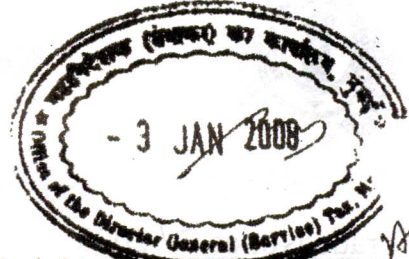


F.No. 137/131/2007-CX.4
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs

Dated the 12th December, 2007

To

Director General of Service Tax
9th Floor, Piramal Chambers
Jijibhoy Lane, Lalbaug, Parel
Mumbai-400012

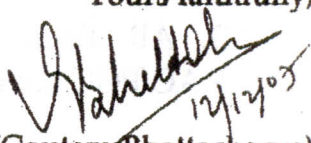


Sidey

Subject: Clarification on service tax on freight charges regarding.

Please refer to your letter F. No. V/DGST/21 (BAS) 26/2006 dated 20th March on the above subject. As stated, Postal Department has engaged shipping companies for conveyance of outward surface Indian Postal Mails to various ports of foreign countries and handling of export cargo or passenger baggage etc. From the facts mentioned it appears that the service provided by shipping companies is in the nature of 'distribution, management and logistics' and delivery order charges and inland haulage charges collected by shipping companies are for such 'distribution, management and logistics' service. Such service is specifically covered under 'business support services' and is liable to service tax. However, in case there are facts which indicate that the appropriate classification of the service provided is 'cargo handling service' the same may be brought to the notice of this office.

Yours faithfully,


(Gautam Bhattacharya)
Commissioner (ST)

Central Board of Excise & Customs