

66) Service tax not applicable on transportation services of goods by a vessel w.r.t. goods intended for transshipment to any country outside India

Various representations seeking clarification on levy of service tax on the services by way of transportation of goods by a vessel from a place outside India to the customs station in India with respect to goods intended for transshipment to any country outside India.

In this regard, it is mentioned that the goods landing at Indian ports which are destined for any other country are allowed to be transhipped through Indian territory without payment of Customs duty in India. This is subject to the condition that such goods imported into a customs station are mentioned in the import manifest or the import report, as the case may be, as for transshipment to any place outside India.

It is pertinent to mention that as per the charging Section 66B of the Finance Act, 1994, service tax is leviable on services provided or agreed to be provided in the taxable territory.

In terms of the applicable rule 10 of the Place of Provision of Services Rules, 2012, the place of provision of services of transportation of goods by air/sea, other than by mail or courier, is the destination of the goods. Thus, with respect to goods imported into a customs station in India intended for transshipment to any country outside India, the destination of goods is not a place in taxable territory in India but a country other than India if the same is mentioned in the import manifest or the import report as the case may be and the goods are transhipped in accordance with the provisions of the Customs Act, 1962 and rules made there under.

Hence, with respect to such goods, services by way of transportation of goods by a vessel from a place outside India to the customs station in India are not taxable in India as the destination of such goods is a country other than India.

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