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INCOME-TAX ACT, 2025

8: Profits of non-residents from occasional shipping business

Section 316 - Shipping business of non-residents.

(1) Irrespective of anything in the other provisions of this Act, the provisions of this section shall apply for the purpose of levy and recovery of tax in the case of any ship, belonging to or chartered by a non-resident, which carries passengers, livestock, mail or goods shipped at a port in India.

(2) Where such a ship carries passengers, livestock, mail or goods shipped at a port in India,––

(a) 7.5% of the amount paid or payable on account of such carriage shall be deemed to be income accruing in India to the owner or charterer on account of such carriage, whether that amount is paid or payable in or out of India; and

(b) the amount referred to in clause (a) shall include the amount paid or payable by way of demurrage charge or handling charge or any other amount of similar nature.

(3) Before the departure from any port in India of any such ship, the master of the ship shall prepare and furnish to the Assessing Officer a return of the full amount paid or payable to the person as mentioned in sub-section (2) or any person on his behalf on account of such carriage shipped at that port since the last arrival of the ship thereat.

(4) The requirement of furnishing the return as per sub-section (3) shall be deemed to have been complied with, if––

(a) the Assessing Officer is satisfied that––

(i) it is not possible for the master of the ship to furnish the return before the departure of the ship from the port; and

(ii) the master of the ship has made satisfactory arrangements for filing of the return and payment of tax by any other person on his behalf; and

(b) the return is filed within thirty days of the departure of the ship by any person so authorised by the master.

(5) On receipt of the return, the Assessing Officer shall—

(a) assess the income referred to in sub-section (2); and

(b) determine the sum payable as tax thereon at the rate or rates in force applicable to the total income of a company which has not made the arrangements referred to in section 393(1) (Table: Sl. No. 7) and such sum shall be payable by the master of the ship.

(6) No order assessing the income and determining the sum of tax payable thereon shall be made under sub-section (5) after the expiry of nine months from the end of the tax year in which the return under sub-section (3) is furnished.

(7) For the purposes of determining the tax payable under sub-section (5), the Assessing Officer may call for such accounts or documents as he may require.

(8) A port clearance shall not be granted to the ship until the Commissioner of Customs, or other officer duly authorised to grant the same, is satisfied that the tax assessable under this section has been duly paid or that satisfactory arrangements have been made for the payment thereof.

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(9) Nothing in this section shall prevent the owner or charterer of a ship from claiming, before the end of the year following the tax year in which the date of departure of the ship from Indian port falls, that an assessment be made of his total income of the tax year as per other provisions of this Act, and tax payable be determined on the basis of such assessment.

(10) In a case falling under sub-section (9), any payment made under this section during the tax year, if so claimed, shall be treated as––

(a) tax paid in advance with respect to that year and adjusted against tax payable by such person; and

(b) the difference between the sum so paid and the amount of tax found so payable by him on such assessment shall be paid by him or refunded to him.

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