

The title 'GST ON LOGISTICS' is written in a large, bold, dark red font. It is centered horizontally and partially framed by stylized, light gray clouds on both the left and right sides.

GST ON LOGISTICS



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Overview of Logistic Industry

Transportation of Goods

- Road Transport services
- Rail Transport services
- Air Transport services
- Ocean Transport services
- Courier Services

Warehousing of Goods

- Storage & warehousing Solutions
- In-transit warehousing
- Pure leasing of warehousing space

Clearing & Handling

- Custom house Agent Services
- Terminal Handling services
- Loading & Unloading
- Documents
- Weighment
- Ground Rent
- Haulage Charges
- Stuffing Charges
- Lift on / off Charges
- Terminal Access charges
- Etc,



Agenda

Domestic Consignment

- Legal Provisions
- Meaning of GTA
- Consignment Note
- Registration requirement
- Taxability of GTA
- Exemption available

International Logistics

- Taxability of Sea / Air Freight
- Place of Supply
- Reimbursement as Pure Agent
- Practical Industry business practices



GST ON ROAD TRANSPORTATION



Taxability of Transportation Services

Rate of Tax for GTA

Options	Rate of GST	Eligibility of ITC	Liability to pay tax (Prior to 18/07/2022)	Liability to pay tax (Post 18/07/2022)
RCM	5%	No ITC	Service recipient	Service recipient
FCM	12%	ITC can be taken for GST paid on Inputs, Input Services and Capital Goods	Service Provider	Service Provider
FCM	5%	ITC cannot be taken for GST paid on Inputs, Input Services and Capital Goods	Service Provider @5% in FCM & Service Recipient @5% in RCM.	Service Provider Only

Option-1 Payment under RCM

Impact on GTA

1. *GTA is not required to pay tax on his outward supply, recipient will pay tax @ 5% under RCM*
2. *If GTA is registered person then it is to ensure that -*
 - a) ITC of Goods & services exclusively used in supplying such service has not been taken
 - b) Common ITC is reversed as if supply of such service is an exempt supply as per provision of Sec 17 (2) of the CGST Act.

Option-1 Payment under RCM

Impact on Recipient

NOTIFICATION NO. 13/2017-CENTRAL TAX (RATE)

Supply of Services by a goods transport agency (GTA) ~~who has not paid central tax at the rate of 6%~~ in respect of transportation of goods by road to-

- (a) any factory registered under or governed by the Factories Act, 1948(63 of 1948);or
- (b) any society registered under the Societies Registration Act,
- (c) any co-operative society established by or under any law; or
- (d) any registered person under GST
- (e) any body corporate established, by or under any law
- (f) any partnership firm whether registered or not
- (g) any casual taxable person.

Inserted by [Notification No. 5/2022-Central Tax \(Rate\)](#), dated 13-7-2022, w.e.f. 18-7-2022.

Provided further that nothing contained in this entry shall apply where, -

- (a) the Registered supplier exercised the option to pay tax under forward charge; ***and***
- (b) the supplier has issued a tax invoice and has made a declaration as prescribed.

Option-2 Pay Tax under FCM

5% without ITC

1. *Where GTA opt to pay tax @ 5%, he shall ensure that*
 - a) ITC of Goods & services exclusively used in supplying such service has not been taken
 - b) Common ITC is reversed as if supply of such service is an exempt supply as per** provision of Sec 17 (2) of the CGST Act.

12% with ITC

- a) No such Condition

MULTI MODAL TRANSPORT

Multimodal transportation

carriage of goods, by at least two different modes of transport from the place of acceptance of goods to the place of delivery of goods by a multimodal transporter;

Mode of transport

carriage of goods by road, air, rail, inland waterways or sea;

Multimodal transporter

a person who,— enters into a contract under which he undertakes to perform multimodal transportation against freight; and acts as principal, and not as an agent either of the consignor, or consignee or of the carrier participating in the multimodal transportation and who assumes responsibility for the performance of the said contract.

Rate of Tax – 12% (*entry 9 (vi) of N/ No. 11/2017 w.e.f. 27.07.2018*)

*(Above rate is applicable for domestic Transportation only **)*

***as per explanation to above entry w.e.f 01.01.2019)*

Tax Rate For Transportation Services

Heading 9965 (Goods transport services)

(i)	Transport of goods by rail (other than services specified at item No. (iv)).	2.5	Provided that credit of input tax charged in respect of goods in supplying the service is not utilised for paying central tax or integrated tax on the supply of the service
(ii)	Transport of goods in a vessel.	2.5	Provided that credit of input tax charged on goods (other than on ships, vessels including bulk carriers and tankers) used in supplying the service has not been taken [Please refer to Explanation No. (iv)]
(iv)	Transport of goods in containers by rail by any person other than Indian Railways.	6	-
(vii)	Goods transport services other than (i), (ii), (iii), (iv), (v), (vi) and (via) above.	9	-

Exemptions

Sr. No.	Particulars	w.e.f.
1.	Services by way of transportation of goods- a) by road except the services of <ul style="list-style-type: none">• A Goods Transport Agency• A courier Company B) by Inland waterways	01.07.2017
2.	Services provided by a GTA, by way of transport in a goods carriage of <ul style="list-style-type: none">• Agricultural produce.• Milk, salt and food grain including flour, pulses and rice.• Organic manure.• newspaper or magazines• relief materials meant for victims of natural or manmade disasters, calamities, accidents or mishap.• Defence or military equipment	01.07.2017

Exemption to GTA

Sr. No.	Particulars	w.e.f.
1.	Transportation on single carriage doesn't exceed Rs.1500/- Transportation of single consignee doesn't exceed Rs.750/-	01.07.2017 to 17.07.2022
2.	Service by giving on hire to GTA, a means of transportation of goods.	01.07.2017
3.	Services provided by GTA to unregistered person.	13.10.2017
4.	Services provided by GTA to Government department, Local authority, Government agency who have taken registration only for the purpose of deducting tax under section 51 of CGST Act,2017 and not for making taxable supply of goods and service.	31.12.2018
5.	Service by Local Tempo/Truck operator who does not issue consignment note.	(Clarification through CBIC Flier) 11.09.2017

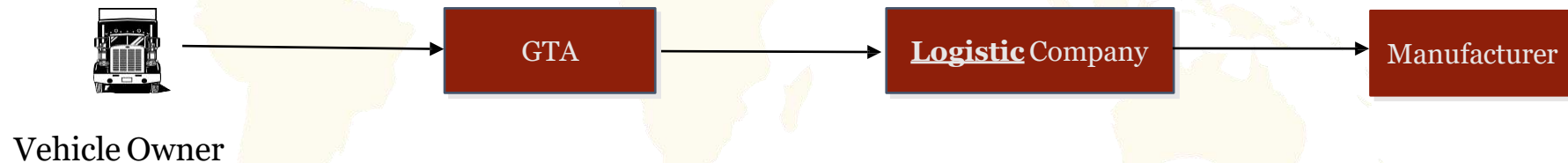
Taxability of Road Transport – Example

International Consignment



- **As pure Agent**
- **As Principal**

Domestic Consignment



GTA Registration

Does the GTA who has opted to pay tax under RCM is required to take registration ?

Mandatory Registration

Section 22(1) of CGST Act, 2017

Every supplier shall be liable to be registered under this Act in the State or Union territory, other than special category States, from where he makes a taxable supply of goods or services or both, **if his aggregate turnover in a financial year exceeds twenty lakh rupees.**

Aggregate Turnover

Section 2(6) of CGST Act, 2017

"aggregate turnover" means the aggregate **value of all taxable supplies** (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), **exempt supplies**, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess.

GTA Registration

Does the GTA who has opted to pay tax under RCM is required to take registration ?

Notification No. 5/2017- Central Tax dated 19/06/2017,

- a person who is engaged in making **only** supplies of taxable goods/services on which reverse charge applies is exempted from obtaining registration under GST.

GTA Registration

Does GTA Supplying the Cotton bales are required to take registration ?

- GTA providing transportation services for agriculture produce are exempted

“Agricultural Produce” as defined in 2(d) of Noti. 12/2017- CT(R)

“agricultural produce” means any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which **either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics** but makes it marketable for primary market;

Sec 23(1)(a) of CGST Act

Person Supplying wholly exempted good or services : not be liable to registration.

Cotton Bales are not agriculture produce

GTA - Meaning

goods transport agency” means

- any person who provides ***service in relation to transport of goods*** by road **and**
- *Issues Consignment Note, by whatever name called;*

(clause (ze) of notification no.12/2017-Central Tax (Rate) dated 28.06.2017.)

Contain of Consignment Note – Rule 54 (3) of CGST Rules

(a)	gross weight of the consignment
(b)	name of the consigner and the consignee.
(c)	registration number of goods carriage in which the goods are transported.
(d)	details of goods transported.
(e)	details of place of origin and destination.
(f)	Goods and Services Tax Identification Number of the person liable for paying tax whether as consigner, consignee or goods transport agency.

GTA- Meaning

Issues of Consignment Note is mandatory criteria to qualify as GTA ?

Carriage by Road Act – 2007

- Common carrier are required to register with state transport department, so as to carry out transport business legally
- Common carrier are required to issue, “ **Goods forwarding receipt**”, which is having content similar to builti, LR as known in common business parlance and as Consignment Note under GST.

Contrary View

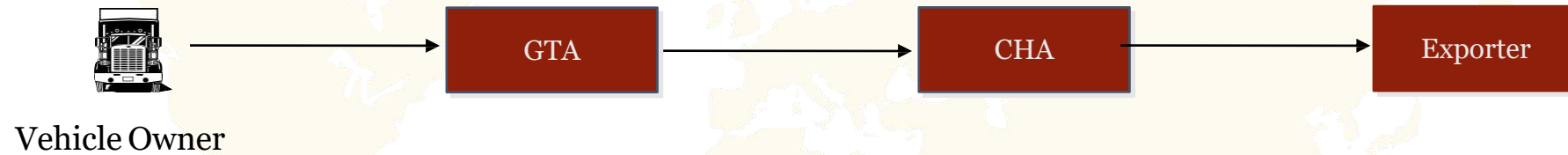
KM Trans Logistics (P.) Ltd., [2020] 117 taxmann.com 609/81 GST AAAR (Raj)

Issuance of a consignment note simply implies that the lien on the goods has been transferred and the transporter becomes responsible for transportation of goods. And absence of the said document cannot impact the obligations of the respective parties.

Hence Appellant cannot be considered as transporter and not eligible for exemption

2 Consignment Note

Can Two Consignment Note be issued?



Exemption to GTA

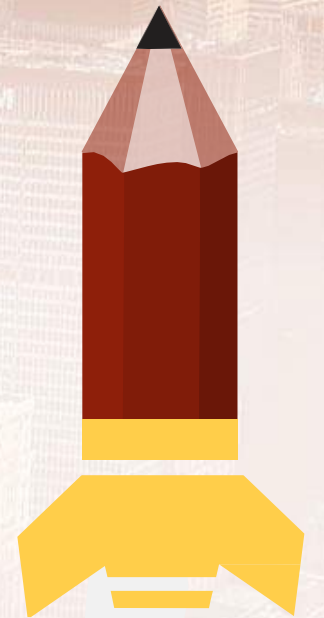
Poser

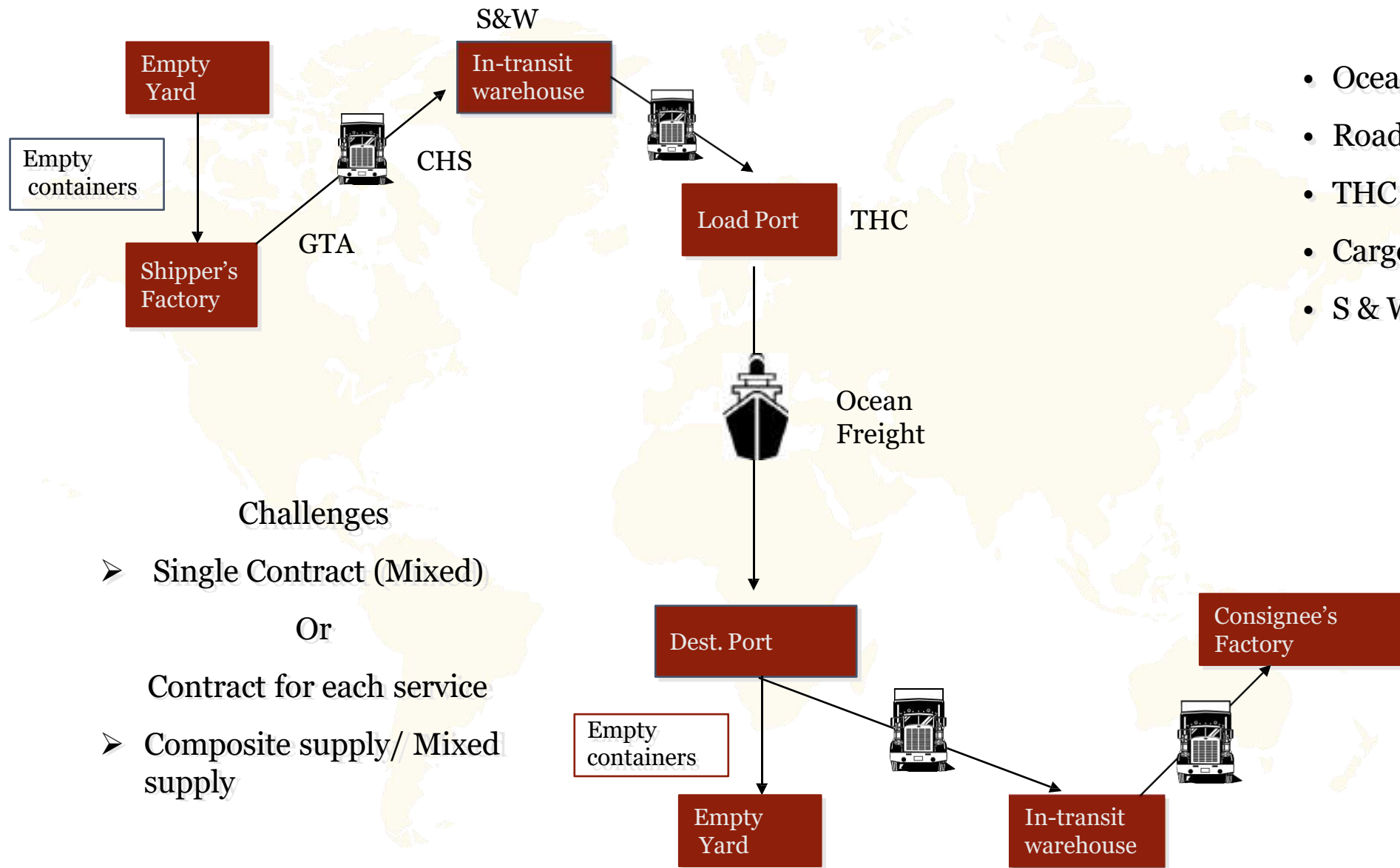
- GTA Ltd a water supply company entered into a contract with Builder A for supply water for their site at Thane Maharashtra.
- Does GTA Ltd need to pay GST on the above transaction ?
- What if GTA Ltd provides only transportation service of water from Site A to Site B?

GTA – Filing Declaration

- What is the GTA fails to file Annexure-V **before** 15th March of preceding FY **online**?

INTERNATIONAL LOGISTICS



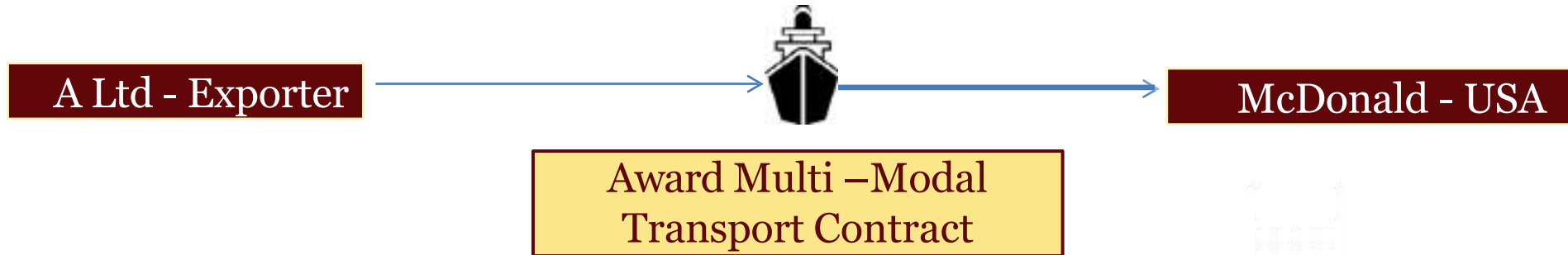


- Ocean freight
- Road transport
- THC
- Cargo Handling
- S & W

Challenges

- Single Contract (Mixed)
- Or
- Contract for each service
- Composite supply/ Mixed supply

Composite Supply or Mixed Supply



- As per Contract, H.H Shipper has to pick the Goods from warehouse of A Ltd located at Bhiwandi & the Deliver goods to USA
- Multi-Modal Contract is for Lumpsum price of Rs. 20,00,000/-
- Whether it is Composite supply or Mixed Supply?
 - *** *Rate of GST on Transportation of goods trough vessel – 5%*
 - *Rate of GST on other service – 18%*
- What if H H Shipper enters into 2 separate contract for Road transport & vessel transport

Place of Supply- IGST Act, 2017

Place of supply applicable for goods transportation service

Section 12 (8) of IGST Act

BOTH

Customer Profile

Place of Supply

B2B

location of Registered Business of recipient.

B2C

Place where the goods are handed over for their transportation

~~Provided that where the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods~~

Amendment made in Finance Act 2023

Location Either of supplier or recipient of service is outside India

Customer Profile

Place of Supply

B2B / B2C

Location of Recipient (If known) else
Location of Supplier

B2B / B2C

~~Place of Destination of Goods~~

Amendment made in Finance Act 2023

Section 13 (2) of IGST Act

Section 13 (9) of IGST Act

Place of Supply- IGST Act, 2017

POS For Land Charges – Clearing & Handling Fees (Other Than Freight)

Section 12 (2) of IGST Act

Location of **BOTH** supplier and location of recipient of service is in India

Customer Profile

Place of Supply

B2B

location of Registered Business of recipient.

B2C

Location of Recipient (If known) else
Location of Supplier

Location **Either** of supplier or recipient of service is outside India

Customer Profile

Place of Supply

B2B / B2C

Location of Recipient (If known) else
Location of Supplier

B2B / B2C

location where the services are actually performed,
where Goods are required to be made physically
available.

Section 13 (2) of IGST Act

Section 13 (3) of IGST Act

Applicable Rates - Air/Sea Transport

Nature of Freight Income	Customer Type	Current Taxability	POS Provisions	Tax Rate	Remarks
Export Air	Indian	Taxable	IGST S. 12(8)	18%	Exempted Upto 30.09.22*
Export Air	Foreign	Export**	IGST S. 13(2)	-	-
Import Air	Indian	Exempt		-	Entry 19
Import Air	Foreign	Exempt		-	Entry 19
Export Sea	Indian	Taxable	IGST S. 12(8)	5%	Exempted Upto 30.09.22
Export Sea	Foreign	Export**	IGST S. 13(2)	-	-
Import Sea	Indian	Taxable	IGST S. 12(8)	5%	-
Import Sea	Foreign	Taxable (in the hands of Importer)##		Special Rule	Noti. 10/2017-IGST (R)

** If all the conditions of Export are satisfied

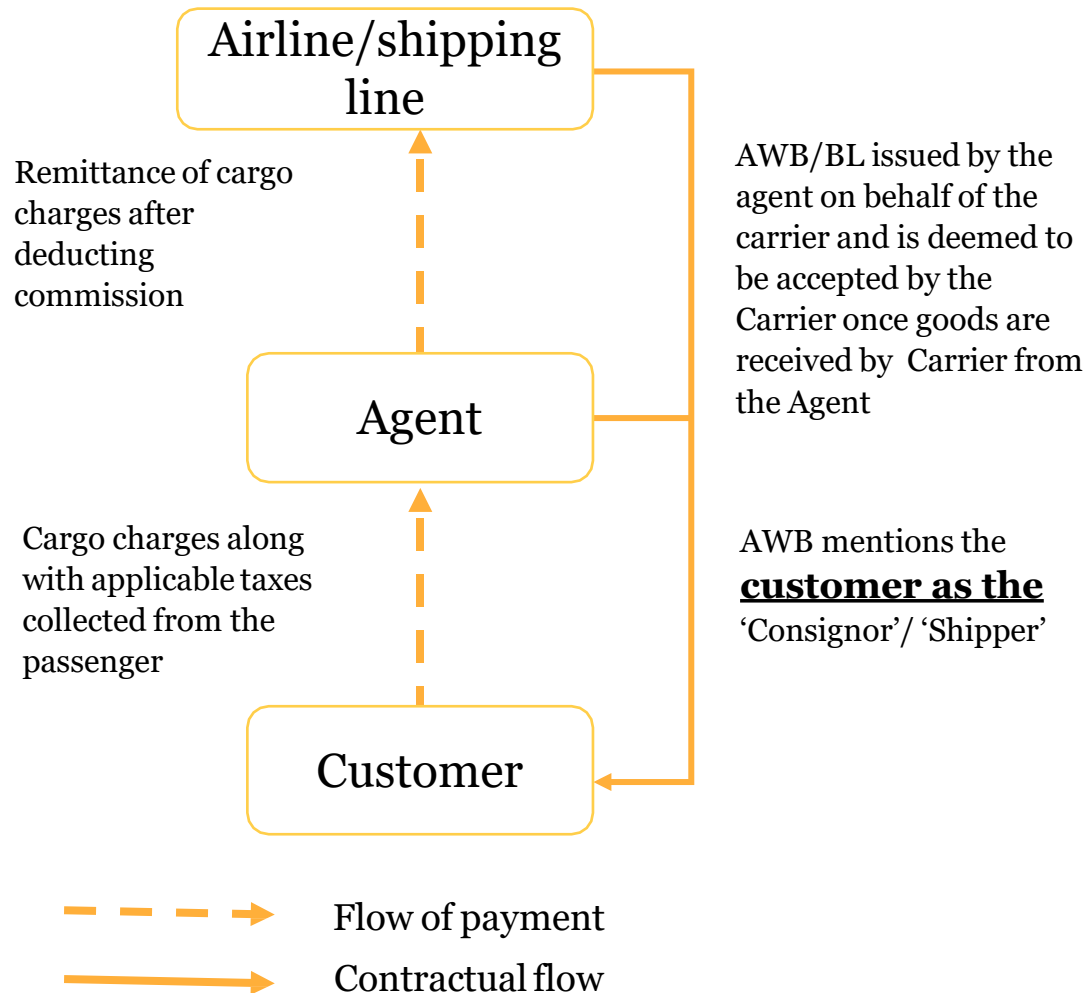
SC in case of Mohit Mineral stated – No tax shall be paid by the Importer on RCM basis

Applicable Rates - Air/Sea Transport

Mode	
Air	
Sea	
Air	
Sea	
Air	
Sea	
Air	
Sea	

Taxability of services of booking agents- Facilitation charges

Cargo bookings via agents

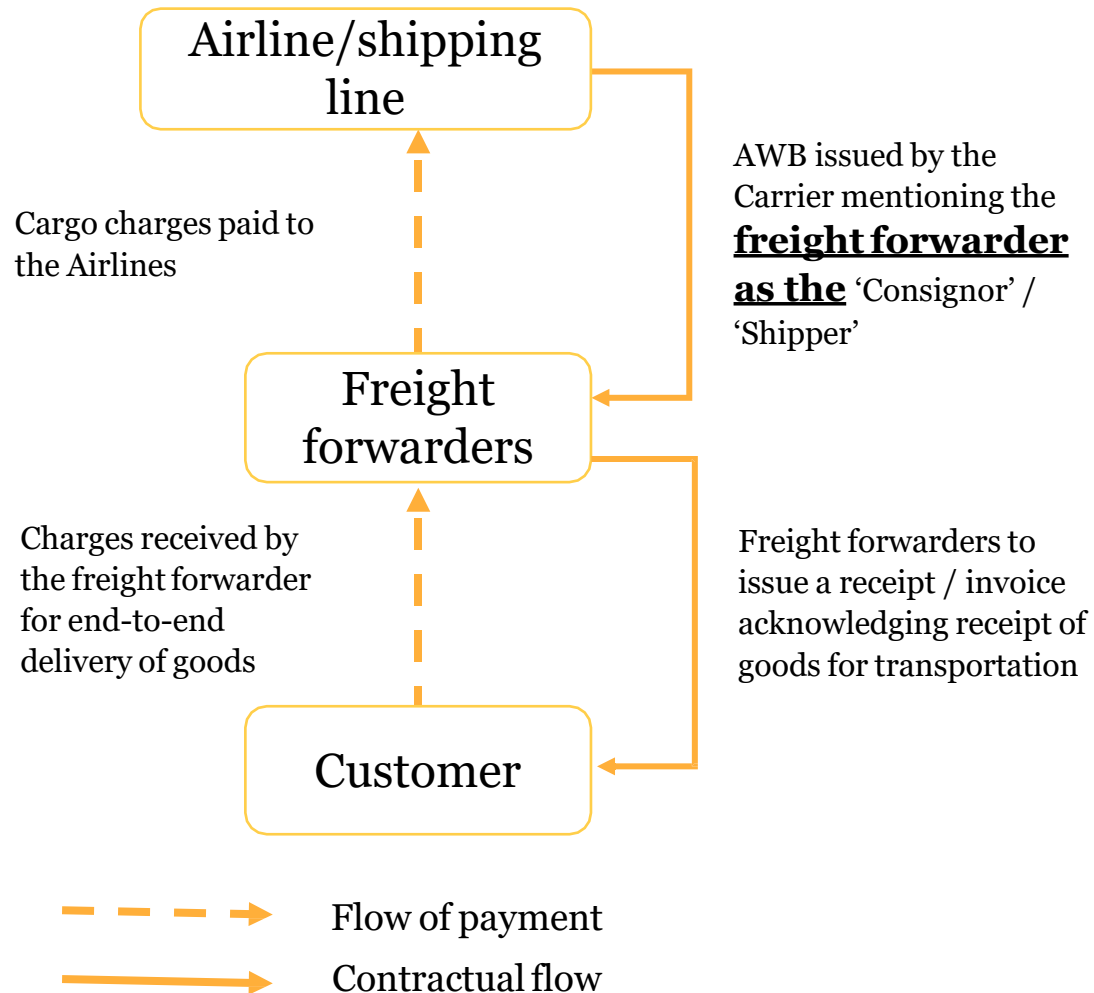


Taxability of agent services

- Bookings for cargo transportation done through an agent, AWB/BL mentions the name of the customer as the consignor
- Consideration for the services received by the agent from the consignor for onward transfer to the airline/shipping line.
- Agent merely as a pass through for the flow of consideration from the consignor to the airline/shipping line
- Transaction between the agent and customer & agent and airline/shipping line not be treated on principal to principal basis - qua transport of goods services
- Transport of goods services is rendered by the airline/shipping line to consignor. **In this case FF would be intermediary.**
- Services of agent to qualify as facilitation services – **Intermediary ; Place of supply – location of Intermediary- i.e. India** , rate of GST tax, valuation to be determined accordingly

Taxability of services of freight forwarders- business of freight

Transportation of Goods via freight forwards



Taxability of freight forwards

- Freight forwarder takes responsibility of end-to-end delivery for the Customer
- For this, the freight forwarder takes services from Carrier for availing transport of goods by Air/Ocean services
- AWB/BL issued by the Carrier mentions the freight forwarder as the 'consignor' / 'shipper'
- Transaction between the freight forwarder and customer & freight forwarder and Carrier to be treated on **principal to principal** basis qua transport of goods services
- Transport of goods services rendered by the carrier to the freight forwarder and onward by the freight forwarder to the Customer
- **Place of supply for both the transactions to be determined basis the provision specified for transport of goods by Air/Ocean service as per Section 12 or 13 of IGST Act, 2017 as the case may be.**

Freight forwards – Taxability

Greenwich Meridian Logistics (I) Pvt. Ltd 2016 (43) S.T.R. 215 (Tri. - Mumbai)

*Allotment of procured space to shippers at negotiated rates within total consideration in multi-modal transportation contract with consignor was distinct principal-to-principal transaction - Assumption of such risk was not within the scope of agency function - Notional surplus was earned from purchase and sale of space and not by acting for client - With space so purchased being allocable only by assessee, shipping line fails in description as client whose services are promoted or marketed - Hence, **such surplus was not liable to Service Tax under Section 65(19) of Finance Act, 1994.***

Similar view was taken in

JASPER INTERNATIONAL vs Comm ST (Mum) 2019 (22) G.S.T.L. 29 (Tri. - Mumbai)

Reversal for export Ocean Freight -Rule 42

Does the value of export / outbound ocean freight prior to 18.07.2022 is required to be consider as exempted supply for the purpose of reversal of ITC in term of Rule 42 of CGST Rules ?

Explanation to Rule 43

For the purposes of rule 42 and this rule, it is hereby clarified that the aggregate value of exempt supplies shall exclude:

c) the value of supply of services by way of transportation of goods by a vessel from the customs station of clearance in India to a place outside India.]

Reimbursement

A Custom House Agent has recovered the following charges from an importer in India besides the Agency charges. The amounts are recovered on actual cost basis.

1. Customs Duty
2. Container Detention Charges
3. Container Freight Station Charges
4. Insurance Charges
5. Stamp Duty
6. Transportation Charges
7. Bill of Lading Document Charges
8. Survey Charges

Discuss taxability of above charges basis Value of Supply provisions.

Reimbursement As Pure Agent

Pure Agent – Rule 33 of CGST Rules 2017

"pure agent" means a person who

- a) enters into a **contractual agreement with the recipient** of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;
- b) neither intends to hold **nor holds any title to the goods or services or both** so procured or supplied as pure agent of the recipient of supply;
- c) **does not use for his own interest** such goods or services so procured; and
- d) **receives only the actual amount** incurred to procure such goods or services in addition to the amount received for supply he provides on his own account.

THANK YOU 

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