

High Sea sales (HSS) is a sale carried out by the carrier document consignee to another buyer while the goods are yet on high seas or after their dispatch from the port/airport of origin and before their arrival at the port / airport of destination.

An HSS contract/ agreement should be signed after dispatch of goods from origin & prior to their arrival at destination. The agreement should be on stamp paper – Rs 100 Judicial Stamp Paper.

On concluding the HSS agreement, the bill of lading (B/L) should be endorsed in favor of the new buyer (original buyer has to sign / seal on the reverse of the B/L). In respect of air shipment, HSS seller should write to the airline / consol agent informing that an HSS agreement has been established with the HSS buyer and that the carrier document should therefore be considered as endorsed in favor of the HSS buyer and further the Import General Manifest (IGM) should be filed by the carrier in the name of the HSS buyer.

If the electronic data interchange (EDI) system allows name of HSS buyer to be entered in the system, then there may not be any need to amend the IGM. In this case, the bill of entry/exchange (B/E) is filed in the name of the original importer as the IGM is in this importer name. However, the B/E shows the name of HSS buyer under a separate head in the B/E format. If the system has no provision for showing the name of HSS buyer on the B/E, then the IGM should be got amended and B/E filed in the name of the HSS buyer

In the case of HSS, the cargo in freight (CIF) value for calculation of duty is taken to be the HSS value.

There is a practice followed in customs that in case the HSS transfer takes place at import invoice value only, the custom would add 2~4% of CIF value as HSS loading factor . There have been cases where HSS sellers have sold at two percent more than import CIF but custom have added 2~4% of CIF as HSS value addition. Such practice of customs can be challenged at the customs duty is chargeable on genuine transaction value.

In HSS contracts, the HSS seller may not like to disclose the import value to the HSS buyer. However, the customs can call for the original import invoice, in which case the HSS seller may have to part with this information. To overcome this, HSS seller should take on the responsibility of custom clearance and site delivery. After custom clearance, the HSS seller could withdraw import invoices and only hand over clearance documents with HSS agreement to the HSS buyer. The custom bill of entry does not indicate original import value and is prepared on HSS value

There is no bar on same goods being sold more than once on high seas. In such cases, the last HSS value is taken by customs for purposes of duty levying. The last HSS agreement should give indication of previous title transfers. The last HSS buyer should also obtain copies of previous HSS agreement as such documents may be called upon by the customs

HSS is considered as a sale carried out outside the territorial jurisdiction of India. Accordingly, no sales tax is levied in respect of HSS. The customs documents (B/E) is either filed in the name of HSS buyer or such B/E has an endorsement indicating HSS buyer's name

The title of goods transfers to HSS buyer prior to entry of goods in territorial jurisdiction of India. The delivery from customs is therefore on account of HSS buyer. The CENVAT credit in respect of CVD paid on import is entitled to HSS buyer.

HSS goods are entitled to classification, rates of duty and all notification benefits as would be applicable to similar import goods on normal sale.



HSS is also applicable to goods imported by air. Sea appearing in HSS should not be constructed by its grammatical meaning. As long as the sale is formalized after dispatch from airport / port of origin and before arrival at the first port of discharge / airport at destination, such sale is considered as HSS.

Sometime HSS buyers buy goods after their arrival. Such sale / purchase are not HSS. The stamp paper on which the HSS agreement is executed must not bear the stamp paper purchase date as being post cargo arrival date. Such a case can easily be detected by customs as being a post arrival sale.

If the HSS does not mind disclosing original import values to HSS buyer, in such case it is better from custom clearance point of view for the seller to endorse the B/L, invoice, packing list in favor of the HSS buyer. The endorsement should read "Transferred on High Sea Sales basis to M/S ----- for a sales consideration of (currency and amount in that currency) ". Such endorsement should be stamped and signed by the HSS seller.

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