

Reducing Revenue Leakages from Bonded Warehouses

December 2002



Sigma One Corporation

**Reducing Revenue Leakages from Bonded Warehouses
Improvements to Regulations and Procedures**

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by:

**Mr. Jacques Monette
Sigma One Corporation**

In fulfillment of the following milestones:

- 2.40 Assist the Government to implement the recommendations from the report on “operational, Regulatory and Policy Changes required to Eliminate Leakages in Free zones and Bonded Warehouse Regimes**

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**FOLLOW-UP OF THE RECOMMENDATIONS
MADE TO ELIMINATE THE REVENUE LEAKAGES IN THE
BONDED WAREHOUSING AND FREE ZONES REGIMES
IN GHANA**

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REGULATIONS RESPECTING CUSTOMS BONDED WAREHOUSES

Short Title

1. These Regulations may be cited as the *Customs Bonded Warehouses Regulations*.

Interpretation

2. In these Regulations,

“applicant” means a person who applies for a license;

“proper officer,” with respect to a bonded warehouse or a proposed bonded warehouse, means the manager of the customs office or customs offices that serve the area in which the bonded warehouse is located or is proposed to be located;

“CEPS” means the Customs, Excise and Preventive Service of Ghana;

“Commissioner” means the Commissioner of CEPS;

“incompetent” means that the licensee does not have or has not shown to have the skills or qualifications necessary to operate a bonded warehouse;

“good character” means that a person has all the moral qualities necessary for the Government of Ghana to allow deferral of payment of duties and taxes i.e not having a bad record with CEPS on smuggling or tentative to evade its obligations within the last 24 months prior to the issuance of the license;

“license” means a license to operate a place as a bonded warehouse;

“licensee” means a person who is the operator of a bonded warehouse and to whom a license has been issued;

“preserving” means the preserving of goods by the application of preservative, including lubricants, protective encapsulation and preservation paint, and, if the condition of the goods is not changed, by other means such as freezing, drying and freeze-drying.

PART I

Licensing of Bonded Warehouses

Issuance of License

3. (1) Subject to subsection (4), the Commissioner may issue a license to any person who

- (a) makes an application in accordance with subsection (2);
- (b) provides such security as may be required in accordance with section 4; and
- (c) pays any fee required to be paid under section 5.

(2) Any person who wishes to apply for a license in respect of a proposed bonded warehouse shall submit a completed application in the prescribed form, together with a detailed plan of the proposed bonded warehouse including a plan of the site, to the chief officer of customs.

(3) The plan referred to in subsection (2) must indicate

- (a) whether the place proposed to be operated as a bonded warehouse exists or is to be constructed;
- (b) the type of construction of the place, whether or not it already exists; and
- (c) the area, within the place, that is to be used for the storage of goods.

(4) The Commissioner, shall not issue a license, to an applicant unless in his opinion

- (a) the applicant is of good character;
- (b) the site of the proposed bonded warehouse is within an area served by a customs office;
- (c) the applicant has sufficient financial resources
 - (i) to meet the requirements set out in sections 11 and 12, and
 - (ii) to lease or purchase the place proposed to be operated as a bonded warehouse;
- (d) the applicant will provide conditions suitable for the safekeeping of goods; and
- (e) the CEPS is able to provide customs services with respect to the proposed bonded warehouse.

(5) The terms and conditions under which a license may be issued include the extent to which and circumstances in which, in accordance with section 16, goods may be manipulated, unpacked, packed, altered or combined with other goods while in bonded warehouses.

Security

4. (1) An applicant shall, before a license is issued to him, give security in an amount that estimated by the chief officer of customs to be the maximum amount of duties and taxes that would be payable at any time in the year following the issuance of the license in respect of the goods stored in the bonded warehouse in that year.

(2) The Commissioner may at any time require a licensee to increase the amount of security given under subsection (1) to an amount sufficient to ensure the payment of the duties and taxes payable in respect of the goods stored in the bonded warehouse.

(3) The security shall be deposited with the chief officer of customs and shall be in the form of

(a) cash;

(b) a certified cheque; or

(c) a bond issued by a company that is licensed or otherwise authorized under the laws of Ghana to carry on the fidelity or surety class of insurance business and that is recommended as a company whose bonds may be accepted by the Government of Ghana for the purpose of these Regulations.

License Fees

5. (1) Subject to subsection (2), every licensee shall pay to the proper officer of customs an annual fee for the license, for the period beginning on the day on which the license is issued and ending on 31 December in the same year and for each year of operation thereafter, determined on the basis of the amount of security deposited under section 4, in accordance with the table to this subsection.

Table

Category of License	Amount of Fee Payable Per Year
CATEGORY A	\$2000.(at application for a license)
The followings years	\$600.
CATEGORY B	\$1000.(at application for a license)
The following years	\$300.

(2) Where a license is issued on or after 1 July of a year, the fee payable at time of application for that year shall be half the applicable fee but not less than \$1000. and \$500. for Category A and B respectively.

(3) The fee payable under subsections (1) and (2) for the period beginning on the day on which the license is issued and ending on 31 December in the same year shall be paid on or before the issuance of the license and the fee for each year of operation thereafter shall be paid on or before 1 January of that year of operation.

(4) For the purposes of this section, “ year” means the period beginning on 1 January and ending 31 December in the same year.

Amendment of License

6. The Commissioner may amend a license only where the name of the licensee has been changed legally. An administrative fee of \$50.00 is payable at time of request of the amendment.

Cancellation or Suspension of Licenses

7. The Commissioner may cancel a license where the licensee

- (a) no longer owns or leases the place that is licensed as a bonded warehouse;
- (b) requests the Commissioner in writing to cancel the license; or
- (c) is bankrupt.

8. (1) Subject to section 9, the Commissioner may suspend or cancel a license where the licensee

- (a) is the subject of a receivership in respect of the licensee’s debts;

(b) fails to comply with any Act of Parliament, or any regulation made pursuant to an Act of Parliament, that prohibits, controls or regulates the importation or exportation of goods;

(c) has, in the course of operating the bonded warehouse, acted dishonestly in business dealings with clearing agents, importers, carriers, the Government of Ghana or servants of the Government;

(d) has not met any of the requirements set out in sections 11 and 12; or

(e) has been incompetent in the operation of the bonded warehouse.

(2) Subject to section 9, the Commissioner may cancel a license where

(a) the volume of goods being received in the bonded warehouse is no longer sufficient to warrant the continued operation of the bonded warehouse;

(b) there is no longer a need for a bonded warehouse in the area in which the bonded warehouse is located;

(c) the CEPS is no longer able to provide customs services with respect to the bonded warehouse; or

(d) the licensee manipulates, unpacks, packs, alters or combines the goods with other goods while in the bonded warehouse other than in accordance with the specifications set out in the license or in the circumstances set out in section 16.

(3) Where a license is suspended, an officer may lock and seal the bonded warehouse and keep it locked and sealed during the period of suspension.

9. (1) The Commissioner shall, immediately after suspending a license, give to the licensee a notice confirming the suspension and providing all relevant information concerning the grounds on which the Commissioner has suspended the license.

(2) The licensee may, within 90 days after the day on which the license is suspended, make representations to the Commissioner regarding why the license should be reinstated.

(3) The Commissioner shall, before canceling a license under section 8, give the licensee 90 days notice of the proposed cancellation and provide the licensee with all relevant information concerning the grounds on which the Commissioner proposes to cancel the license.

(4) The licensee may, within 90 days after the day on which the notice referred to in subsection (3) is given, make representations to the Commissioner regarding why the license should not be cancelled.

Reinstatement of Licenses

10. The Commissioner may reinstate a suspended license where the cause for the suspension no longer exists. A letter of reinstatement will be sent to the licensee notifying him of the reinstatement within 30 days from the date of representation on the part of the licensee.

PART II

OPERATION OF BONDED WAREHOUSES

Facilities, Equipment and Personnel

11. (1) Every licensee shall provide at the bonded warehouse in respect of which the license was issued

- (a) such facilities, equipment and personnel as are sufficient to control access to the bonded warehouse premises and provide secure storage of the goods in it, including
 - (i) doors and other building components of sturdy construction,
 - (ii) secure locks on doors and windows,
 - (iii) signs that indicate the security requirements applicable to the premises, and
 - (iv) where the bonded warehouse will be used for the storage of designated goods, such additional facilities and equipment as may be required to ensure the secure storage of those goods;
- (b) adequate space for the examination of goods by officers;
- (c) the personnel and equipment i.e. weight scales, measures, computer and internet access necessary and to ensure that the goods to be examined by an officer are made available to the officer for examination; and
- (d) the personnel necessary to furnish information, for audit purposes, to an officer with respect to the bonded warehouse operations and inventory system.

(2) Where a bonded warehouse forms only part of a building, the licensee shall, if so requested by the chief officer of customs, keep the bonded warehouse separate from the remainder of the building by a partition or other structure.

Operation and Maintenance Standards

12. (1) Every licensee shall ensure that the goods received in the bonded warehouse are

(a) stored safely and securely in the area designated for that purpose in the plan referred to in subsection 3(2); and

(b) identified in such a manner so as to enable an officer to locate the goods and check them against the appropriate documentation.

(2) No person, other than the licensee, an employee of the licensee or an employee of a carrier engaged in the delivery of goods to or the removal of goods from the bonded warehouse, shall enter any place in it where goods are stored, without the written authorization or the attendance of an officer.

(3) Every licensee of a bonded warehouse shall have in place

(a) procedures to maintain the security of, and restrict access to, the bonded warehouse; and

(b) procedures to ensure that personnel working in the bonded warehouse are aware of and follow the procedures referred to in paragraph (a)

(4) A bonded warehouse may be locked and sealed by an officer where the chief officer of customs requests that the bonded warehouse be locked and sealed, for the purpose of verifying the goods received or the warehouse documentation.

Receipt of Goods

13. Every licensee shall

(a) acknowledge receipt of imported goods into the bonded warehouse in respect of which their license was issued by endorsing

(i) the transportation document presented to the licensee by the carrier, and

(ii) the prescribed form that is presented to the licensee by the importer or owner of the goods; and

(b) acknowledge the receipt of any other goods that have been received in the bonded warehouse by completing the delivery document in the manner described in the prescribed form.

Time Limits

14. (1) Where goods in a bonded warehouse have not been removed therefrom within the time limit prescribed in the schedule for those goods, the goods may be deposited in a State Warehouse for safekeeping.

(2) The period of the time limit prescribed in column II of an item of the schedule in respect of the goods described in column I of that item shall commence on the day on which the goods are accounted for.

15. The prescribed time in respect of goods referred to in column I of an item of the schedule is the time set out in column II of that item, which time begins on the day on which the goods are described on the form prescribed.

Record Keeping

16.(1) Every licensee shall keep detailed records of all goods received in the bonded warehouse in respect of which his license was issued and of all goods removed from the bonded warehouse, including records of inventory and records of the transactions that occur while goods are in the bonded warehouse, including records of

(a) the receipt of the goods and the accounting thereof into the bonded warehouse;

(b) the removal of the goods from and the accounting thereof out of the bonded warehouse;

(c) any transfer of ownership in respect of the goods;

(d) any transfer to another bonded warehouse; and

(e) any unpacking, packing, manipulation or alteration of the goods or any combination of the goods with other goods.

(2) The records referred to in subsection (1) shall be kept for a period beginning on the day on which the records are made and ending six years after the day on which the goods are removed from the bonded warehouse.

Altering Goods

17.(1) Goods shall not be manipulated, altered or combined with other goods while in a bonded warehouse except for the purpose of or in the course of

- (a) normal maintenance and servicing;
- (b) complying with any applicable law of Ghana;
- (c) separating defective goods from prime quality goods.

(2) Goods may at any time be unpacked or packed while in a bonded warehouse.

(3) Where the importer or owner of goods stored in a bonded warehouse desires that the goods be removed therefrom in smaller units than those recorded at the time of warehousing, the importer or owner shall submit to the proper officer of customs an amended accounting for such goods in prescribed form.

Manipulation, Alteration, Packing, Unpacking, Combination of Goods

18. Goods shall not be manipulated, altered or combined with other goods while in a bonded warehouse except for the purpose of or in the course of

- (a) disassembling or reassembling goods that have been assembled or disassembled for packing, handling or transportation;
- (b) displaying;
- (c) inspecting;
- (d) marking, labeling, tagging or ticketing;
- (e) packing, unpacking, packaging or repackaging;
- (f) removing from the warehouse, for the sole purpose of soliciting orders for goods or services, a small quantity of material, or a portion, a piece or an individual object, that represents the goods;
- (g) storing;
- (h) testing; or

- (i) any of the following that do not materially alter the characteristics of the goods:
 - (i) cleaning,
 - (ii) complying with any applicable law of Ghana,
 - (iii) diluting,
 - (iv) normal maintenance and servicing,
 - (v) preserving,
 - (vi) separating defective goods from prime quality goods,
 - (vii) sorting or grading, and
 - (viii) trimming, filing, slitting or cutting.

Transfer and Removal of Goods

19. Where there is a transfer of ownership of goods stored in a bonded warehouse, the importer or owner of the goods shall submit a transfer document in the prescribed form to an officer at the customs office where the goods were described originally.

20. Where the importer or owner of goods stored in a bonded warehouse wants the goods removed from the bonded warehouse in smaller units than those described originally, the importer or owner shall submit to the chief officer of customs

- (a) where the goods are to be released, an amended accounting in the prescribed form; or
- (c) where the goods are not to be released, an amended description in the prescribed form.

SCHEDULE (Section 15)

Item Column I Warehouse Goods	Column II Time Limits
1. Spare parts for aircraft or vessels and related parts and equipment, not intended for domestic consumption	5 years
2. Intoxicating liquor	5 years
3. Motor Vehicles	2 years
4. Any other goods	1 year

GUIDELINES AND GENERAL INFORMATION

Application, Security, License

1. Bonded warehouses may consist of private bonded warehouses:
 - (1) operated by individuals or companies for the storage of their own in bond goods; or
 - (2) operated by entrepreneurs for the storage of goods imported by various importers.
2. Application for License of Premises to be used as a Bonded Private Warehouse, form C. 66 shall be submitted by the prospective warehouse operator. Form C. 66 is available at all CEPS offices.
3. When an application is approved, a license on the form C.24 will be issued. The license fee must be paid by the warehouse operator (licensee) prior to the warehousing of any goods.
4. One bond may be filed for all warehouses operated by an individual or company within the same Customs office area, provided the amount is the total of those amounts required under subsection 4(1) of the Regulations for each warehouse. The address of each warehouse and the proportion of the total bond value allocated to that warehouse shall be indicated on an attached bond rider.
5. Security will be reviewed periodically during the first year and an increase requested if required. Not less than semi-annually thereafter security will be reviewed and increased according to the largest amount of duties owing at any

time during the past year. Action to decrease security will only be taken at the end of each year. Bonds will be retained on file at the local Customs office.

6. The license fee is not to be refunded when a warehouse operator ceases operations prior to the end of the year. The transfer of a warehouse operation to another location requires that a new application and new security be submitted to Customs at the new location, but a new license fee is not required.

7. (1) Private warehouses shall be distinguished by numbers.

(2) The words "Customs Bonded Warehouse" and the number allocated to the warehouse shall be clearly marked on the principal entrance to the warehouse or elsewhere as the proper officer shall approve, and shall be removed when a warehouse ceases to be licensed under the Decree.

Warehouse Accounting Documents

8. The operator of a public warehouse should acknowledge receipt of for-warehouse accounting documentation to the importer/broker in a mutually acceptable manner.

9. A warehouse operator must also acknowledge receipt of goods into the warehouse (see section 13 of the Regulations). When goods are received, the operator of a public warehouse will provide the importer/broker with a signed copy of the accounting document. This will confirm the operator's liability for duties owing on the goods until their eventual release.

10. The quantity of goods warehoused shall be shown on accounting documents in units appropriate to the intended ex-warehousing operation, i.e., where it is determined that a shipment of 12 cases containing 12 boxes will be ex-warehoused in the smaller units, the accounting document shall show the number of packages warehoused as being 144 rather than 12. In this instance, the words "originally contained in 12 cases" will be shown on the first line of the "Description of Goods" column. It is important that the latter information be shown in order to effect a proper cancellation of the cargo control document.

11. In the event that goods are warehoused in the quantity as indicated on the cargo control document and the owner of the goods determines at a later date that ex-warehousing is to be made in smaller units, the owner is to submit a Single Administrative Document, Code S-300 repack, indicating the new number of units.

(a) Before any warehouse goods may be repacked, the owner must submit in duplicate to the proper officer a notice to repack in the Form C.25

(b) The Commissioner may refuse to grant an application to repack warehouse goods without assigning a cause therefore.

- (c) Permission to repack warehoused goods shall be granted conditionally upon the owner of such goods observing all the requirements of the proper officer, including any requirements in regard to opening, removing, marking, stacking, sorting, weighing, measuring and closing packages in which the goods to be repacked are or are to be contained, and as to the disposal and clearance on payment of duty and taxes thereon of any part of such goods.
- (d) Upon the receipt of the original repacking notice containing the proper officer's receipt for any rent or charges due, the officer in charge of the warehouse shall make arrangements for the supervision of the repacking.

12. Only similar goods of equal unit or package value may be shown on any one line of a Single Administrative Document, Code S-300. Whenever possible, model and serial numbers shall be included with the description of goods.

13. Ex-warehouse accounting documents for goods exempt of duties for sale to accredited diplomats must be accompanied by a written application, signed by a person designated on the list of Diplomatic Corps and Consular and other Representatives in Ghana.

14. Warehoused goods may be temporarily removed from warehouse for exhibition provided that the conditions set forth.

15. When the final Single Administrative Document, code C-300 ex-warehouse is presented against the relevant Single Administrative Document, Code S-300 for-warehouse, i.e., when all line balances have been brought to zero, that final ex-warehouse transaction shall be notated accordingly in the body of the form.

16. For drawback purposes, goods are deemed to have been exported if, among other reasons, they are placed in a bonded warehouse for exportation. A Single Administrative Document, Code S-300, is to be completed and presented to Customs at the time the goods are placed in the bonded warehouse.

Transfer of ownership

17. (1) "Transfer" means the change of ownership or the movement of goods between warehouses or between a warehouse and a duty free shop, or both.

(2) Where the owner of any goods deposited in a warehouse wishes to transfer them to another person, he and the person to whom it is desired to transfer the goods shall each complete and sign in the appropriate places a form of transfer in the Form C.26.

18. The transfer of goods may require a cargo control document appropriate to the mode of transport. The warehouse operator may be provided with a copy of the cargo control document as authority to ex-warehouse the goods.

19. (1) Where goods are transferred between Customs jurisdictions, the copy of the transfer form mailed to the receiving Customs office will indicate any previous transfers.

(2) Where the agent of an aircraft or ship is required to deposit goods in a State Warehouse under section 133 of the Decree, he shall submit a list of such goods to the proper officer in the Form C.68 in triplicate.

20. It is the responsibility of the transferee to present a Single Administrative Document, Code S-300 for re-warehouse or for entry into a duty free shop; these forms will have a unique transaction number and refer to the original warehouse accounting number. When the transferee is a duty free shop operator, the transferor may, should he wish to do so, prepare a Single Administrative Document, Code S-300 on behalf of the transferee.

21. Goods imported under an order bill of lading in favor of a bank or shipper's agent shall be accounted for and delivered to the warehouse in the name of the bank or shipper's agent at any time the consignee is not in a position to obtain release of the goods. After the consignee has made settlement with the bank or agent, a transfer Single Administrative Document, Code S-300 shall be presented.

Shortages in Shipments

22. Where shipments involving shortages of one or more packages are accounted for and delivered to the warehouse, a "Nil" Single Administrative Document, Code C-300 ex-warehouse shall be presented for the quantity short-shipped, provided that evidence has been produced to verify the shortage. The Single Administrative Document, Code S-300 for-warehouse will account for the total quantity invoiced with a notation indicating the number of packages short.

23. Where evidence of short-shipment is not produced within 60 days of the date of warehousing, a Single Administrative Document, Code C-300 ex-warehouse shall be presented accounting for duties on the quantity of goods short-shipped. Notwithstanding the foregoing, where any quantity of warehoused goods will be ex-warehoused prior to the expiration of the 60 days, the Single Administrative Document, Code C-300 ex-warehouse must also account for any shortage which has not been properly verified.

Missing Shipments or Documents

24. When goods arrive at a warehouse without the appropriate cargo control document (carrier copy), or a cargo control document (mail copy) is received without goods, the operator should initiate tracing action. If the missing goods or documents are not received within five working days, the operator must notify Customs.

Warehouse Control

25. The separation referred to in subsection 11(2) of the Regulations may include a solid wall or wire mesh.

26. Prospective customers may be allowed into a warehouse to examine goods in instances where large articles or goods of high value are involved, e.g., motor homes, aircraft, etc. Test use of in bond goods outside warehouse premises is not permitted.

27. In accordance with subsection 12(a) of the Regulations, shipments must be stored in the warehouse by accounting number and each package must be marked with the accounting number. When a new accounting number is assigned (perfecting or repack Single Administrative Document, Code S-300), packages need not be renumbered provided the warehouse records are suitably cross-referenced. A shipment containing more than one piece should be marked with the number of the package, oblique (/) and number of pieces in the shipment, e.g., 1/27, 9/27, 26/27. Wherever possible, shipments of several pieces should be stored in a manner that will allow removal of packages bearing the largest numbers first.

28. The warehouse records required under section 16 of the Regulations shall be maintained in the warehouse or another location readily accessible to Customs.

29. A warehouse record system must have, or be able to produce at reasonable notice:

- (a) a separate file for each for-warehouse transaction,
- (b) ex-warehouse transactions sequentially filed with the relevant for-warehouse transaction,
- (c) line balances of both quantity and value for each for-warehouse transaction, and
- (d) separation of closed files.

30. The importance of establishing and maintaining proper warehouse records lies in the liability of the operator for revenues owing on all goods entered into the warehouse, unless documentary proof is supplied of the goods' lawful removal. In

addition to payment of duty and taxes on removed goods that are not documented, licenses may be suspended or cancelled should an operator's records be consistently inadequate.

31. Goods for which a Single Administrative Document, Code C-300 ex-warehouse has been accepted shall be removed from warehouse immediately. Customs may, however, allow the goods to remain in the warehouse for a reasonable period, if the circumstances are beyond the control of the warehouse operator.

Audits

32. Not less than annually, audits will be conducted at each warehouse to compare actual goods on hand against inventory records.

33. Goods found short or missing by the operator's own checks must be duty paid through presentation of a Single Administrative Document, Code C-300 ex-warehouse. Such voluntary disclosures are not subject to penalty action. However, a point of finality is reached when a Customs Officer presents himself at a warehouse. Any subsequent disclosures will not be accepted as a means to avoid penalty action. When an audit reveals shortages, penalty action will be taken if appropriate, and the warehouse may be physically secured and no further warehouse transactions will be accepted until all duties and penalties are paid.

Cancellation/Suspension

34. Operators who wish to cancel their license shall advise the Chief Officer of Customs in writing at least 60 days prior to the effective date of cancellation. Receipt of the notice of cancellation shall be acknowledged by Customs.

35. When a license is to be cancelled by the Commissioner, the operator will be advised by registered mail of the effective date and reasons for the cancellation. The operator will be given an opportunity to make representation as to why the license should not be cancelled.

36. When the Commissioner is satisfied that the cause for cancellation no longer exists, the notice of cancellation will be withdrawn.

37. When a license is to be suspended by the Commissioner, the operator will be advised of the immediate suspension by registered mail.

38. When corrective action by the operator is required, the suspension will be withdrawn when Customs is satisfied that the cause of the suspension no longer exists.

39. Operators will be advised by registered mail when a suspended license has been reinstated.

Disposal of Goods in a Bonded Warehouse

40. When goods remain warehoused at the end of the time limit specified in section 14 of the Regulations, Customs will arrange for the removal of the goods from the bonded warehouse and may arrange for disposal at the first opportunity.

41. Customs will issue an Unclaimed List Number and complete a Customs Storage Control Document, for each shipment. Goods to be disposed of locally will be transferred to the State Warehouse.

42. The copies will be distributed as follows:

- (a) original - destroyed;
- (b) 1st copy - to the Bonded Warehouse Unit to close the ledger file;
- (c) 2nd and 3rd copies - to the State Warehouse;
- (d) 4th copy - held in a suspense file until a receipted copy is received from the State Warehouse; and
- (e) 5th copy - given to the bonded warehouse operator as a receipt.

43. On arrival at the State Warehouse, the goods will be checked and receipted.

44. Copy 3 of the form will be returned to the originator to close his or her file and copy 2 will be placed in a suspense file at the State Warehouse.

Damaged, Destroyed or Deteriorated Goods

45. (1) When goods suffer damage, deterioration or destruction in a bonded warehouse, the importer is entitled to an appropriate abatement of the duty and tax payable. A Certificate of Damaged Goods, shall be submitted to Customs for approval in such cases. A new form S-300 supported by an approved Certificate of Damaged Goods shall be submitted to account for the reduction in the quantity and value of the goods and to adjust inventory records.

(2) The owner of any warehoused goods shall maintain the packages in which they are contained in a proper state of repair.

Penalty Information

46. Goods unlawfully removed from a warehouse may be seized as forfeit. If the goods are not found, a sum equal to the ascertained duty paid value may be forfeited. Goods remaining in the warehouse may be detained until the sum is paid.

47. The Commissioner may direct that penalties will be applied, in most instances in accordance with the following:

(a) first offence - duties owing plus an amount equal to 50 per cent of the duties evaded;

(b) second offence - duties owing plus an amount equal to the duties evaded;

(c) third offences - duties owing plus an amount equal to three times duties evaded, not to exceed duty paid value. The licensee will see the license revoked.

48. In assessing the penalties, a violation will remain on record for a period of two years. In the event that no infractions are found within two years of the last infraction, subsequent infractions will be subject to those penalties applicable to first offences.

49. The value for duty should be determined as shown on the C-300 ex-warehouse. The rates of duties on the date shown on the C-300 ex-warehouse will apply.