



Sealink International Inc.

1700 Pacific Ave, Suite # 3860,
Dallas, TX 75201

Ph: 562-437-8877

Fax: 866-497-9719

www.sea-link.com

MC # 475896

FMC # 018974N

India - Service Tax Guidelines for Import Ocean Freight and Allied Charges - Prepaid at Origin

Dear Valued Customer,

Please be informed that in view of The Government of India – Ministry of Finance’s Notification No. 1/2017-Service Tax dated 12 January 2017 prepaid Ocean Freight and allied charges (FREIGHT charges) which were earlier exempted from the Service Tax (STax), will now be taxable.

This change is effective from **27 January 2017**.

The Tax on the Inbound Prepaid Freight Charges will be calculated at 30% of the FREIGHT charges. In view of the abatement, the effective Tax rates (27 January 2017 onwards) for APL charge codes are displayed below for your easy reference.

ST2: 4.2% (14% STax is applied on 30% of taxable charges, hence the effective rate is displayed)

SB2: 0.15% (0.5% SBC rate is applied on 30% of taxable charges, hence the effective rate is displayed)

KK2: 0.15% (0.5% KKC rate is applied on 30% of taxable charges, hence effective rate is displayed)

Total: 4.5%

The India Outbound Prepaid and Collect FREIGHT Charges will continue to be exempted, as of now.

IMPORTANT NOTICE Kindly be informed accordingly, that different shipping lines are taking their own approach. Some of them like UASC, CMA, and NYK are asking this to be prepaid and some of them like APL will be applying these from the consignee. However, this policy of collecting from consignee may change at any time to pre-paid (with or without any notice). Therefore, if the shipping line applies this tax at origin, the same shall be passed to our customer **– WITHOUT EXCEPTION**

Sincerely,

Sealink International Inc.,