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Re: India Import Service Tax effective from January 22, 2017 for OCEAN FREIGHT shipments

10/02/2017

Dear Valued Business Partner,

Why are we writing?

On short notice, the Indian Government announced an important change to the application of the India Service Tax effective from January 22, 2017.

The official government "Notice 01/2017" imposes a Service Tax of 4.5% for all import shipments into India via sea freight.

How is the Service Tax applied?

The India Service Tax is applicable for sea freight and related freight charges for import shipments destined to India, even if the freight

is on prepaid terms outside of India. The Service Tax will be based on the freight prepaid amount. It will be effective for all vessels and

their freight arriving into India on or after January 22, 2017. For collect business the consignee will need to pay the Service Tax.

What is the impact for you?

For the purpose of paying the Service Tax to the Indian Government, the shipping agent who files the manifest for all such inbound ocean

freight will be the responsible party to pay the tax. This shipping agent needs to collect the Service Tax from the origin shipping line or shipper.

As NVOCC we see shipping lines already charging this tax to us. Depending on prepaid/collect terms, we will need to collect this charge from

the actual shipper/consignee on the Danmar HBL.

What is DHL doing?

To ensure you are informed of the changes and to comply with regulatory filing requirements, we will impose the Service Tax of 4.5%

on applicable sea freight and freight related charges on the invoices for all import shipments to India with effect from January 22, 2017.

Whom to contact?

For more information, please contact your local Customer Service representative.

Kind regards,

DHL Global Forwarding Belgium