

23 January 2017

Dear Valuable Customers,

Please refer to the Notification issued by the Ministry of Finance (Department of Revenue) of INDIA with regards the amendment of Service Tax Rules a copy of which we herewith attach:

(ii) in clause (d), in sub-clause(i), after item (EEB), the following item shall be inserted, namely:-

“(EEC) in relation to services provided or agreed to be provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India, the person in India who complies with sections 29, 30 or 38 read with section 148 of the Customs Act, 1962 (52 of 1962) with respect to such goods;”.

To summarize the impact of the above provision, please refer to the below salient points:

- The revision now WITHDRAWS the previous exemption on services which are received in relation to transportation of goods by a vessel from a place outside India to the customs station of clearance in India ;
- Both the Service provider and the Service receiver are in a **NON-TAXABLE TERRITORY** ;
- The services which previously enjoy the Service Tax exemption will now be subject to the Service Tax from 22 January 2017 onwards with the rates below :

Service Tax on OFR	4.20%
Swatch Bharat Cess	0.15%
KKC	0.15%

- This also means that the Service Tax will be on IMPORT PREPAID. As such, please ensure your shipper is paying the service tax at port of loading to have smooth documentation procedure at port of discharge.
- UASC reserve the right to keep a security deposit (refundable) if shipper has not settled the legitimate service tax which is applicable on the shipment.

We sincerely apologize for any inconvenience caused.

Yours sincerely

UASAC (India) Pvt Ltd

Disclaimer: This text has potentially also been translated into the local language(s). In the event of any conflict or discrepancy between the local language and English version, the English version shall prevail.