




1 Introduction

This leaflet is intended to answer some questions often asked about operations of bonded warehouses. For more information, reference should be made to sections 55 - 70 of Chapter 322 of the Laws of Zambia, and subsidiary regulations 40 - 60 under the Customs and Excise (General) Regulations.




2 What is a Bonded Warehouse?

A bonded warehouse is a building, an installation or an area licensed in terms of section 55 of the Customs and Excise Act in which goods may be stored without payment of duty. The Commissioner General may determine what kind of goods may be warehoused.

3 What Are The Advantages Of Having A Bonded Warehouse?

-  Goods can be stored without payment of duty, thus giving the importer enough time to source funds.
-  Some goods may sell slowly due to fluctuating demand, hence duty can be paid according to demand.
-  Constant supply of raw materials can be assured in manufacturing industry by importing in bulk and payments being made according to production demands.





4 What Type Of Structure Is Suitable For A Bonded Warehouse?

-  Bulk storage tanks - for liquids.
-  Fenced or walled enclosure.
-  Any permanent secure, separate building of brick, stone, concrete, metal or other solid materials.

5 How Is A Bonded Warehouse Registered And Licensed?

The proprietor or occupier of the warehouse should make an application to the local Customs Station Manager requesting permission to have the warehouse approved and licensed. This application should be made using Customs Form CE 17 available at any Custom House. If the applicant wishes to manufacture under bond, an addendum declaring the intention and outlining the process of manufacture should be attached to the application form. A plan/diagram of the structure/ premises may accompany the application.


Upon receipt of the application, the Station Manager will make arrangements for inspection of the warehouse. The following points are emphasized:


-  The warehouse must be conveniently situated, i.e., within 20km from the controlling station;
-  The warehouse must be secure and separate from retail outlets
-  The doors must be strong (grilled doors are recommended) and have provision for a Customs lock;
-  Access into warehouse should be restricted; and


 Windows, if any, should be properly designed and burglar-barred.


Once the above conditions have been satisfied and the application approved, the applicant is required to secure a bank guarantee or enter into a bond with ZRA. A bond with ZRA is done using Customs form CE 121. The surety must consent to a penal sum which is determined largely by the nature and quantity of merchandise to be stored. Finally, the applicant is required to pay a fee of K180,000 (currently) for a licence which is renewable annually.







6 What Are The Obligations Of A Proprietor Of A Bonded Warehouse?

 To keep a record of goods entering and/or leaving the bonded warehouse.


 To arrange and stack goods in an approved manner.

 Making them easily accessible when there is an inspection.

 To place bin cards on each consignment reflecting–

-  dates goods are warehoused;
-  entry registration number and date;
-  importer's name;
-  description and quantity of goods warehoused;
-  date and quantity removed each time removals are made; and
-  balance of goods remaining in the warehouse.





 To ensure that duty paid/ duty free stocks are not put in the bonded warehouse.

 To ensure that dangerous or flammable goods or those likely to cause damage to others are not warehoused in the same warehouse.

 The warehouse should be securely locked between sunset and sunrise.

7 What Is The Procedure For Warehousing Of Goods In Bond?

Goods intended for warehousing in bond should be entered on Customs form CE 20 together with the usual supporting import documents which include–

-  form CE19 - proprietor's receipt for good warehoused;
-  invoices - from the supplier;
-  preceding form CE 20 - if removed in bond from another port
-  any other supporting import documents.

8 How Does A Proprietor Clear Goods From A Bonded Warehouse?

A proprietor is allowed to clear goods according to demand. All that is needed is to present an appropriately completed form CE 20 to the customs authorities for processing. The following codes below may be used on ex- warehousing:

- C450- Goods for home use on payment of duties and tax
- C451- Goods for diplomatic personnel and missions
- C452- Goods for approved organisations (scientific, blind& other)
- C453- Goods for investments approved by the Investment Centre
- C454- Goods for the Government of the Republic of Zambia
- C455- Goods for approved technical assistance experts.
- C456- Goods for Tazara/approved pipeline project.
- C457- Aircraft stores, consumables and technical supplies for certain aircraft.
- C458- Aircraft stores and equipment for research or rescue, airlines' operator's document.
- C459- Goods for mining right.
- C460- Goods for the republican president
- C461- Goods intended for transfer to another bonded warehouse.
- C462- Inspector's adjustment entry.
- C463- Goods under relief on specific S.I. approved by the Minister of Finance
- C464- Accounting for goods used in manufacturing under bond.

Goods can only be removed from the warehouse after form CE 20 has been processed and a release order issued by Customs.

9 Can A Proprietor Transfer Goods From One Bonded Warehouse To Another?

Yes, by completion of form CE 20 as stated in section 8 above. However, the operator of the receiving bonded warehouse is expected to present to Customs completed form CE 20 under CPC code 702 together with preceding documents.

After processing, copies must be sent back to the bonded warehouse which dispatched the goods as evidence of the re-warehousing of the goods.

10 Is The Licence Transferable?

The licence of a bonded warehouse is not transferable from one operator to another.

11 Can Goods Warehoused In Bond Be Exported?

Yes, the exporter must complete form CE 20 and attach other supporting export documents e.g., carrier's consignment notes, invoices etc. under the following CPC codes:

- E101 - Exportation of goods from bonded warehouse
- E103 - Exportation of goods manufactured under bond

12 For How Long May Goods Stay In A Bonded Warehouse?

The maximum period goods may remain in the warehouse at present is-

- two years for those goods on which duty and import VAT exceeds K180,000; or
- one year for those goods on which duty and import VAT does not exceed K180,000.

Goods must be paid for and removed from the bonded warehouse before the period expires.

13 Does The Period Of Time Goods Are Kept In The Warehouse Affect The Taxes Payable?

The value as warehoused does not change but the rate of duty applicable is the rate in force at the time the goods are removed from the bonded warehouse.

14 Is There Anything Else A Proprietor Needs To Take Note Of With Regard To Bonded Warehouses?

Yes.

- A bonded warehouse is for public use. Anyone other than the proprietor or occupier should have access to this facility at reasonable charges if space for warehousing is available.
- Duty is payable immediately on deficiencies.
- Only full, undamaged packages may be warehoused and only full packages may be removed (unpacking in bond is not permitted unless authorized to do so by the Commissioner-General).
- A licence on a bonded warehouse is subject to renewal by 31 December.

15 What If A Proprietor Wishes To Cancel The Bond?

Clear and pay duty on all the goods in the bonded warehouse and write to the controlling Customs Station stating that you wish to cancel the bond. As long as the proprietor has no outstanding obligations, the bond may be cancelled.

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