



"K" LINE AMERICA, INC.

8730 Stony Point Parkway, Suite 400
Richmond, VA 23235

January 30, 2017

Customer Advisory – India Service Tax

As per India's Union Budget of 2016-2017 effective 1-June-2016, a Service Tax of 4.5% became applicable for all Import ocean freight and base surcharges paid on a Collect basis. An exemption was granted to Import ocean freight and base surcharges that were Prepaid at origin.

On 12-January-2017, The Government of India – Ministry of Finance amended the regulation to remove the exemption for Prepaid Import ocean freight and base surcharges. The tax of 4.5% became applicable on all Prepaid shipments that arrived into India on or after 22-January-2017.

Since this is a tax by the Indian Government, "K" Line America, Inc. will, by default, make the tax payable in India by the Consignee regardless of the payment terms of the bill of lading.

However, if you have a shipment with Prepaid ocean freight and base surcharges and wish to pre-pay this tax at origin, the payment terms must be clearly specified on the bill of lading instructions for each shipment (i.e. **OFT Prepaid, India Service Tax of 4.5% Prepaid**). "K" Line America, Inc. will then calculate the 4.5% tax and manifest it as a Prepaid charge at origin.

Thanks in advance for your cooperation.

"K" Line America, Inc.
As Agents for Kawasaki Kisen Kaisha, Ltd