

GUJARAT HC JUNKS LEVY OF IGST ON OCEAN FREIGHT

The Gujarat high court on Thursday struck down the Centre's decision to impose Integrated Goods & Service Tax (IGST) on ocean freight by holding that its two notifications issued in 2017 levying the duty lacked "legislative competence".

The coal importers submitted before the high court that the IGST can be levied on service provider or service recipient, and not on the importers, for they pay customs duty. The imposition of IGST amounts to double taxation because it sought to tax the importers so far as ocean freight is concerned. The importer is not a recipient of service of transportation of goods. The high court also accepted the argument that both, the service provider and the service recipients, are outside India and such a levy goes beyond the mandate of Section 1 of the IGST Act, which extends to the whole of India and not outside India.

The bench headed by Justice J B Pardiwala has held the two notifications ultra vires to the provisions of the IGST Act. The bench said, "We have reached to the conclusion that no tax is leviable under the Integrated Goods and Services Tax Act, 2017, on the Ocean Freight for the services provided by a person located in a 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 and the levy and collection of tax of such Ocean Freight under the impugned notifications is not permissible in law."

Source: The Times of India