

STATUTORY INSTRUMENTS

SUPPLEMENT No. 20

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STATUTORY INSTRUMENTS SUPPLEMENT

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STATUTORY INSTRUMENTS

2002 No. 20.

**THE CUSTOMS MANAGEMENT (MANUFACTURING IN A WAREHOUSE) REGULATIONS,
2002.**

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STATUTORY INSTRUMENTS

2002 No. 20.

The Customs Management (Manufacturing In a Warehouse) Regulations, 2002.

(Under sections 42 and 191 of the Customs Management Act Cap.27 of the Laws of the East African Community)

IN EXERCISE of the powers conferred upon the Minister by section 191 of the Customs Management Act, 1970, these Regulations are made this 13th day of February, 2002.

PART I—PRELIMINARY.

1. Citation.

These Regulations may be cited as the Customs Management (Manufacturing In a Warehouse) Regulations, 2002.

2. Interpretation.

In these Regulations, unless the context otherwise requires—

“Act” means the Customs Management Act, Cap 27 of the Laws of the East African Community;

“warehouse” means a factory as defined in section 5 of the Factories Act, Cap. 198 and a bonded warehouse as defined under the Act.

PART II—LICENCES.

3. Application for and issue of licence to manufacture in a warehouse.

(1) The Commissioner-General may, on application by a person who owns a warehouse, and subject to such conditions as the Commissioner-General may impose, issue a licence in Form C. 29 of the Schedule to these Regulations to the applicant to manufacture in a warehouse; and the Commissioner-General may refuse to issue a licence or, by notice in writing, suspend, revoke or refuse to renew a licence on grounds stated in the notice.

(2) The warehouse shall be suitable to the satisfaction of the Commissioner-General for the manufacturing of goods in a warehouse in so far as the location, situation, construction and accommodation are concerned and a plan of the buildings, warehouse and thoroughfares shall accompany the application.

(3) An application for a licence under these Regulations shall be in Form C28 prescribed in the Schedule to these Regulations and shall be accompanied by a fee of one hundred thousand shillings or such other fee as may from time to time be prescribed, for each warehouse, regardless of the time of the year the licence is issued.

(4) A licence issued under these Regulations shall be subject to the payment of an annual fee of five hundred thousand shillings or such other fee as may from time to time be prescribed, and the licence shall expire on the thirty first day of December in each year.

(5) The Commissioner-General may require the person applying for a licence to furnish such security as the Commissioner-General may deem fit as a condition to the grant of the licence and the Commissioner-General may, at any time, require a licensee to furnish a new security in a different amount or on different terms.

(6) A licensee to whom a bonded warehouse licence is issued shall enter into a bond in Form CB3 and CB 6 to secure the duty on goods on removal or in the warehouse and compliance with all the provisions of the Act and Regulations relating to manufacturing of goods in a warehouse.

(7) The death of a licensee or any change in ownership of a warehouse shall be reported to the Commissioner-General by the licensee or if the licensee is dead, by his or her surety.

(8) A warehouse shall be distinguished by numbers and 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 these Regulations.

(9) A licensee of the bonded warehouse shall submit a return of the goods remaining in his or her bonded warehouse at the close of business on the thirtieth day of June in each year to the proper officer not later than the 31 st July of the same year.

(10) No premises shall be used for manufacturing in a warehouse unless there is in relation thereto a valid licence.

(11) Any person who manufactures in a warehouse without a licence or a licensee who uses or permits his or her warehouse to be used in contravention of the terms of his or her licence, commits an offence and is liable on conviction to a fine not exceeding two million shillings or to imprisonment for a term not exceeding three years or both; and any goods in respect to which an offence has been committed shall be liable to forfeiture.

4. Licence to make entries for building, items, plant etc.

(1) A licensee shall, before commencing to manufacture in a warehouse, make entry in the prescribed form and in the prescribed manner of each building, room, place and item plant in the warehouse which he or she proposes to use in the manufacture or storage of raw materials or manufactured goods; and, in each entry, he or she shall specify the purpose for which each building, room, place or item or plant is to be used.

(2) A licensee shall not, in the course of manufacturing goods in a warehouse—

- (a) make use of a building, room, place or item of plant in relation to which entry is required under this regulation unless there is, in respect thereof, a valid entry;
- (b) effect, without prior permission of the Commissioner-General, an alteration in shape, position or capacity to a building, room, place or plant.

5. Revocation, cancellation, etc of licence.

(1) Where the Commissioner-General suspends, revokes or refuses to renew a licence under regulation 2(1), he or she shall serve or cause to be served, in writing, on the licensee a notice to that effect.

(2) The notice referred to in sub-regulation (1) may be served by delivering it to the licensee or by leaving it at the bonded warehouse or with the person in charge of the bonded warehouse and thereafter the notice shall be deemed to have been served.

6. Where manufacturer ceases to be licensed.

(1) Where a manufacturer ceases to be licensed under these Regulations, he or she shall enter and deliver for exportation or for removal to another bonded warehouse or for home use all the plant, machinery and equipment, raw materials or manufactured goods in the bonded warehouse within such time as the Commissioner-General may specify.

(2) Where, on the expiry of the time specified by the Commissioner-General under sub-regulation (1), the plant, machinery and equipment, raw materials or manufactured goods are not entered and delivered in accordance with sub-regulation (1) then the plant, machinery and equipment, raw materials or manufactured goods shall be liable to forfeiture.

7. Storage of goods and records in warehouse.

(1) A manufacturer shall—

- (a) provide office accommodation and just weights, scales, measures and other facilities for examining and taking account of goods and to secure them as the proper officer may reasonably require;

(b) keep a record of all types of plant, machinery and equipment, raw materials and goods manufactured in a warehouse and keep that record available for examination by the proper officer at all times,

(c) provide all necessary labour and materials for storing, examining, packing, marking, co-operating, weighing and taking stock of the goods in a warehouse whenever the proper officer so requires.

(2) Where a manufacturer contravenes this regulation, the Commissioner-General may direct that the manufacturer shall cease operations until he or she has complied with this regulation to the satisfaction of the Commissioner-General.

(3) A manufacturer who contravenes any of the provisions of this regulation or of a direction given by the Commissioner-General under these Regulations commits an offence.

PART III—TREATMENT OF GOODS IN BONDED WAREHOUSE.

8. Raw materials stock room.

(1) All raw materials, whether imported or obtained locally, received in the bonded warehouse, shall be stored in a room of which an entry for the purpose has been made in accordance with regulation 2(1) of these Regulations and the room shall be known as the raw materials stock room.

(2) The goods shall be stocked according to the type of raw material, machinery, plant or equipment according to the entry number and in order in which they are received in the stock room.

(3) The raw materials stock room shall be secured by two locks provided by the licensee and the proper officer.

(4) The raw materials shall be stored in such a way as to facilitate the easy taking of their full account.

(5) To authorise the raw materials to get out for production, the licensee shall make a requisition for the type and quantity of raw materials required for manufacture.

(6) The particulars of the requisition shall be entered on delivery side of machinery and raw materials register and also on the stock card.

9. Manufactured goods stock room.

(1) All manufactured goods shall, after the process of manufacture, be entered in the manufactured goods register and shall be stored in a room of which entry for the purpose has been made in accordance with regulation 3(1) of these Regulations and the room shall be known as the manufactured goods stock room, until they are delivered from the room for exportation or for removal to another bonded warehouse for further manufacture.

(2) At the point of production in the bonded warehouse, the licensee shall issue a production report to the proper officer indicating the number of packages, the description of the goods and rejects and waste.

(3) The proper officer, upon receipt of the production report, shall enter the goods in the Manufactured Goods Register.

(4) The manufactured goods so entered shall be stocked in the manufactured goods stock room.

(5) The manufactured goods shall be stored in such a way as to facilitate the easy taking of their full account.

(6) From the manufactured goods stock room, the goods can either be entered for home use and taxes payable or for export and escorted by a convoy to the point of exportation.

(7) Spoilt or damaged goods shall be transferred to the waste and rejects stock room.

(8) The finished goods shall also be stocked in the stock room according to batch numbers.

10. Waste rejects stock room.

The waste from the manufacturing process and all manufactured goods which are not of the required standard or specification shall, after the process of manufacture, be stored in a room of which entry has been made for the purpose in accordance with regulation 3(1) of these Regulations and which shall be known as the waste and rejects stock room.

11. Stock to be used only for purpose for which entry is made.

(1) A stock room shall not be used for any purpose other than the purpose for which an entry has been made.

(2) A licensee who contravenes this regulation commits an offence, and the raw materials or manufactured goods in respect of which an offence has been committed shall be liable to forfeiture.

PART IV—MANUFACTURED GOODS FOR EXPORTATION
AND HOME USE.

12. Manufactured goods for export.

(1) Manufactured goods for export in a warehouse shall be entered in a prescribed form and the details recorded in the Manufactured Goods Register.

(2) Delivery of manufactured goods from the manufactured goods stock room shall only be made in the presence of the proper officer after they have been duly entered for exportation and shall be transported directly to the port of final exportation in sealed vehicles or containers

except in exceptional circumstances or in any special case otherwise authorised by the Commissioner-General.

(3) A licensee shall obtain a certificate of exportation from the proper officer at the port of exit on completion of the exportation, and the certificate shall be submitted to the proper officer at the bonded warehouse as proof of such export within thirty days, or such further period as the proper officer may determine.

13. Manufactured goods for home use.

(1) Notwithstanding anything contained in these Regulations, the Commissioner-General may, subject to such conditions and limitations as he or she may impose and on payment of the duties due, permit goods manufactured in a bonded warehouse, including waste from the manufacturing process to be entered for home use.

(2) Subject to sub regulation (1), goods manufactured in a bonded warehouse and intended for home use shall be entered in a prescribed form.

PART V—WAREHOUSING OF GOODS.

14. Removal of goods from one warehouse to another.

(1) Where goods are warehoused the Commissioner-General may, subject to such conditions as he or she may impose, permit the name of the owner of the goods in the account taken under regulation 12(1) to be changed if an application is made in the prescribed form and signed by both the owner and the intended owner.

(2) Where goods warehoused under these Regulations are to be removed to another warehouse, then the proper officer shall require the owner of the goods—

(a) to deliver an entry in respect of the goods in such form and manner as the proper officer may direct;

(b) to give security in such amount not being less than the duty chargeable on the goods, as the proper officer may deem fit for the due arrival and rewarehousing of the goods within such time as the proper officer may consider appropriate; and

(c) to transmit to the proper officer of the warehouse where the goods are to be re-warehoused an account containing the particulars of the goods.

(3) The security given under subregulation (2) shall not be discharged unless—

(a) the conditions attaining to the security have been satisfied;

(b) the full duty payable on the goods has been paid in accordance with these Regulations; or

(c) the goods are otherwise accounted for to the satisfaction of the proper officer, and any duties due in respect of any deficiency in the goods not so accounted for have been paid;

(d) on arrival of the goods at the other bonded warehouse, a particular account of the goods shall be taken in accordance with regulation 12 (1).

15. Removal of goods from warehouse without payment.

(1) The Commissioner-General may, subject to such conditions as he or she may impose and to the giving of such security as he or she may think appropriate for the due return thereof, permit goods to be removed from a bonded warehouse without payment of duty for such purpose, for such period and in such quantities as he or she may deem fit.

(2) A person who contravenes any conditions imposed under sub-regulation (1) commits an offence and is liable on conviction to a fine not exceeding five hundred thousand shillings or twice the ex-factory selling price or CIF value in respect of imports, whichever is higher or to imprisonment for a term not exceeding three years or to both; and the goods in respect of which an offence has been committed shall be liable forfeiture.

16. Proper officer to take account of imported goods.

(1) At the port of entry, the proper officer shall take a particular account of the imported goods and shall enter the account in a special register known as the Port of Entry Register CF. 1.

(2) The value of the imported goods under subregulation (1), whether free or exempt from duty or liable to specific duty or liable to ad valorem duty, shall be declared in accordance with sections 108 and 108A of the Fourth Schedule to the Act.

(3) Imported plant, machinery and equipment including raw materials exclusively for use in the manufacture of goods for export under bond shall be entered in Form S7 in sextuplicate at the port of entry to be covered by CB3.

(4) The plant, machinery, equipment and the raw materials for use in the manufacture of goods under bond shall be consigned under the care of the proper officer at the station of destination and those goods shall not be delivered to the consignee or to any other person without the authority of the proper officer.

(5) On receipt of the records in the bonded warehouse, the licensee shall—

(a) enter all the imported plant, machinery and equipment and raw materials in the imported raw materials register;

(b) enter on a separate register in the local materials register all the locally obtained machinery, equipment and raw materials.

PART VI—MISCELLANEOUS.

17. Plant, machinery etc to be entered in warehouse in specified time.

(1) All items of plant, machinery, spares and imported raw materials for use in the manufacture of goods in a warehouse shall be duly entered and delivered to a bonded warehouse within such time and subject to such conditions as the Commissioner-General may prescribe; and if the goods described in the regulations are not so delivered, then, as from the date of importation, the plant, machinery, spare and raw materials shall be deemed to be prohibited goods, unless a satisfactory explanation is given to the proper officer to account for any delay.

(2) All manufactured goods shall be duly exported or entered for home use within such time and subject to such conditions as the Commissioner-General may impose.

(3) A manufacturer who contravenes this regulation commits an offence and is liable on conviction to a fine not exceeding two million shillings or twice the exfactory value, or CIF value in respect of imports; whichever is higher, or to imprisonment for a term not exceeding three years or both; and the goods in respect of which the offence has been committed shall be liable to forfeiture and, in addition, the Commissioner-General may revoke the licence issued under regulation (1) of these Regulations.

18. Registers.

(1) A licensee shall keep—

(a) a raw materials register in Form CF. 2 of the Schedule to these Regulations and shall, each day, enter in the register the particulars of all receipts and deliveries of all raw materials;

(b) a manufactured goods register in Form CF. 3 of the Schedule to these Regulations and shall, each day, enter in the register the particulars of all the receipts and deliveries of all manufactured goods; and

(c) a waste and rejects register in Form CF. 4 of the Schedule to these Regulations and shall, each day, enter in the register the particulars of all receipts and deliveries of all waste and rejects.

(2) The stock register shall be available for inspection by the proper officer at all times and the proper officer may take copies of any entry in the stock register.

(3) The waste and rejects from any bonded warehouse shall be exported or otherwise destroyed under customs supervision.

(4) A licensee who, contravenes any of the provisions of this regulation commits an offence.

19. Importation and entry of plant, machinery, equipment and raw materials.

(1) All imported plant, machinery and equipment including raw materials exclusively for use in manufacture of goods under bond, shall be entered on Form S.7 in sextuplicate at the Port of Entry to be covered by a CB3.

(2) The proper officer, shall take particular account of the goods and shall enter the account in a special register called the Port of Entry Register CF 1.

(3) The goods shall be consigned under the care of the proper officer at the point of destination.

(4) The goods should be manifested separately from the other raw materials not for manufacture under bond.

(5) The licensee at the point of destination, shall enter all the imported goods in a Machinery and Raw Materials Register CF2.

(6) Local raw materials which are to be used together with the imported raw materials in production shall also be entered as such in the same register CF2.

(7) The proper officer, on receipt of the goods in bonded warehouse shall issue an F.7 for cancellation of the bond at the point of entry.

(8) A release order shall be issued by the licensee, which shall be endorsed by the officer in charge of the bonded warehouse to allow the vehicle cross back to the country of exportation.

20. Declaration and assessment for home consumption.

(1) All goods required for home consumption shall be entered on Form C5 and the taxes shall be assessed.

(2) The proper officer will enter the particulars of the goods in delivery side of the manufactured goods register.

(3) The manufacturer shall issue a Release Order in quadruplicate for the goods after the taxes have been collected.

(4) The proper officer shall endorse on the Release Order accordingly and retain a copy of the release order to attach to the Station Copy of Form C5.

21. Declaration and assessment for export.

(1) Where goods are to be exported, they shall be entered on an Export Entry.

(2) The importer shall be required to furnish a bond CB4 to cover security on the goods.

(3) The proper officer shall verify the goods and put them in sealed trucks to be escorted to the border through the convoy system and the particulars of the goods and the export entry shall be entered on the delivery side of the manufactured goods register.

22. Goods to be delivered as raw materials.

(1) Where goods are to be delivered from the manufactured goods stock room as raw materials for further processing in another bonded warehouse, they shall be entered on Form S.7 and covered by a CB3.

(2) The bond shall be discharged when the goods are received from the other bonded warehouse.

(3) The goods shall be escorted and entered on cargo receipt which shall be endorsed by the proper officer in that other bonded warehouse acknowledging receipt.

(4) The particulars of the goods shall be entered in the delivery side of the Manufactured Goods Register.

23. Offences.

(1) Where, upon the proper officer taking stock of the raw materials or manufactured goods in a bonded warehouse, he or she establishes excesses or deficiencies which the licensee fails to account for to the satisfaction of the proper officer, the licensee commits an offence and is liable to—

(a) a fine not exceeding two million shillings or twice the ex-factory value or CIF value, in respect of imports, of the deficiency or excess, whichever is higher, or to imprisonment for a term not exceeding three years or both; and the goods in respect of which an offence has been committed shall be liable to forfeiture; and

(b) pay the full duties on the excesses or deficiencies.

(2) Any licensee who, without the permission of the Commissioner General, disposes of or allows to be disposed of raw materials or manufactured goods from a bonded warehouse, within the Ugandan market, whether on payment of tax or duty or not, or any person who acquires, keeps, conceals or has in his or her possession such raw materials or manufactured goods from a bonded warehouse, commits an offence and is liable on conviction to a fine not exceeding 10% of CIF Value or three times the ex-factory value of the raw materials or manufactured goods, whichever is higher, or to imprisonment for a term not exceeding three years or both; and the goods in respect of which the offence has been committed shall be deemed to be prohibited goods as from the date of such disposal or acquisition.

24. General Penalty.

Where an offence is committed under these Regulations for which no specific penalty has been prescribed, a person convicted of such offence shall be liable to a fine not exceeding two million shillings or both.

REPUBLIC OF UGANDA CUSTOMS

AND EXCISE DEPARTMENT

APPLICATION FOR LICENCE OF PREMISES TO BE USED AS A BONDED
FACTORY/WAREHOUSE

Name and address of applicant
The estimated amount of Import Duty and Value Added Tax chargeable on goods likely to be in the
factory at any one time.....
Name of proposed securities

PARTICULARS OF PREMISES:

Whether a room or rooms or an entire building
Where situated
How bonded
Of what material built
Dimensions
Doors
Windows
How doors fastened
How windows fastened
Ventilation
If there is an upper storey, for what purpose used

.....
(Signature of Applicant)

RECOMMENDATION TO COMMISSIONER CUSTOMS AND EXCISE:

.....
Revenue Officer

Approved:

.....
For: Commissioner Customs and Excise

Note: Plans of the proposed building and situation of the same in relation to other buildings should accompany this application.

R.3 (1) (C.29)

REPUBLIC OF UGANDA CUSTOMS

AND EXCISE DEPARTMENT

LICENCE FOR CUSTOMS BONDED FACTORY/WAREHOUSE

Subject to the observance by the (Licensee) of the provisions of the Customs Management Act, the aforesaid is hereby licensed to manufacture in a warehouse the following goods

.....
.....

.....
.....

This licence is valid from the day of (month)year to the 31st December unless earlier revoked.

Dated this day ofyear.....

Licence Fee Shs:

.....
For: Commissioner Customs and Excise

P.C.C. Receipt No: of

[R.3 (1) (C.29)]

REPUBLIC OF UGANDA

CUSTOMS AND EXCISE DEPARTMENT

MACHINERY AND MATERIALS REGISTER (IMPORTS/LOCAL)

Manufacturer's Name

Bonded Factory/Warehouse No. at

[R.16 (1)] Form CF. 1

REPUBLIC OF UGANDA

CUSTOMS AND EXCISE DEPARTMENT

MANUFACTURE UNDER BOND (PORT OF ENTRY) REGISTER

Manufacturer's Name

Bonded Factory No. at

[R.16 (1)] Form CF. 1

REPUBLIC OF UGANDA

CUSTOMS AND EXCISE DEPARTMENT

MANUFACTURED GOODS REGISTER

Manufacturer's Name

Bonded Factory No. at

[R.18 (1)(c)] Form CF. 4

REPUBLIC OF UGANDA CUSTOMS
AND EXCISE DEPARTMENT WASTE
AND REJECTS REGISTER

Manufacturer's Name

Bonded Factory No. at

GERALD M. SSENDAULA,
Minister of Finance, Planning and Economic Development.