

### **Action plan for Ocean Freight issue.**

The Hon'ble Gujarat High Court has held that both the levy of Service Tax (During the period from 16.04.2017 to 30.06.2017) and IGST on Ocean Freight component in case of CIF imports, from the importers is ultra vires and illegal. Almost all importers have this issue.

Certainly the Government may take up the issue to the Supreme Court and it may take quite some time to get a final view on the issue. The Government may also decide to overcome the effect of this judgement, by suitable amendments, either prospectively or retrospectively.

The following action plan is suggested.

- (i) Whoever has not paid Service Tax / IGST on CIF imports may contest the demands on the basis of these judgements.
- (ii) Whoever has already paid, may claim refund of the same, if Cenvat Credit / ITC of the same is not availed.
- (iii) Going forward, wherever ITC is available, it is better to continue to make the payments and avail ITC. This will avoid any interest liability, if at all this decision is reversed later or if any amendments are made.

Please contact us for further clarity.

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