

Goods and Services Tax (GST)

Logistics Sector - GTA, CFS & FF business

Saurabh Singhal (C.A., LL.B.)

Email: saurabh@iurislegal.in

Mobile: 9910 72 8800

Scope of Logistics Sector

❑ **Transportation of goods**

- Air Transport Services
- Ocean Transport Services
- Road Transport Services
- Rail Transport Services
- Courier Services

❑ **Warehousing of goods**

- Storage & warehousing solutions including Cold Storage
- In-transit warehousing
- Pure renting of space for warehousing

❑ **Clearance & Handling**

- Custom House Agent services
- Terminal Handling
- Loading/Unloading
- Documentation charges
- Weighment charges
- Ground rent
- Haulage charges
- Stuffing charges
- Lift on/ Lift off charges
- Terminal access charges
- Etc.

Flow of Discussion

❑ Legal Provisions

- Rate Notifications
- Exemptions Notifications
- Reverse Charge Notifications
- Place of Supply (POS) Provisions
- Composite vs. Mixed supplies

❑ Goods Transportation Business

- GTA – whether Consignment Note is mandatory
- Ocean Transport – RCM on inbound ocean freight

❑ CFS Business

- Ground Rent – whether Intra-state or Inter-state supply

❑ FF Business

- Supply of services to Nepal & Bhutan – whether export or exempt
- Handling services to foreign customers – Export or taxable

❑ SEIS

- Foreign Trade benefit on terminal handling

Legal Provisions



Iuris Legal

Rate Notification

HSN	Description	Rate	Conditions
Rail Transport			
9965	Transport of goods by Indian Railways	5%	ITC on goods not available. ITC on services available.
9965	Transport of goods in containers by rail by any person other than Indian Railways	12%	NIL

Rate Notification

HSN	Description	Rate	Conditions
Ocean Transport			
9965	<p>Transport of goods in a vessel</p> <p>Includes 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.</p>	5%	Provided that credit of input tax charged on goods (other than on ships, vessels, bulk carriers, tankers) used in supplying the service has not been taken.
9966	<p>Time charter of vessels with operators for transport of goods.</p> <p>W.e.f. 1st October 2019</p>	5%	Provided that credit of input tax charged on goods (other than on ships, vessels, bulk carriers, tankers) used in supplying the service has not been taken.

Rate Notification

HSN	Description	Rate	Conditions
Ocean Transport			
9966 9973	Time charter of vessels with or without operator for transport of goods. (25 th January 2018 to 30 th September 2019)	5%	Provided that credit of input tax charged on goods (other than on ships, vessels, bulk carriers, tankers) used in supplying the service has not been taken.
9966 9973	Rental services of transport vehicles with or without operators Leasing or rental of goods with or without operator (Prior to 25 th January 2018)	18% Rate applicable on goods	

Rate Notification

HSN	Description	Rate	Conditions
Air Transport			
9965	Transport of goods other than above	18%	
9973	Leasing or renting of goods without operators (W.e.f. 1 st October 2019)	Same rate as applicable on goods	
9973	Leasing of aircrafts by an operator for operating scheduled air transport service or scheduled air cargo service by way of transfer of right to use goods (Prior to 1 st October 2019)	5%	Provided that credit of input tax charged on goods used in supplying the service has not been taken.

Rate Notification

9967 deleted w.e.f. 18th July 2022

HSN	Description	Rate	Conditions
Road Transport (w.e.f. 18th July 2022)			
9965	Services of goods transport agency (GTA) in relation to transportation of goods (including used house hold goods for personal use) supplied by a GTA where,-		
	(a) GTA does not exercise the option to itself pay GST on the services supplied by it;	5%	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken.
	(b) GTA exercises the option to itself pay GST on services supplied by it.	5% Or 12%	In respect of supplies on which GTA pays tax at the rate of 5%, GTA shall not take credit of input tax charged on goods and services used in supplying the service. The option by GTA to itself pay GST on the services supplied by it during a Financial Year shall be exercised by making a declaration in Annexure V on or before the 15th March of the preceding Financial Year:



Rate Notification

HSN	Description	Rate	Conditions
Road Transport (22nd August 2017 to 17th July 2022)			
9965 or 9967	Services of goods transport agency (GTA)	5%	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken.
			Or
		12%	Provided that the goods transport agency opting to pay GST 12% @% this entry shall thenceforth be liable to pay GST @12% on all the services of GTA supplied by it



Rate Notification

HSN	Description	Rate	Conditions
Road Transport (1st July 2017 to 21st August 2017)			
9965 or 9967	Services of goods transport agency (GTA) in relation to transportation of goods (including used household goods for personal use).	5%	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken.

Rate Notification

HSN	Description	Rate	Conditions
Road Transport			
9966	Rental services of goods carriage with operators where the cost of fuel is included in the consideration charged from the service recipient. (w.e.f. 18 th July 2022)	12%	NIL
9966	Rental services of transport vehicles with operators, other than above.	18%	NIL
9973	Leasing or renting of goods without operators. Transfer of the right to use any goods for any purpose (whether or not for a specified period) (without operators)	Same rate as on the sale of goods	NIL

Without operator introduced w.e.f. 1st October 2019

Rate Notification

HSN	Description	Rate	Conditions
Road Transport (Prior to 1st October 2019)			
9966	Rental services of transport vehicles with operators (other than passenger vehicles and vessels)	18%	NIL
9973	Leasing or renting of goods (without operator)	Same rate as on the sale of goods	NIL

Rate Notification

HSN	Description	Rate	Conditions
Multimodal Transport (w.e.f. 27th July 2018)			
9965	<p>Multimodal transportation of goods</p> <p>“Multimodal transportation” means carriage of goods, by at least two different modes of transport from the place of acceptance of goods to the place of delivery of goods by a multimodal transporter.</p> <p>“Mode of transport” means carriage of goods by road, air, rail, inland waterways or sea;</p> <p>“Multimodal transporter” means a person who, enters into a contract under which he undertakes to perform multimodal transportation against freight; and acts as principal, and not as an agent either of the consignor, or consignee or of the carrier participating in the multimodal transportation and who assumes responsibility for the performance of the said contract.</p>	12%	Applicable only on domestic transportation. (w.e.f. 1 st January 2019)

Rate Notification

HSN	Description	Rate	Conditions
Others			
9968	Postal and courier services	18%	

Exemption Notification

HSN	Description	Conditions
Road Transport		
9966 or 9973	Services by way of giving on hire to a GTA, a means of transportation of goods	NIL
9965	Service by way of transportation of goods by road other than by- (i) GTA; and (ii) Courier	NIL
9965	Service by GTA to unregistered person other than (i) Factory governed by Factories Act; (ii) Society registered under any law; (iii) Co-operative society established under any law; (iv) Body corporate; (v) Partnership firm (whether registered or not) (vi) AOP (vii) Person registered under GST; (viii) Casual taxable person	NIL

Exemption Notification

HSN	Description	Conditions
Road Transport		
9965	Services by GTA by way of transport for freight upto specified value in goods carriage. (i) Less than INR 750/- per consignee; or (ii) Less than INR 1500/- for truck load.	NIL (discontinued w.e.f. 18 th July 2022)
9965	Services by GTA by way of transport of specified goods (agricultural produce)	NIL

Exemption Notification

HSN	Description	Conditions
Air Transport		
9965	Transportation of goods by air from customs station of clearance in India to outside India	NIL (Upto 30 th September 2022)
9965	Transportation of goods by air from outside India upto the customs station of clearance in India	NIL

Exemption Notification

HSN	Description	Conditions
Rail Transport		
9965	Transportation of specified goods (agricultural produce) by rail within India	NIL

Exemption Notification

HSN	Description	Conditions
Ocean Transport		
9965	Transportation of goods by a vessel from India to outside India	NIL (Upto 30 th September 2022)
9965	Transportation of specified goods (agricultural produce) by vessel within India	NIL
9965	Service by way of transportation of goods by inland waterways	NIL

Exemption Notification

HSN	Description	Condition
Others		
9967 or 9985	Services by way of loading, unloading, packing, storage or warehousing of rice.	NIL
9967 or 9985	Services by way of storage or warehousing of cereals, pulses, fruits and vegetables. Prior to 18 th July 2022 - services by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea.	NIL

Exemption Notification

HSN	Description	Condition
Others		
9986	Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of loading, unloading, packing, storage or warehousing of agricultural produce	NIL
9985 or 9986	Services by way of fumigation in a warehouse of agricultural produce (this exemption has been withdrawn w.e.f. 18 th July 2022.	NIL

Reverse Charge Notification

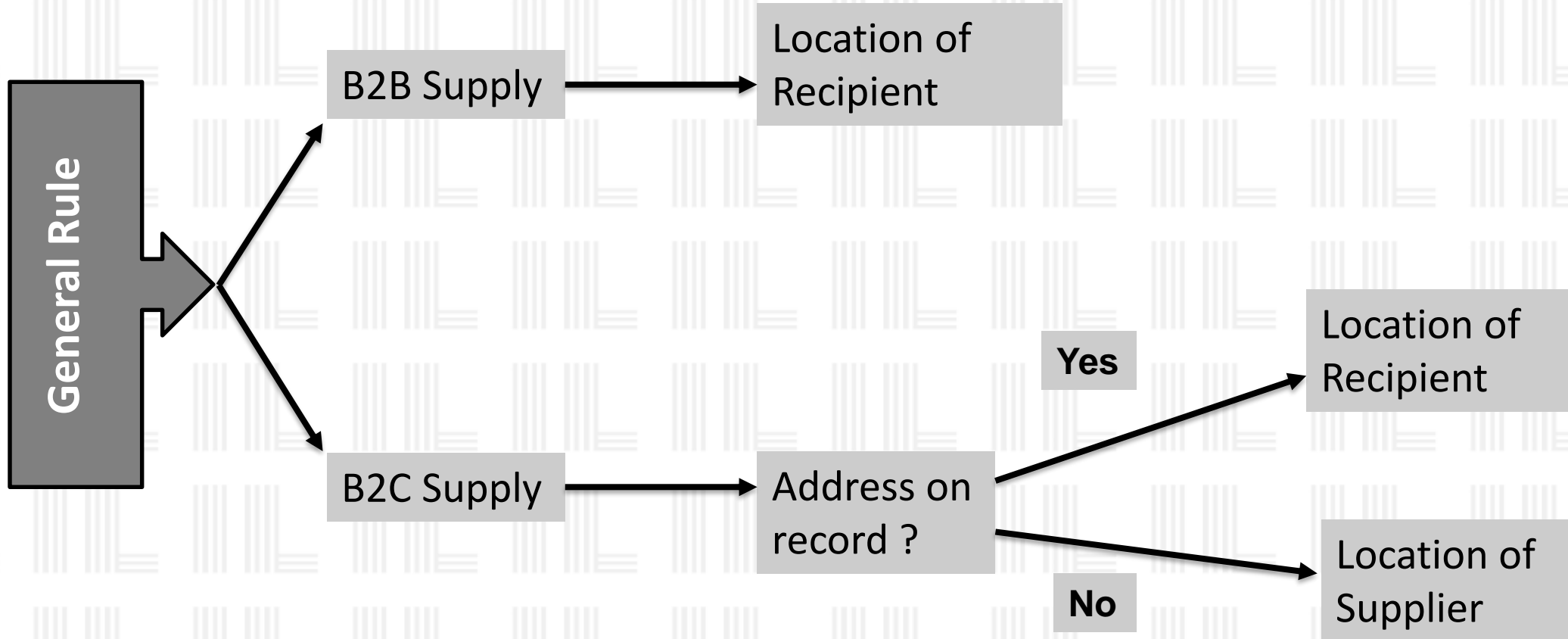
Description of service	Supplier of service	Recipient of Service
<p>Service by GTA (who has not opted for FCM) to the following recipient-</p> <ul style="list-style-type: none"> (i) Factory governed by Factories Act; (ii) Society registered under any law; (iii) Co-operative society established by or under any law; (iv) Body corporate; (v) Partnership firm (whether registered or not); (vi) AOP; (vii) Person registered under GST; (viii) Casual taxable person registered under GST 	<p>GTA</p>	<ul style="list-style-type: none"> (i) Factory governed by Factories Act; (ii) Society registered under any law; (iii) Co-operative society established by or under any law; (iv) Person registered under GST; (v) Body corporate; (vi) Partnership firm (whether registered or not); (vii) AOP; (viii) Casual taxable person

Reverse Charge Notification

Description of service	Supplier of service	Recipient of Service
Any service supplied by any person who is located in non-taxable territory to any person located in taxable territory	Any person located in a non-taxable territory	Any person located in the taxable territory.
Service supplied by 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. Deemed value -10 % of the CIF value	Any person located in a non-taxable territory	Importer as defined in the Customs Act, 1962 located in the taxable territory.

POS- General Rule

(Location of supplier and recipient in India)



POS - Immovable Property

(Location of supplier and recipient in India)

Particulars	Place of Supply
<p>Supply of services</p> <p>(a) directly in relation to an immovable property, including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or co-ordination of construction work; or</p> <p>(a) any service ancillary to the service referred above</p>	<p>Location of immovable property, boat or vessel, or intended to be located</p>

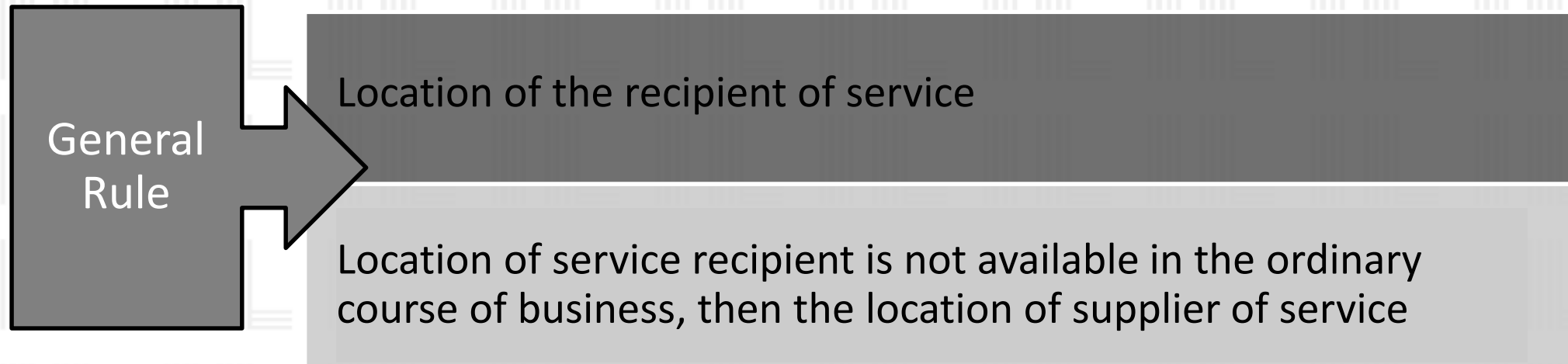
POS - Transportation of Goods

(Location of supplier and recipient in India)

Particulars	Place of Supply
Services by way of – Transportation of goods, including by mail or courier	<ul style="list-style-type: none"><li data-bbox="1266 446 2153 568">➤ to a registered person, shall be the location of such person<li data-bbox="1266 654 2211 918">➤ to a person other than a registered person, shall be the location at which such goods are handed over for their transportation<li data-bbox="1266 1003 2262 1268">➤ provided that where the transportation of goods is to a place outside India, the POS shall be destination of such goods (w.e.f. 1st Feb 2019)

POS - General Rule

(Location of supplier/recipient outside India)



POS - Immovable Property

(Location of supplier/recipient outside India)

Particulars	Place of Supply
<p>Supply of services</p> <p>(a) directly in relation to an immovable property, including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or co-ordination of construction work.</p>	<p>Location of immovable property</p>

POS – Handling and Transportation

(Location of supplier/recipient outside India)

Particulars	Place of Supply
Services supplied in respect of goods which are required to be made physically available by the recipient of services to the supplier of services in order to provide the services.	Place where service are actually performed
Transportation of goods, other than by way of mail or courier	Place of destination of goods

Composite vs. Mixed Supply

‘Composite supply’ means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

A composite supply comprising of two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply.



Composite vs. Mixed Supply

‘Mixed supply’ means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

A mixed supply comprising of two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.

Road Transportation - GTA

Domestic Transportation

Customer	Means of Transportation	Taxability
Indian customer (POS - location of regd. recipient)	By GTA Other than by GTA	Taxable at 5% / 12% Exempt
Foreign customer (POS - destination of goods)	By GTA Other than by GTA	Taxable at 5% / 12% Exempt

International Transportation

Customer	Means of Transport	Place of Supply	Taxability
Indian customer – Inbound	GTA	Location of regd. recipient	Taxable
Indian customer – Outbound	GTA	Outside India	Taxable (Credit ?)
Foreign customer – Inbound	GTA	India	Taxable
Foreign customer – outbound	GTA	Outside India	Zero rated supply

**Whether a person can negate GST liability
by not issuing Consignment Note ?**



Iuris Legal

Who is a GTA ?

‘Good Transport Agency’ means (as per Rate Notification) -

- any person who provides service in relation to transportation of goods by road; and
- issues a **consignment note**, by whatever name called.

‘Consignment Note’ is not defined in GST Law. However, Rule 54 of the CGST Rules provides that where the supplier of taxable service is a goods transport agency supplying services in relation to transportation of goods by road in a goods carriage, the said supplier shall issue a tax invoice or any other documents in lieu thereof, by whatever name called, containing-

- Gross weight of the consignment;
- Name of the consignor and consignee;
- Registration number of goods carriage in which goods are transported;
- Details of goods transported;
- Details of the place of origin and destination;
- GSTIN of person liable to pay tax;
- Other information as per Rule 46.

Who is a GTA ?

'Consignment Note' is not defined in GST Law. Reference may be made to Service Tax Law.

'Consignment Note' means a document-

- issued by a GTA;
- against the receipt of goods for the purpose of transport of goods by road in a goods carriage;
- which is serially numbered; and contains-
 - Name of consignor and consignee;
 - Registration number of goods carriage in which goods are transported;
 - Details of goods transported;
 - Details of the place of origin and destination.

Who is a GTA ?

The Carriage by Road Act 2007

Common carriers are required to register with State Transport Department, in order for them to legally engaged in transport business.

Common carrier covers a wide gamut of service providers including transporters, transport agents, brokers, transport contractors, goods booking agents, that is, anybody involved in one way or the other in the business of road transportation of goods.

Common carrier is required to issue a 'goods receipt', which has particulars similar to consignment note.

The Carriage by Road Act does not apply to Private Carrier. 'Private Carrier' is distinct from a common carrier as it has the discretion to refuse to sell its services. A private carrier does not make a general offer to carry goods and enters into a contract with other parties to carry goods on mutually agreed terms.

Who is a GTA ?

CBEC Flyer No. 39 dated 1st January 2018

Thus, it can be seen that issuance of a consignment note is the sine-qua-non for a supplier of service to be considered as a Goods Transport Agency. If such a consignment note is not issued by the transporter, the service provider will not come within the ambit of goods transport agency.

If a consignment note is issued, it indicates that the lien on the goods has been transferred (to the transporter) and the transporter becomes responsible for the goods till its safe delivery to the consignee. It is only the services of such GTA, who assumes agency functions, that is being brought into the GST net.

Individual truck/tempo operators who do not issue any consignment note are not covered within the meaning of the term GTA. As a corollary, the services provided by such individual transporters who do not issue a consignment note will be covered by the entry at s. no. 18 of notification no. 12/2017-Central Tax (Rate), which is exempt from GST.

**Can there be two consignment
note for single transportation ?**



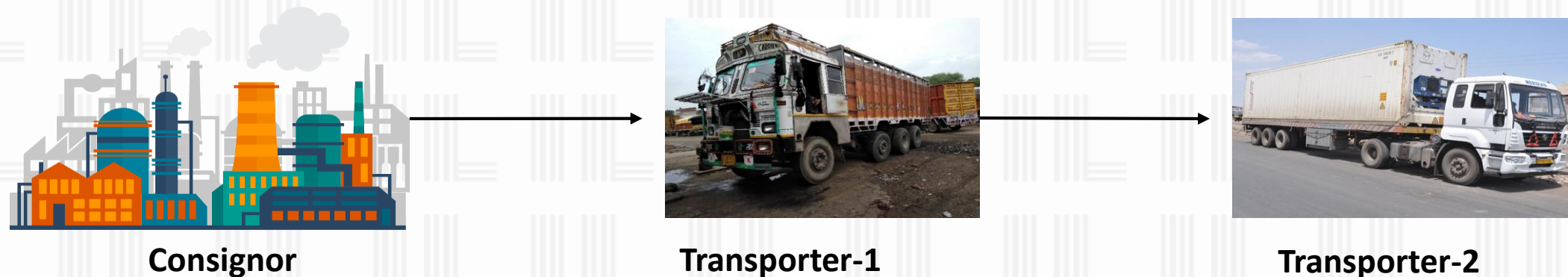
Iuris Legal

Two Consignment Notes for single transportation

M/s Liberty Translines – Maharashtra AAR

There cannot be two consignment notes for single transportation. Consignment note is issued by the person who is appointed by consignor or consignee and who takes the responsibility of the goods from consignor or consignee.

Subcontractor to a GTA cannot be a GTA but is a person providing trucks on hire.



**Can one legal entity have both RCM
and FCM ?**



Iuris Legal

Single Entity – FCM & RCM both

GST is a registration based law. Each registration is considered as separate person.

A legal entity is bound to take separate registration in each state.

A legal entity having more than one place of business in one state, can opt take separate registration for each place of business

S.No	Situation	Allowability
1.	Entity A is doing <ul style="list-style-type: none">GTA RCM business in HaryanaGTA FCM business in Uttar Pradesh	Allow
2.	Entity B is doing GTA business in Haryana <ul style="list-style-type: none">GTA RCM business through its Office-1GTA FCM business through its Office-2	Allow

Single Entity – FCM & RCM both



Implication where truck given by GST registration paying tax under FCM to registration paying tax @5%?

Whether exemption available to giving on hire trucks to GTA – mandatory or optional ?

Centralized vs. Decentralized Billing?



Iuris Legal

Centralized vs. Decentralized Billing

Scenarios –

Scenario (i) – Movement from Delhi to Haryana

Scenario (ii) – Movement from UP to Maharashtra

Scenario (iii) – Movement from Punjab to WB

Location of supplier of service-

- (a) Registered place of business from where services are provided;
- (b) If services supplied from more than one place of business, the place of business most directly concerned with the service provision.

Sales Office
UP

Head Office
Delhi

Sales Office
Haryana

Centralized vs. Decentralized Billing

Centralized billing-

- (i) Consignment Note will be issued centrally.
- (ii) Truck will have to be purchased at the address of centralized billing. If not, complete credit will be lost.
- (iii) Sometimes, it is not feasible to buy trucks at central location.

Decentralized billing-

- (i) Either choose FCM or RCM uniformly at all locations;
- (ii) If not, ensure FCM and RCM trucks are not used interchangeably.

**Whether change from FCM to RCM
possible & vice-versa ?**



Iuris Legal

Change from RCM to FCM

Rate Notification No. 8/2017-IT(R)

Option can be exercised only from beginning of FY. Option to be exercised by filing a Form on or before 15th March of preceding FY.

ITC is available under FCM, whereas ITC was not available under RCM. All inputs, input services and capital goods procured after changeover will be eligible for ITC.

What happens to stock of inputs lying as on date of changeover and capital goods purchased during RCM regime.



Change from RCM to FCM

Section 18(1)(d) – Provides for ITC when change from exempt supply to taxable supply-

- (i) on stock of goods on the date of changeover;
- (ii) On capital goods exclusively used for exempt supply.

Above applies only on invoices not older than 1 year from date of changeover.

Exempt supply – Notification deems RCM GTA services as exempt supply for reversal of proportionate ITC u/r 42 & 43.



Change from FCM to RCM

Rate Notification No. 8/2017-IT(R) – FCM option once exercised shall not be allowed to be changed within a period of one year from the date of exercising the option and will remain valid till the end of the financial year for which it is exercised.

Prior to 18th July 2022 - Provided that the goods transport agency opting to pay central tax @ 12% under this entry shall, thenceforth, be liable to pay central tax @ 12% on all the services of GTA supplied by it.



Whether RCM to be paid even in case of local transportation for freight < 750 usually paid in cash?



STGU vs. TRUG ?

Effective control and possession.



Iuris Legal

Difference between Cargo Handling & GTA?

Difference between Courier & GTA?



Juris Legal

Air & Ocean Transportation



Iuris Legal

International Transportation

Types of charges at Port	Rate of tax
Air Freight	
Indian customer - inbound	Exempt
Indian customer - outbound	Exempt (upto 30 th September 2022)
Foreign customer – inbound	Exempt
Foreign customer – outbound	Zero rated
Ocean Freight	
Indian customer – inbound	Taxable at the rate of 5%
Indian customer – outbound	Exempt (upto 30 th September 2022)
Foreign customer – inbound	Taxable at the rate of 5%
Foreign customer – outbound	Zero rated

**Whether credit is required to be reversed
for exempt ocean freight?**



Iuris Legal

**Whether freight forwarder is liable to pay
GST under Reverse Charge basis on inbound
ocean freight ?**

- **FOB**
- **CIF**



CFS Business



Juris Legal

ICD / CFS - Meaning

- Inland Container Depots (ICDs) / Container Freight Stations (CFSs) are also called dry ports as they handle all customs formalities related to import and export of goods at these locations.
- Section 2(12) of the Customs Act defines Inland Container Depot (ICD) as 'Customs Port'. For the purposes of customs law, CFS are also designated as ICD's.
- ICD and CFS offer services for containerisation of break-bulk cargo and vice-versa. Most ICDs are connected by rail to the respective gateway port, and this is a key difference between the ICD and CFS. CFS(s) are typically adjoining or are in close proximity to the mother port and often do not have rail connectivity.
- The primary functions of ICD or CFS may be summed up as under:
 - Receipt and dispatch/delivery of cargo.
 - Stuffing and stripping of containers.
 - Transit operations by rail/road to and from serving ports.
 - Customs clearance.
 - Consolidation and desegregation of LCL cargo.
 - Temporary storage of cargo and containers.
 - Maintenance and repair of container units.

CFS - Procedure

Import Procedure

- For getting customs sealed containers from Port to CFS, Import General Manifest (IGM) is filed by the steamer agent/liners/importers. Containers move to CFS under bank guarantee or bond.
- De-stuffing of goods can take place at CFS. Then a BOE is filed at Customs House located at ICD. Assessment, examination, payment of duty, and out of charge issued for goods to be ultimately released.

Export Procedure

- Goods are brought directly to CFS under a Shipping Bill. Export cargo in Less than Container Load (LCL)/ Full Container Load (FCL) is received by the Custodian of CFS for safe custody.
- After stuffing of the goods, container is sealed by the Custom Officer and the same is removed from CFS for export through the desired Port.



**Whether various services provided by
CFS are composite supply / separate
supply / mixed supply ?**



Iuris Legal

**Ground Rent charged from
importers/shippers whether liable to
CGST+SGST ?**



Iuris Legal

Validity of rebate charged by the freight forwarder from CFS?



**Tax rate on reserve space given in
CFS for specific use ?**



Juris Legal

**Rate of tax on railway freight charges
from customers ?**



Iuris Legal

Whether ITC is available on auction of goods under Section 48 of Customs Act ?



Iuris Legal

Treatment of advances from customers?



Iuris Legal

E-way Bill compliances for CFS ?



Juris Legal

Freight Forwarder



Iuris Legal

Freight Forwarder

- **Freight Forwarder** is a multi-function agent/operator who undertakes to handle the movement of goods from point to point on behalf of the cargo owner.
- A freight forwarder, forwarder, or forwarding agent, is a person or company that organizes shipments for individuals or corporations to get goods from the manufacturer or producer to a market, customer or final point of distribution. Forwarders contract with a carrier or often multiple carriers to move the goods.
- A forwarder does not move the goods but acts as an expert in the logistics network. The carriers can use a variety of shipping modes, including ships, airplanes, trucks, and railroads, and often use multiple modes for a single shipment. For example, the freight forwarder may arrange to have cargo moved from a plant to an airport by truck, flown to the destination city and then moved from the airport to a customer's building by another truck.



**Whether ITC available on export
air/ocean freight?**



Iuris Legal

Whether FF should charge the same rate as applied on various services, or business support service rate @ 12% ?



Iuris Legal

How to deal with pure agent expenses under GST ?



Iuris Legal

Services on goods to and from Nepal & Bhutan ?

E-way Bill of transit cargo to/from Nepal & Bhutan ?



Juris Legal

Services on goods in-transit Nepal & Bhutan

Notification No. 9/2017-IT(R) – Exemption on supply of services

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
10B	Chapter 99	Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries).	Nil	Nil



**Cargo Handling Service at
Indian port invoiced to foreign
party ?**



Iuris Legal

**Cargo Handling Service at
foreign port invoiced to Indian
party ?**



Iuris Legal

**Exemption available to
transportation and handling
services for agricultural produce?**



Iuris Legal

Reversal of credit on capital goods ?



Iuris Legal

Service Export from India Scheme (SEIS)



SEIS – Service Exports from India Scheme

- **Objective:**
 - Encourage and maximize export of Notified Services from India.
- **Reason**
 - To provide rewards to exporters to offset infrastructural inefficiencies and associated cost.
- **Eligibility**
 - Service providers of Notified Services located in India. Notified services and reward rates are as given in Appendix 3D & Appendix 3E
- **Benefit**
 - Duty scrips at notified rates on net foreign exchange earned (as per Appendix 3D & 3E).
 - These scrips are freely transferable.



SEIS – Service Exports from India Scheme

- **Type of services allowed**

- Supply of service from India to any other country (Cross Border Trade)
- Supply of service from India to service consumers of any other country in India (Consumption abroad)

- **Eligibility Criteria**

- Minimum net free foreign exchange earnings should be as below-
For Individual, Sole Proprietorship: US \$10,000 in the year for rendering of services.
For Others: US \$15,000 in the year for rendering of services.

SEIS – Service Exports from India Scheme

■ Reward Calculation

- Reward shall be a percentage of Net Foreign Earned.
- Net Foreign Exchange = Gross Earnings of Foreign Exchange minus Total expenses/ payment/ remittances of foreign exchange by the IEC holder, relating to service sector in FY.
- Payment in Indian Rupees for service charges earned on specified services, shall be treated as deemed receipt in foreign exchange. The list of such services is as per Appendix-3E.



Late Cut

Application for SEIS to be filed online for a Financial Year within 12 months from the end of FY.

Wherever any application for any fiscal/financial benefits under FTP, complete in all respects is received after expiry of last date for submission of such application, the application may be considered after imposing a late cut in the following manner.

1	Application received after the expiry of last date but within six months from the last date	2%
2	Application received after six months from the prescribed date of submission but not later than one year from the prescribed date	5%
3	Application received after 12 months from the prescribed date of submission but not later than 2 years from the prescribed date	10%



Appendix - 3D

S. No.	Sectors	CPV Prov. Code	Rate from 01.04.2015 to 30.10.2017	Rate from 01.11.2017 to 31.03.2019
1.	Business Services			
C.	Rental/Leasing services without operators			
a.	Relating to ships	83103	5	7
b.	Relating to aircraft	83104	5	7
c.	Relating to other transport equipment	83101 83102 83109	5	7
d.	Relating to other machinery and equipment	83106-83109	5	7

Appendix - 3D

S. No.	Sectors	CPV Prov. Code	Rate from 01.04.2015 to 30.10.2017	Rate from 01.11.2017 to 31.03.2019
9.	Transport Services			
A.	Maritime Transport Services			
b.	Freight transportation	7212	5	7
c.	Rental of vessels with crew	7213	5	7
d.	Maintenance and repair of vessels	8868	5	7
e.	Pushing and towing services	7214	5	7
f.	Supporting services for maritime transport	745	5	7

Appendix - 3D

S. No.	Sectors	CPV Prov. Code	Rate from 01.04.2015 to 30.10.2017	Rate from 01.11.2017 to 31.03.2019
9.	Transport Services			
C.	Road Transport Services			
b.	Freight transportation	7123	5	7
c.	Rental of commercial vehicles with operator	7124	5	7
d.	Maintenance and repair of road transport equipment	6112 8867	5	7
e.	Supporting services for road transport services	744	5	7

Appendix - 3D

S. No.	Sectors	CPV Prov. Code	Rate from 01.04.2015 to 30.10.2017	Rate from 01.11.2017 to 31.03.2019
9.	Transport Services			
D.	Services auxiliary to all modes of transport			
a.	Cargo handling service	741	5	7
b.	Storage and warehouse services	742	5	7
c.	Freight transport agency services	748	5	7

Appendix – 3E

Payments which have been received in foreign exchange or which would have been otherwise received in foreign exchange, but paid in INR, including through its agents in India out of the amount of remittance to the overseas principal, or out of remittances to be sent by the overseas buyer, for services rendered in customs notified area to a foreign liner as listed below would be considered as deemed to be received in foreign exchange and shall be eligible for issuing rewards under SEIS.

Appendix – 3E

S. No.	Sectors	CPV Prov. Code	Rate from 01.04.2015 to 30.10.2017	Rate from 01.11.2017 to 31.03.2019
	Transport Services			
(A)	Maritime Support Services			
c.	Rental of vessels with crew	7213	5	7
d.	Maintenance and repair of vessels	8868	5	7
e.	Pushing and towing services	7214	5	7
f.	Supporting services for maritime transport	745	5	7

Thank You

Saurabh Singhal (C.A., LL.B.)

Email: saurabh@iurislegal.in

Mobile: 9910 72 8800



Iuris Legal