

OFFICE OF THE COMMISSIONER Or CUSTOMS,

NEW CUSTOM HOUSE, KANDLA-370 210

Phone No. 02836-271468/469, Fax No.02836-271467

F. No. S/20-07/AG/GST/17-18

Dated: 10/08/2017

Public Notice No. 44/2017

Subject: Leviability of Integrated Goods and Service Tax (IGST) on High Sea Sales of imported goods and point of collection thereof -reg.

Attention of the Trade is invited to Board's Circular No. 33/2017- Customs issued vide F. No. 450/131/2017-Cus-IV dated 01.08.2017.

2. The issue has been examined in the Board 'High Sea Sales' is a common trade practice whereby the original importer sells the goods to a third person before the goods are entered for customs clearance. After the High Sea Sale of the goods, the Customs declarations i.e. Bill of Entry etc is filed by the person who buys the goods from the original importer during the said sale. In the past, CBEC has issued various instructions regarding high sea sales appropriating the contract price paid by the last high sea sales buyer into the Customs Valuation [Circular No. 32/2004-Cus dated 11.05.2004 refers].

3. As mentioned earlier, all inter - state transactions are subject to IGST. High sea sales of imported goods are akin to inter - state transactions. Owing to this, it was presented to the Board as to whether the high sea sales of imported goods would be chargeable to IGST twice i.e. at the time of Customs clearance under sub - section (7) of section 3 of Customs Tariff Act, 1975 and also separately under section 5 of the Integrated Goods and Service tax Act, 2017.

4. GST council has deliberated the levy of Integrated Goods and Service Tax . on high sea sales in the case of imported goods. The council has decided that IGST on high sea sale (5) transactions of imported goods, whether one or multiple, shall be levied and collected only at the time of importation i.e. when the import declaration are filed before the Customs authority for the customs clearance purposes for the first time. Further, value addition accruing in each such high sea sale shall form part of the value on which IGST is collected at the time of clearance.

5. The above decision of the GST council is already envisioned in the provisions of sub-section (12) of section 3 of Customs Tariff Act, 1975 inasmuch as in respect of imported goods, all duties, taxes, cesses etc shall be collected at the time of importation i.e. when the import declarations are filed before the Customs authorities for the customs clearance purpose. The Importer (last buyer in the chain) would be required to furnish the entire chain documents, such as original - Invoice, high - seas-sales contract, details of service charges/ commission paid etc, to establish a link between the first contracted price of the goods and the last transaction. In case of a doubt regarding the truth or accuracy of the declared value, the department may reject the declared transaction value and determination the price of the imported goods as provided in the Customs Valuation rules.

6. Difficulties faced, if any, may be brought to the notice of the undersigned.

(P. V. R. Reddy),
Principle Commissioner,
Custom House, Kandla