

## **BONDED WAREHOUSES**

It is in the nature of international trade practice that in many cases it is not known at the time of importation how imported goods will finally be disposed of. This means that the importers are obliged to store the goods for more or less long period. It is, therefore, in the importers' interest to place these goods under a Customs procedure which obviates the need to pay import taxes and duties or delay the payment of taxes and duties.

Recognizing the need of the importers, Thai Customs has provided in its national legislations for Customs warehousing procedures allowing the importers to store the goods for more or less long period without payment of taxes and duties until the goods are actually taken for domestic consumption.

Under a bonded warehouse scheme, the imported goods stored in a bonded warehouse for the purpose of re-exportation shall be exempted from payment of import/export taxes and duties, regardless of being exported in the same nature as imported or in the nature of having been produced, mixed or assembled as other goods.

Various types of bonded warehouses under Customs Act include:

1. Bonded Warehouse of Manufacturing Type;
2. Bonded Warehouse for Vessel Repair or Construction;
3. Bonded Warehouse of General Type;
4. Bonded Warehouse of General Type for Goods Demonstration or Exhibition;
5. Bonded Warehouse of General Type for Oil Storage;
6. Bonded Warehouse of Duty Free Shop Type;
7. Bonded Warehouse Zone for Free Trade; and
8. Bonded Warehouse for Storage of Duty Free Goods.

## **1. Bonded Warehouse of Manufacturing Type**

### **Advantages of a Bonded Warehouse of Manufacturing Type**

Business operators interested in establishing a bonded warehouse of manufacturing type shall be exempted from the payment of import taxes and duties provided the goods imported and stored in such bonded warehouse are used in the process of producing, mixing or assembling and then exported, regardless of being exported in the same nature as imported or in the nature of having been produced, mixed, assembled as other goods or transferred to other bonded warehouses or sold to importers under a drawback scheme under Section 19 bis or to those entitled for tax ad duty exemption under the Customs Tariff Decree or other relevant laws. However, the imported goods shall be subject to taxes and duties if they are removed from the bonded warehouse of manufacturing type for domestic consumption. In case where the imported goods stored in the bonded warehouse has not been used, it is necessary for the importers to establish that the goods are exported within a two-year period after the importation, regardless of being stored in the same nature as imported or in the nature of having been produced, mixed, or assembled as other goods.

### **Criteria and Conditions for Establishment of a Bonded Warehouse of Manufacturing Type**

Business operators interested in establishing the bonded warehouse of manufacturing type must operate a firm business with major objective of manufacturing for export and a paid-up register capital of not less than 1 (one) million baht. In addition, they must have high content of labor or applying high manufacturing technology and such intending business operators must have no past record of offences against Customs or any other related laws for a period of 3 years from the date of filing an application. The location of the

bonded warehouses, accounting system, and other conditions (if any) must also be complied with Customs requirements.

The licensee of the bonded warehouse shall give security by bond to the Customs Department and deposit a bank guarantee covering 10 percent of the taxes and duties charged on the remaining raw materials during each accounting period, but not exceeding 1 (one) million baht. It is also required that the licensee pay the annual license fee at the rate of 10,000 baht.

## **2. Bonded Warehouse for Vessel Repair or Construction**

### **Advantages of a Bonded Warehouse for Vessel Repair or Construction**

Business operators granted to establish a bonded warehouse for vessel repair or construction shall be allowed to import, free of taxes and duties, materials, parts and accessories for repairing or constructing part of vessels or vessels of 15 gross tonnage or more, regardless of being the Thai or foreign vessels. The materials, parts and accessories can be stored in the bonded warehouse of this type for a three-year period after the importation.

### **Criteria and Conditions for Establishment of a Bonded Warehouse for Vessel Repair or Construction**

Business operators interested in establishing the bonded warehouse for vessels repair or construction must be a legal person certified by the Marine Department to repair or construct part of vessels or vessels of a size of 60 gross tonnage or more. It is required that such businesses have more than 50% of Thai shareholders, except that the business operators are under the investment promotion scheme.

The licensee of the bonded warehouse shall give security by bond to the Customs Department and deposit a bank guarantee covering 10 percent of the taxes and duties charged on the remaining raw

materials during each accounting period, but not exceeding 1 (one) million baht. It is also required that the licensee pay the annual license fee at the rate of 10,000 baht.

### **3. Bonded Warehouse of General Type**

#### **Advantages of a Bonded Warehouse of General Type**

The bonded warehouse of general type is a public bonded warehouse providing storage services for imported goods, packing or re-packing goods, loading goods, distributing goods or other activities that Customs considers it appropriate to support production, industrial activities and international trade for a two-year period after the importation. The goods stored in the bonded warehouse of general type shall be exempted from imported taxes and duties upon exportation, transferring to other bonded warehouses, or sold to importers under a drawback scheme of Section 19 bis or to those entitled for tax and duty exemption under Customs Tariff Decree or other relevant laws. The imported goods of each shipment may be partially removed from the bonded warehouse for domestic consumption provided taxes and duties applicable on the goods removed from the warehouse are paid. The applicable taxes and duties shall be calculated based on the nature and value of goods at the time of importation but classified in accordance to the Customs Tariff Decree at the time of removing the goods from the bonded warehouse.

#### **Criteria and Conditions for Establishment of a Bonded Warehouse of General Type**

Business operators interested in establishing the bonded warehouse of general type must be a state enterprise or government agency of legal person status or a legal person with a paid-up register capital of not less than 20 million baht for the area of Bangkok, Nonthaburi, Pathumthani, Nakhonpathom, Sumutprakarn, Sumutsakhon, and

Chachoengsao and the paid-up register capital of not less than 10 million baht in the other areas. The applicant is also required to provide suitable location of which the total area not less than 100,000 square meters and a minimum 1,000-square meter warehouse for the establishment of the bonded warehouse of general type.

The licensee of the bonded warehouse shall give security by bond to the Customs Department and deposit a one-million baht bank guarantee. It is also required that the licensee pay the annual license fee at the rate of 30,000 baht.

#### **4. Bonded Warehouse of General Type for Goods Demonstration or Exhibition**

##### **Advantages of a Bonded Warehouse of General Type for Goods Demonstration or Exhibition**

The bonded warehouse of general type for goods demonstration or exhibition type is a public bonded warehouse where the goods imported from abroad can be stored for the purpose of demonstration or exhibition, free of taxes and duties, provided they are sold for exportation during the exhibition. The goods imported for manufacturing, mixing, assembling or packing in the country which are entitled for tax and duty exemption under the provisions of Customs and other related laws may be removed to the bonded warehouse of general type for goods demonstration or exhibition and sold for exportation. The goods stored in the bonded warehouse of general type for goods demonstration or exhibition may be sold for domestic consumption, provided taxes and duties applicable on the goods are paid.

Goods imported for demonstration or exhibition are allowed to be stored in the bonded warehouse as long as the exhibition period and

required to be removed from the bonded warehouse within 60 days from the end of the exhibition.

### **Criteria and Conditions for Establishment of a Bonded Warehouse of General Type for Goods Demonstration or Exhibition**

Business operators interested in establishing the bonded warehouse of general type for goods demonstration or exhibition must be a state enterprise or a legal person with a paid-up register capital of not less than 20 million baht for the area of Bangkok, Nonthaburi, Pathumthani, Nakhonpathom, Sumutprakarn, Sumutsakhon, and Chachoengsao and the paid-up register capital of not less than 10 million baht in the other areas. The applicant is also required to provide suitable location for the establishment of the bonded warehouse.

The licensee of the bonded warehouse shall give security by bond to the Customs Department and deposit a 1 (one) million baht guarantee. It is also required that the licensee pay the annual license fee at the rate of 30,000 baht.

## **5. Bonded Warehouse of General Type for Oil Storage**

### **Advantages of a Bonded Warehouse of General Type for Oil Storage**

The bonded warehouse of general type for oil storage is a public bonded warehouse for the purpose of storing petroleum oil imported for domestic consumption or re-exportation, free of taxes and duties provided they are sold for exportation. The petroleum oil stored in the bonded warehouse of general type for oil storage sold for domestic consumption is subject to taxes and duties at the time of removing from the warehouse. The importers entitled for storing oils in the bonded warehouse must be a fuel trader under Section 7 of the Fuel Trade Act B.E. 2543 and the oils must meet the quality requirements of the Ministry of Commerce, excepting the imported

oil for exportation. The period of storage shall not exceed 6 months from importation.

### **Criteria and Conditions for Establishment of a Bonded Warehouse of General Type for Oil Storage**

Business operators interested in establishing the bonded warehouse of general type for oil storage must be a legal person with a paid-up register capital of not less than 60 million baht, with a Thai shareholder in proportion of not less than 60% of the paid-up register capital. In addition, the shareholder's voting must not be limited. The construction of storage tanks must meet the standards and certified by the Public Works Department. The total capacity of the storage tanks must not less than 300,000 cubic meters (300,000,000 liters). Such intending business operators have no past record of any offences against Customs Act B.E. 2469 and the Fuel Act B.E. 2543. The applicant must be able to provide a data control system of the input-output of oils that is interfaced with the data control systems of relevant government agencies.

The licensee of the bonded warehouse shall give security by bond to the Customs Department and deposit a bank guarantee covering 25 percent of the applicable taxes and duties chargeable on the storage of oil, calculating from the total capacity of the tanks. It is also required that the licensee pay the annual license fee at the rate of 30,000 baht.

## **6. Bonded Warehouse of Duty Free Shop Type**

### **Advantages of a Bonded Warehouse of Duty Free Shop Type**

The bonded warehouse of duty free shop type was designed to promote tourism of Thailand by allowing tourists/travelers to buy merchandise displayed in duty free shops free of import/export taxes and duties. The goods imported from abroad or those entitled for tax

and duty refund upon exportation can be stored in this type of bonded warehouse for two years. Local goods are also allowed to be removed to the bonded warehouse for display and sale.

### **Criteria and Conditions for Establishment of a Bonded Warehouse of Duty Free Shop Type**

The bonded warehouse of duty free shop type is a public warehouse established at international airports or in towns to display and sell the goods for the purpose of exportation. Business operators interested in establishing the bonded warehouse of duty free shop type must be a legal person with a paid-up register capital of not less than 1 million baht. The applicant must be able to provide display and sale areas, management system, pick-up points as required by Customs, and a cash-register machine as required by the Revenue Department. It is required that 51% of the paid-up register capital belongs to the Thai national stockholder. In addition, such intending business operators must have no past record of offences against Customs or other related laws for a period of 3 years from the date of filing an application. Also they must be free from the financial obligation with Customs as well.

The licensee of the bonded warehouse shall give security by bond to the Customs Department and deposit a bank guarantee covering 50 percent of the applicable taxes and duties charged on the remaining inventory during each accounting period. It is also required that the licensee pay the annual license fee at the rate of 30,000 baht.

## **7. Bonded Warehouse Zone for Free Trade**

### **Advantages of a Bonded Warehouse Zone for Free Trade**

Business operators granted to establish the bonded warehouse zone for free trade (a zone licensee) including those using the bonded warehouse under the agreement with the zone licensee (a zone user)



shall be entitled for import/ export tax and duty free allowance for goods removed from the bonded warehouse for exportation, regardless of being exported in the same nature as imported or in the nature of having been produced, mixed, or assembled as other goods. The zone licensee and the zone user are allowed to place security by bond to the Customs Department without depositing a bank guarantee. In addition, they may store the imported goods or carry out import/export related business as listed below:

- Distribution of goods;
- Trade and manufacturing;
- Packing or re-packing;
- Loading/unloading of goods;
- Exhibition or fair;
- Repairing and engineering work; and
- Research and development.
- The imported goods can be stored in the bonded warehouse of this type for a two-year period after the importation.

### **Criteria and Conditions**

- Establishment of a Bonded Warehouse Zone for Free Trade

Business operators interested in establishing the bonded warehouse zone for free trade must be granted authority from the Minister of Industry to establish an industrial activity zone or from the Industrial Estate Authority of Thailand to operate a general industrial zone. The free zone area shall be a piece of continuous land of a size of not less than 200 Rai. The applicant must be able to provide appropriate location, accounting system, and communication and examination equipment as required by Customs.

- Establishment of a Bonded Warehouse in Bonded Warehouse Zone for Free Trade

Business operators granted authority to establish the bonded warehouse in the bonded warehouse zone for free trade is known as a zone user or a party using a zone under agreement with the zone licensees or operators. An applicant for a grant of authority to be a zone user must be a juristic person with an approval from a free zone licensee and the Customs Department to operate Free Zone activities.

Zone activities operated in the bonded warehouse for free trade include industrial activities or international trade e.g. manufacturing, trade and goods distribution, warehouse, packing or re-packing, loading, demonstration and exhibition, maintenance and engineering, and research and development for the operators within the zone. Each zone user is required to give security by bond to the Customs Department in accordance with the Form prescribed by the Customs Department **within 30 days** from the date of granted authority. The security is placed to ensure the zone user's compliance to Customs-related laws and regulations and to guarantee his/her responsibility for any potential damage that may occur to the Customs Department.

The zone user must be able to provide efficient accounting system, and necessary equipment as required by Customs. It is also required that the zone user pay the annual license fee at the rate of either 3,000 baht or 10,000 baht, depending on the bonded warehouse type .

## **8. Bonded Warehouse for Storage of Duty Free GOODS**

### **Advantages of a Bonded Warehouse for Storage of Duty Free Goods**

The bonded warehouse for storage of duty free goods is used for storing imported goods, local goods, or any other goods as approved by the Director-General of Customs. Business operators interested in establishing a bonded warehouse for storage of duty free goods shall be exempted from the payment of import taxes and duties provided

the goods imported and/or stored in such bonded warehouse are intended for display and sale in a duty free shop. However, the imported goods shall be subject to taxes and duties if they are removed from the bonded warehouse for domestic consumption. In case where the imported goods stored in the bonded warehouse has not been removed to display or sell in the duty free shop, it is necessary for the importers to establish that the goods are exported within a two-year period after the importation.

### **Criteria and Conditions for Establishment of a Bonded Warehouse for Storage of Duty Free Goods**

Intending business operators to establish the bonded warehouse for storage of duty free goods must be a legal person with the paid-up register capital of not less than 20 million baht or in the amount which the Director-General of Customs deems appropriate to the type of business. It is required that 51 % of the paid-up register capital belongs to the Thai national stockholder. In addition, such intending business operators must have no past record of any offences against the Customs or any other related laws for a period of 3 years from the date of filing an application and no outstanding financial obligation to Customs

The licensee of the bonded warehouse shall give security by bond to the Customs Department and deposit a bank guarantee covering 50 percent of the taxes and duties charged on the remaining raw materials during each accounting period. It is also required that the licensee pay the annual license fee at the rate of either 10,000 baht.

### **[CONTACT](#)**

For further inquiry and information, you may contact the Customs Call Center at Tel. 1164 or the Customs Clinic at Tel. 02-667-7880-4, Fax. 02-667-7885, e-mail: [customs\\_clinic@customs.go.th](mailto:customs_clinic@customs.go.th). Additional information may also be obtained from Customs ports of entry/exit.

Please consult our telephone directory for a Customs office near you. The listing can be found under the “CONTACT US” section.

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Source : The Customs Department

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