

Table showing impact of pre-GST and post GST tax regime

1. Shipping Sector

Item	Pre – GST	Post – GST
(a) Levy of duty on import of all ships/vessels into India.	Zero Countervailing Duty	5% Duty on all imports and input credit would be available both on input goods and services
(b) Input Tax Credit (ITC) on purchase of furnace oil, spares, etc., all of which are substantial and high value inputs in the operation of a vessel. (when the ship is given on voyage charter)	Available	Quantum of input tax paid is at the rate 18% (ITC credit is available)
(c) Availability of input tax credits on paints, lubes, spares etc. if procured and delivered to the ships in the states other than the home state (State in which it has the Principal Place of business) (when the ship is given on time charter)	Available	Quantum of tax on each item is 18% and procedures needs to be worked out in consonance with the place of Supply of goods.
(d) When export cargo services are provided by an Indian Shipping company	NIL	Post GST, duty will depend on the facts of the case.
(e) Import cargo is carried by an Indian company for a foreign charterer	4.5% GST on its freight invoice and the foreign shipping line would not charge any tax on its freight invoice.	5% GST on its freight invoice and the foreign shipping line would not charge any tax on its freight invoice.
(f) Sale of a ship when the ship is located outside India.	Nil	Ships sold outside will be nil rated.
(g) Sea freight on coastal transport	Option is available to charge either full rate of 15% with ITC on both input goods and input services OR abated rate of 4.5% with ITC only on input services	5% GST to be charged on freight invoice with ITC available.
(h) Input tax credit on input services of port charges at 18% whereas tax rate	Port services are charged at 15% and output service taxable at 4.5%. Therefore	Port services chargeable at 18% and output service taxable at 5%, resulting in

on Output service at 5%	credit lying unutilized.	excess input credit which may not get utilised.
(i) Exemption in duty on Furnace oil for container vessels on Indian coast	Available	Tax @ 18% on Furnace oil and ITC credit would be available. In case of accumulation of credit, refund would be available in case of inverted duty structure.
(j) SFIS/SEIS duty credit	Utilisation was allowed against Excise / Service Tax	SEIS can be used only to pay basic Custom duty and not IGST

2. Shipbuilding and Repair

- In shipbuilding there is no change.
- In ship repair in case of vessels owned by Government there is an increase of 13.65% in tax rates.
- In case of private vessels there is an increase of 3.15%.

3. Ship Breaking

- No change (5%)

4. Ports side

- No change as ports services will be charged at 18% in GST regime.