

A customs officer is shown from the back, wearing a white hard hat and a high-visibility yellow vest with 'CUSTOMS' printed on it. The officer is looking out over a body of water where several large cargo ships are docked or moving. The sky is blue with scattered white clouds. The text 'HIGH SEA SALES: MEANING & PROCESS NOTE' is overlaid in large white letters across the middle of the image.

HIGH SEA SALES: MEANING & PROCESS NOTE

Meaning of High Sea Sales

High Sea Sales from the point of view of an entity incorporated in India refers to the sale of goods which is made after the goods cross the Custom barriers of the Foreign Nation but before crossing (entering) the Custom frontiers of India by way of transfer of documents of title of goods.

For example, A Ltd from Switzerland sells goods to B Ltd of India at some price. Now B Ltd, in this case is the initial Importer. B Ltd further sells the goods to C Ltd of India by entering into a HSS Agreement. In such a case, the transaction between B Ltd & C Ltd is called High Sea Sales where B Ltd is called HSS seller & C Ltd as HSS Buyer.

Process for making High Sea Sales

Step-wise process is as under:

Step 1: Sale by the Foreign Exporter

The Foreign Exporter will make sale to the Indian entity and export the goods to India. The goods may be sent by ship or air. The term “High Sea Sale” should not be construed literally. Accordingly, 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 High Sea Sale.

Step 2: Entering into High Sea Sale (HSS) Agreement

Once the goods are shipped, the HSS Seller enters into an Agreement of Sale (High Sea Sale Agreement) with HSS Buyer. The HSS Agreement is to be entered into after the commencement of movement of goods from the territorial borders of the country of the exporter but before arrival of goods at the territorial border of India.

Step 3: Endorsement of export documents

The Bill of Lading (or airway bill) is then endorsed by HSS Seller and title to the goods is transferred in favour of HSS Buyer.

Step 4: Submission of necessary documents to HSS Buyer

HSS Seller prepares invoice on HSS Buyer in local currency (INR). HSS Seller then delivers the endorsed original Bill of lading (or airway bill), his invoice in local

currency along with import invoice, packing list, certificate of origin, insurance certificate and other necessary documents, if any, for import clearance.

Step 5: Filing of import clearance documents with Customs

HSS Buyer files Bill of entry along with other import documents with customs authorities. HSS Buyer pays the necessary import customs clearance charges alongwith import duty, if any.

HSS Seller can also under take customs clearance and then make the delivery to HSS Buyer. This is of relevance if the HSS Seller does not want the HSS buyer to know the actual contract price of Exporter and HSS Seller. In this case, HSS Seller is filing documents on behalf of HSS Buyer to hide the selling price between Exporter and HSS Seller.

Some important pointers

Some important pointers for a High Sea Sale are as under:

1. Stamp Paper should be obtained by the HSS Seller for the purpose of execution of the HSS Agreement. The stamp paper should be dated prior to the actual HSS Agreement date.
2. HSS Agreement should be dated after the date mentioned in the Shipping Bill / Airway Bill but before the landing date of shipment.
3. Intent letter of Sales from HSS Seller on letter head should be signed and stamped. The same can be sent to the HSS Buyer for submission to customs alongwith other import documents.
4. Intent letter of Purchase from HSS Buyer on the letter head should be signed and stamped for submission to customs.
5. Seller and Buyer must have Import Export Code, AD code Letter and TIN No with Weight & Measurement certificate.
6. The CIF value for the purpose of calculation of import duty is taken to be the HSS value.

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