



MVDCO Advisory Services

**ALERT**

## Service Tax

Government of India have vide their notifications bearing no 14/2017,15/2017 and 16/2017 all dated 13<sup>th</sup> April 2017, amended provision applicable to Service taxpayable on reverse charge basis on ocean freight incurred on import of consignment of goods. Summary of said notifications effective from 23<sup>rd</sup> April 2017 are as under:

- 1) In respect of ocean freight services provided by person located in non-taxable territory (i.e. Non-resident Shipping company or their agent) to Person located in non-taxable territory (i.e. Exporter of Goods) for transportation of goods by vessel from a place outside India upto Custom station in India, Importer of Goods in India will be the person liable to discharge service tax on reverse charge basis.
- 2) Above Service tax payable on reverse charge will be discharged by the Importer at the time of issue of Bill of Lading of such goods loaded in the vessel at the port of export.
- 3) Government have provided an OPTION to Importer of Goods to pay service tax @ 1.5% (service tax @ 1.4% + SB Cess @ 0.5% + KK Cess @ 0.5%) of CIF Value of Imported Consignment instead of 15% service tax on the value of ocean freight.

Now Service tax on Ocean freight for imported consignment will be taxed as under:

Ocean Freight Service rendered by	Ocean Freight Service rendered to	Applicable Service tax
<b>Re: Existing Provisions Since 1<sup>st</sup> June 2016 as under to continue</b>		
Foreign Shipping agent located in India	Importer in India	Levied by the agent located in India as Forward Charge @ 15% of the Ocean Freight at the time of issue of invoice.

Foreign Shipping Company or Agent – not located in India	Importer in India and importer paying freight	Reverse Charge @ 15% of Ocean Freight payable by Importer of Goods at the time of remittance for ocean freight.
<b>Re: New Provisions in force from 23rd April 2017</b>		
Foreign Shipping Company or Agent – not located in India	Exporter of Goods, located outside India and exporter paying freight	Reverse Charge @ 15% of Ocean Freight OR 1.5% of CIF Value of Imported Goods, payable by Importer of Goods on the date of Bill of Lading issued for goods loaded in vessel at the port of export.

Call us for further information, if any require.

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