliance

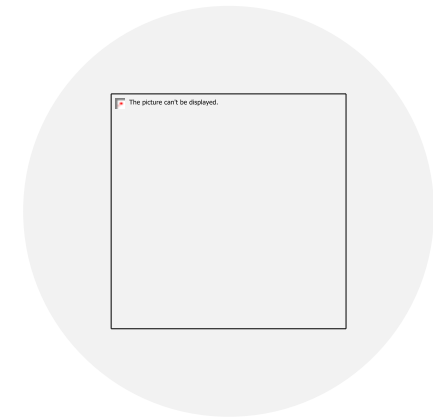
Scheme Timeline



EFFECTIVE: 1
APRIL 2026

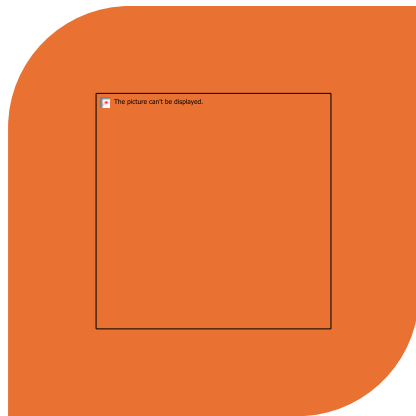


VALID TILL: 31
MARCH 2028

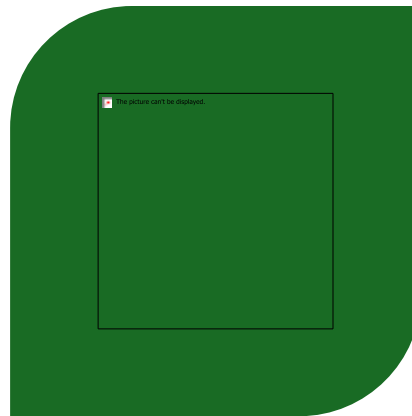


TRANSITION
TOWARDS AEO
CERTIFICATION

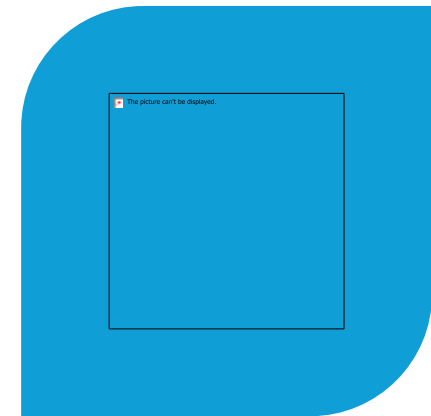
Key Features



NO IMMEDIATE
DUTY PAYMENT



CONSOLIDATED
LATER PAYMENT



OPTION
SELECTABLE IN
BILL OF ENTRY

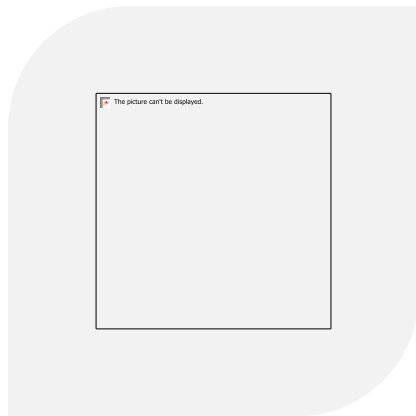
Eligibility (Basic)

Manufacturer
importer or job
work model

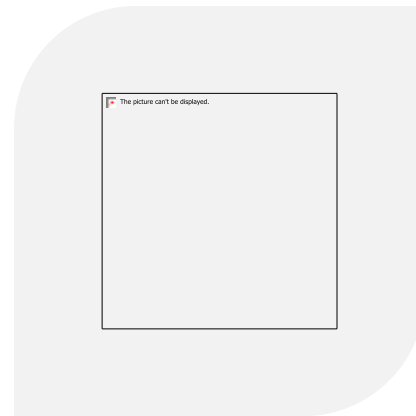
Valid IEC

GST registration

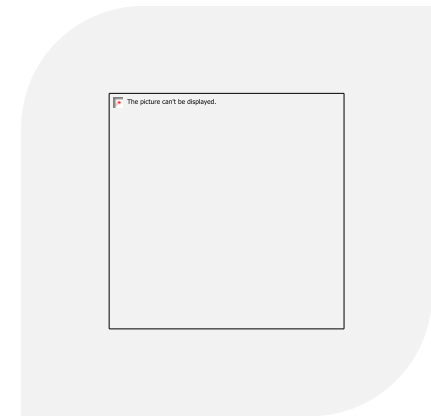
Eligibility (Operational)



25 BOE/SHIPPING BILLS
(10 FOR MSME) IN
PRECEDING FY



TURNOVER > ₹5 CR IN
PRECEDING FY



2 YEARS BUSINESS
OPERATIONS

Eligibility (Compliance)

GST returns filed

No tax default

Financial solvency (CA certificate)

Clean legal record

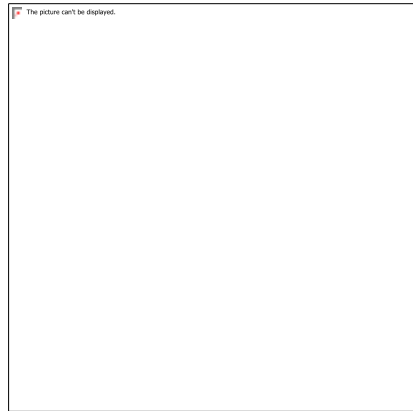
Application Process

Apply via
AEO India
portal

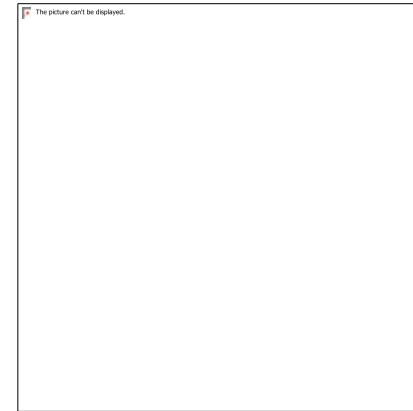
Submit
documents:
GST,
finance,
customs
history

Approval by
DIC, CBIC

Payment Due Dates

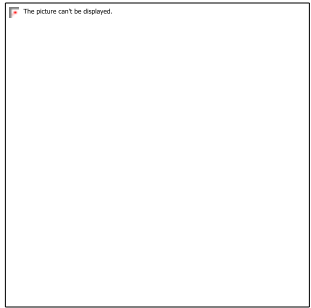


Imports (Apr–Feb): Pay
by 1st of next month

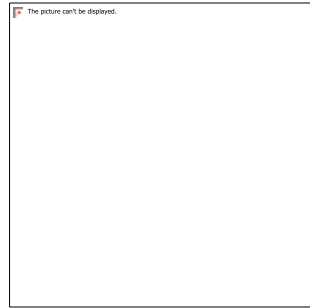


March imports: Pay by
31st March

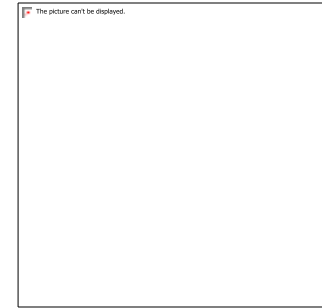
Benefits



Improved cash
flow



Reduced working
capital blockage



Trade
facilitation



Advance Authorisation Scheme

Chapter 4 of Foreign Trade Policy

Advance
Authorisa
tion –
When &
Why

Duty-free import of
inputs, consumables

Best for high import
content exporters

No upfront duty
payment

Improves cash flow
significantly

Advance
Authorisa
tion - CA
Insights

Minimum 15% value
addition on Export

~~Obligation~~

Strict input-output
norms

IGST exemption
subject to pre-import

Risk: Duty + Interest
if Export Obligation
not met

Export Promotion Capital Goods (EPCG)

Chapter 5 of Foreign Trade Policy

EPCG –
When &
Why

0% duty on capital
goods imported
into India

Best for expansion
/ modernization

Supports long-term
export growth

EPCG –
CA
Insights

Export Obligation = 6x
duty saved

6-year obligation
period

No second-hand
machinery allowed
under EPCG

Default leads to Duty
+ Interest on portion
of unfulfilled EO

Duty Drawback

Chapter 4 of Foreign Trade Policy

Duty
Drawback
– When &
Why

Refund of
duties on
~~inputs~~
Useful when
duty already
~~paid~~
Alternative to
AA

Duty
Drawback
– CA
Insights

AIR vs
Brand
Rate
selectio
n

Brand
rate
gives
higher
benefit

Strict
timeline
s

Restrict
ions
with
other
schemes

Remission of Duties and Taxes on Exported Products (RoDTEP)

Chapter 4 of Foreign Trade
Policy

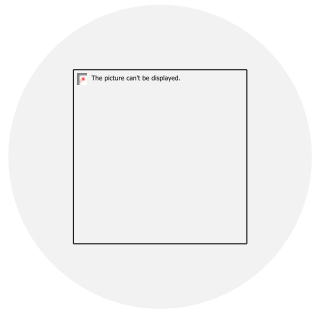
RODTEP – When & Why

Remission
of
embedded
taxes

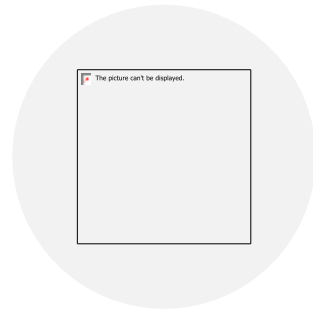
Applicable
across
sectors

No export
obligation

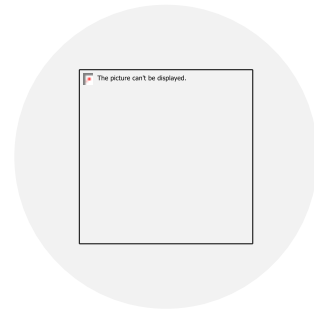
RODTEP – CA Insights



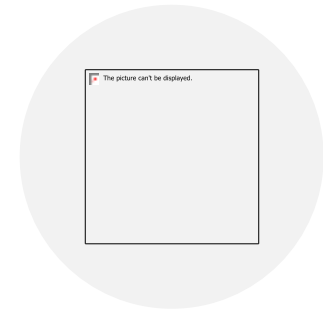
RATE AS % OF
FOB WITH CAPS



LOW COMPLIANCE
BURDEN



CLAIM VIA
SHIPPING BILL

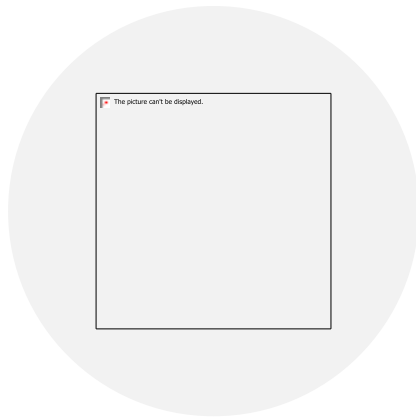


BEST USED WITH
OTHER SCHEMES

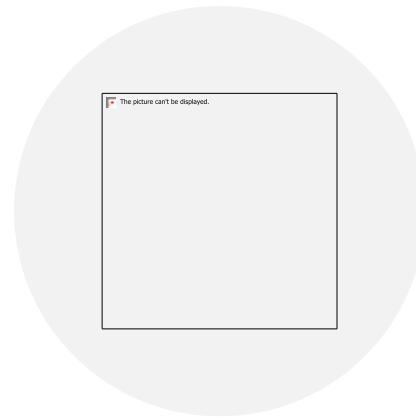
Export Oriented Unit (EOU)

Chapter 6 of Foreign Trade Policy

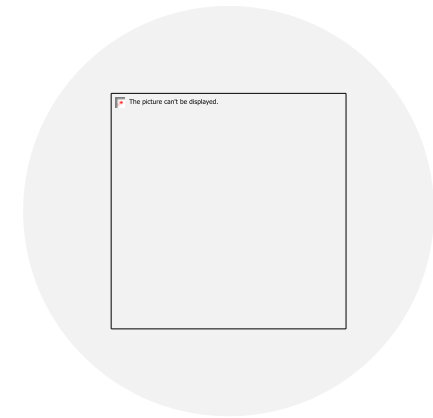
EOU – When & Why



COMPLETE DUTY-FREE
ECOSYSTEM

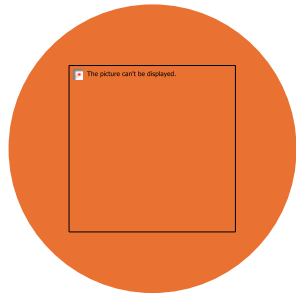


BEST FOR HIGH
EXPORT /IMPORT
VOLUME UNITS

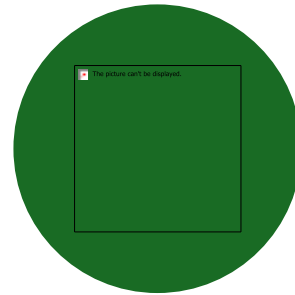


COVERS RAW
MATERIALS & CAPITAL
GOODS

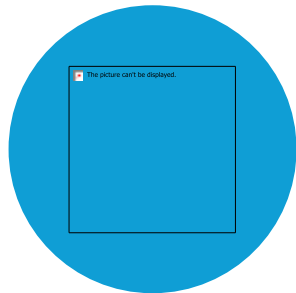
EOU – CA Insights



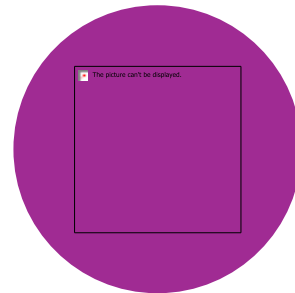
Positive NFE over
5 years



DTA sales allowed
with duty payment

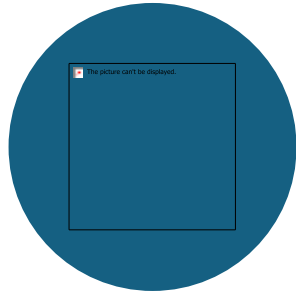


Restriction on
other schemes

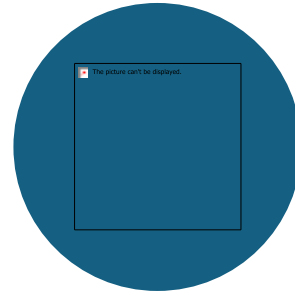


Exit triggers
duty liability on
stock & capital
goods

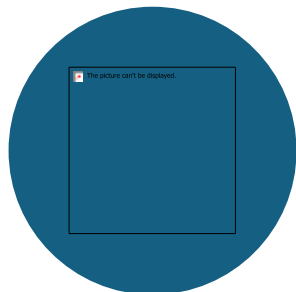
Key Takeaways for CAs



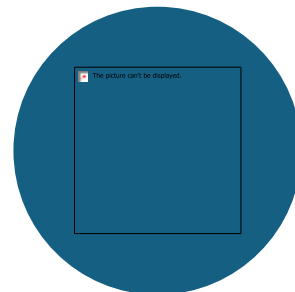
Scheme selection
= financial
strategy



Balance benefit
vs compliance



Avoid overlapping
benefits



Documentation is
critical



Thank you

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