

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE**

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**LOK SABHA**

**STARRED QUESTION NO.\*20**

**TO BE ANSWERED ON FRIDAY THE 15<sup>TH</sup> DECEMBER, 2017**  
**AGRAHAYANA 24, 1939 (SAKA)**

**GST ON SHIPPING INDUSTRY**

**\*20. SHRI HARIOM SINGH RATHORE:**

Will the Minister of FINANCE be pleased to state:

- (a) whether under the new Goods and Services Tax (GST) regime, a levy of five per cent would be imposed on Indian shipping companies that ferry cargo from and to India and if so, the details thereof;
- (b) whether GST at this rate is also levied on Indian companies that engage in the business of buying and selling of vessels and if so, the details thereof;
- (c) whether the foreign shipping companies are exempted from GST, placing the Indian companies at a disadvantage by raising the cost of their operations and if so, the details thereof;
- (d) whether the Government has taken cognizance that the lack of level-playing field would impel the Indian companies to move out of India; and
- (e) if so, the details thereof and the action taken by the Government in this regard?

**ANSWER**

**MINISTER OF FINANCE**  
**SHRI ARUN JAITLEY**

**(a), (b), (c), (d) and (e):** A statement is placed on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO.20 RAISED BY SHRI. HARIOM SINGH RATHORE FOR 15<sup>TH</sup> DECEMBER, 2017 REGARDING GST ON SHIPPING INDUSTRY**

**Part (a):** Service provided by Indian shipping lines to a person located outside India by way of transport of goods by a vessel from India to a place outside India is zero rated. Similar service provided to a person located in India is liable to GST @ 5%. However, the person located in India is eligible to get input tax credit (ITC) and subsequent refund of the same as the exports are zero rated and thus the same will not be a cost to him.

Service provided by an Indian shipping line and a foreign shipping line by way of transport of goods from a place outside India up-to the Customs Station of clearance in India are liable to GST @ 5%.

**Part (b):** GST at the rate of 5% is leviable on supply of specified vessels.

**Part (c):** No, Sir. Foreign shipping companies providing transportation services to Indian exporters are not subjected to GST on account of place of supply of the said service being outside India. However, the same service provided by an Indian shipping line to an Indian exporter is subjected to GST, which is zero rated. Therefore, in effect, both Indian and foreign shipping lines are at par

**Part (d) and (e):** Do not arise in view of (c) above.