

IGST on Ocean Freight Likely to be Scrapped

GST Council to take up the matter at Madurai meeting next month

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New Delhi: The government is considering scrapping integrated goods and service tax (IGST) on ocean freight and a proposal is likely to be taken up by the GST Council next month. The move comes after the Supreme Court struck down the IGST on ocean freight. This is likely to bring relief to importers awaiting clarity and tax refunds post the judgement.

People familiar with the deliberations told ET that the legal review post the Mohit Mineral case verdict is over and a proposal to remove the tax would be taken to the council. "Both

the law ministry and law committee of the GST Council is of the view that the IGST on ocean freight must be scrapped as per the Supreme Court verdict," an official quoted above said.

The official added that this would be part of the GST Council's agenda for the upcoming meeting.

"The proposal is ready and it will be discussed at the next GST Council meeting as the decision to levy IGST was taken by the council," another senior official confirmed.

The GST Council is the apex decision making body for the indirect tax. A draft circular will also be presented to the council and circulated once cleared. The council meeting is scheduled to take place in Madurai next month.

Experts said the move is likely to bring much needed relief to the importers, whose refund claims worth over ₹1,000 crore are stuck.

"The importers must get their due after the Supreme Court order. There is still no clarity in this regard and a for-

Relief for Importers

Move comes after SC struck down IGST on ocean freight

Relief for importers awaiting clarity & tax refunds

Refund claims over ₹1,000 cr stuck



mal communication will help the early release of funds," said Abhishek Rastogi, partner at Khaitan and Co, who represented importers in the Mohit Mineral case.

In May, a bench of justices DY Chandrachud, Surya Kant, and Vikram Nath dismissed the appeal by

the central government against an earlier Gujarat High Court judgement that said that IGST on ocean freight is unconstitutional.

In its ruling, the SC bench also said that Union and state governments have simultaneous powers to legislate

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on GST and the council must work in a harmonious manner to achieve a workable solution. Post that verdict, the Centre said it will take a legal opinion on the judgement. The Gujarat High Court on July 29 directed the Central Board of Indirect Taxes and Customs to refund IGST paid on ocean freight within six weeks with interest. However, there is no formal directive to the officials in this regard.