

2nd Workshop on

Impact of GST on Ports, Shipping and Logistics Sector

May 18, 2017, Four Seasons Hotel, Mumbai



Organiser:

**Indian
Infrastructure**

Supported by:



*Sponsorship slots available

IMPACT OF GST ON PORTS, SHIPPING AND LOGISTICS SECTOR

Background and Mission

- With the Rajya Sabha passing the Constitutional Amendment Bill for the Goods and Services Tax (GST) in August 2016, the ball was set in motion for the introduction of the biggest tax reform in India.
- The cabinet also notified the Goods and Services Tax Council in September 2016, to decide on the tax rate, exempted goods and the threshold under the new taxation regime. The council has held several meetings since then, and finalised its recommendations on issues related to registration, payments, refund, invoice and returns based on the consensus reached in the meetings.
- In March 2017, the council approved the draft central GST (CGST) and the integrated GST (IGST) laws. The bills will now have to be cleared by Parliament and the state assemblies. Earlier, in January 2017, the council reached a broad consensus regarding the issue of dual control between the centre and the states.
- The GST roll-out is expected in the second half of 2017. However, the government plans to start extensive reach-out efforts to trade and industry from April 1, 2017 to make them aware of the new taxation system. Besides, the preparation of an information technology (IT) system for GST is also on schedule.
- GST, a unified indirect tax rate throughout the country, is expected to have an impact on all industries, and the maritime and logistics sectors are no exception.
- The standardisation of tax rates may allow big companies to discontinue the current practice of having their own warehouses in different states, and could facilitate the emergence of larger warehouses at strategic locations. The demand for multimodal logistics parks, free trade warehousing zones, inland container depots and container freight stations will also increase. This, in turn, will drive the demand for specialised third-party logistics players for managing the transportation and supply chain requirements.
- The new tax law will have an impact on both, the development and construction of ports, as well as the provision of port services. In general, at present, there is no exemption on the import of inputs for construction and inputs services. Under the proposed GST law, IGST rates will apply. The IGST rate will need to be examined to know if there will be an incremental cost or not for operators.
- The concerns for the maritime and logistics industry relate to the ambiguity regarding the taxation of basic ocean freight charges for the transportation of goods on international waters, the valuation mechanism, the place of supply of shipping services (whether service provider and service receiver are located in or outside India, charter hire of vessels, repair of vessels, etc.), the taxability of the transfer of right to use equipment, the classification of composite supply, input tax credit, as well as registration and returns.
- In this context, India Infrastructure is organising a workshop to examine the impact of GST on the ports and shipping and logistics sectors. The workshop will also highlight the key unresolved issues and discuss the way forward. It will provide an opportunity for the industry to interact with legal/tax experts, seek their opinion and discuss strategies.

Organisers

The conference is being organised by **India Infrastructure Publishing**, the leading provider of information on the infrastructure sectors through magazines, newsletters, reports and conferences. The company publishes **Indian Infrastructure**. It also publishes a series of research reports including **Railways in India, Ports in India, Airports Development in India : Sector Analysis, Outlook and Opportunities, Road Development in India, Freight Market in India, Storage Infrastructure in India and Container Market in India**.

AGENDA/STRUCTURE

GST BASICS AND TIMELINES

- ❖ What are the key features of GST? What are the key positives and potential benefits?
- ❖ What will be the areas of greatest impact?
- ❖ What are the key steps in the GST regime implementation process?
- ❖ What is a realistic deadline for the roll-out of GST?
- ❖ What are the key concerns and challenges? What are the unresolved issues?

GETTING READY FOR GST

- ❖ What should be the key elements of an impact assessment study?
- ❖ Which contracts need to be reviewed?
- ❖ What are the new compliance requirements?
- ❖ Which systems need to be upgraded?

IMPACT ON SHIPPING COMPANIES

- ❖ What will be the impact of GST on shipping companies? What will be the impact on freight rates?
- ❖ Will any of the concessions continue? Will they be able to pass through any of the increased taxation costs? Which contracts will need restructuring?
- ❖ What are the key concerns and unresolved issues?

IMPACT ON PORT DEVELOPERS/OPERATORS

- ❖ What will be the impact of GST on port operators?
- ❖ What will be the change in project costs? Will any contracts need restructuring?
- ❖ What are the key concerns and unresolved issues?

IMPACT ON CONSTRUCTION FIRMS

- ❖ What will be the impact of GST on port construction firms?
- ❖ What will be the impact on the contract value?
- ❖ What will be the impact on the sub-contracting market?
- ❖ What are the key concerns and unresolved issues?

IMPACT ON LOGISTICS SERVICE PROVIDERS/FREIGHT FORWARDERS

- ❖ What will be the impact on logistics providers and freight forwarders? What will be the impact on costs?
- ❖ Will they need to restructure their operations?
- ❖ What are the key concerns and unresolved issues?

IMPACT ON EQUIPMENT MANUFACTURERS

- ❖ What will be the impact of GST on equipment manufacturers?
- ❖ Will there be any impact on equipment costs?
- ❖ Will they be able to pass through any of the increased taxation costs?
- ❖ What are the key concerns and unresolved issues?

IMPACT ON ROAD TRANSPORTATION AND TRUCKING

- ❖ What will be the impact of GST on the road transportation and trucking sector?
- ❖ What will be the impact on the trucking industry?
- ❖ Which contracts will need restructuring?
- ❖ What are the key concerns and unresolved issues?

IMPACT ON ICDS, CFSS, FTWZS AND LOGISTICS PARKS

- ❖ What will be the impact on ICDs, CFSS, FTWZs and logistics parks? What will be the impact on costs?
- ❖ Will they need to restructure their operations?
- ❖ Which contracts will need restructuring?
- ❖ What are the key concerns and unresolved issues?

IMPACT ON RAILWAYS/CONTAINER TRAIN OPERATORS

- ❖ What will be the impact of GST on rail transport and freight rates?
- ❖ What will be the impact on container train operators? Which contracts will need restructuring?
- ❖ What are the key concerns and unresolved issues?

Target Audience

- The conference is primarily targeted at managers handling the taxation, legal, commercial and finance functions from:
 - ICDs, CFSS, FTWZs and logistics parks
 - Road transportation and trucking companies
 - Shipping companies
 - Freight forwarders and logistics providers
 - Port operators
 - Railways/Train operators
 - Etc., etc.
- The conference will also be useful for:
 - Tax advisory firms
 - Legal firms
 - Financial institutions
 - Commercial banks
 - Industry analysts
 - Management consultants

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Conference Cell, India Infrastructure Publishing Pvt. Ltd., B-17, Qutab Institutional Area, New Delhi 110016.
Fax: +91-11-26531196, 46038149. E-mail: conferencecell@indiainfrastructure.com