# India Goods and Service Tax

**Product Advisory number:** 3140  
**Version:** 01  
**Load to production:** 01-Jul-17  

## High level description:
The country of India has mandated a new Goods and Service Tax that must be implemented by 1st July 2017. Because of the complexity of the application of the tax, the implementation will happen in 2 phases. This advisory will address what will be implemented for this tax on 1st July 2017 and will be applicable based on the local time of the customer pricing the itinerary.

## Impact summary:
New Goods and Services tax for India will be applied on itineraries originating in India for sale worldwide. The new 2-character tax code will be **K3**. Current India JN, F2 and G1 taxes will be discontinued on 30th June 2017. The **K3** tax will follow the logic for the current JN Service Tax regime.

## Reason for issue:
First notification

## Impacted customers:
- ☒ Agency customers  
- ☒ Airline customers  
- ☒ eCommerce customers  
- ☐ Car, hotel, rail or cruise customers

## System:
- ☒ Travelport Galileo  
- ☒ Travelport Apollo  
- ☒ Travelport Worldspan

## Load to pre-production:
- 23-Jun-17  
- 19:00  
- EDT  
- Midnight  
- BST

## Web services: (API and Messaging)
Not applicable

## Issue history:
Version 01 issue date: 26-Jun-17
Overview

The country of India has mandated a new Goods and Service Tax (GST) that must be implemented by 1st July 2017

- The GST will apply to all journeys commencing in India
- The GST will apply to all points of sale, worldwide.

The new GST will apply differently depending on whether the passenger is traveling on behalf of a GST registered business (a “Business to Business” or “B2B” transaction), or traveling on his or her own personal account (a “Business to Customer” or “B2C” transaction).

Because of the complexity of the application of the tax, the implementation will happen in 2 phases. For the first phase that will be implemented on 1st July 2017, all transactions will be processed as B2C.

However, B2B passenger transactions must be identified with a GSTIN number at the time of booking.

The method to capture the relevant data for B2B passengers will be through a series of SSRs that will be covered in a separate advisory (Product Advisory PA 3141 Special Service Request (SSR) for Goods and Services Tax (GST) Collection).

Customers must be prepared to include B2B information in these SSRs starting on 1st July 2017.

Unique tax processing of the GST on B2B transactions will be implemented in a later phase.

There will eventually be 3 types of GST taxes:

- CGST (Central GST)
- SGST (State GST) or UGST (Union GST)
- IGST (Integrated GST).

Implementation on 1st July 2017 will include only:

- The interim code will be valid for maximum period of 6 months i.e. until 31st December 2017.

The tax will be dependent upon cabin class. There will be 2 levels, one for economy and one for non-economy.

- For wholly domestic travel journeys, the first domestic sector will determine the cabin class and applicable rate level for the entire journey.
- For international journeys, the first international sector departing from India will determine the cabin class and applicable rate level for the entire journey.

The following rates have been established for the K3 tax:

- Economy GST: 5 % will apply to the entire ticketed fare plus any YQ/YR fees.
- Non-Economy (including Premium Economy) GST: 12% will apply to the entire ticketed fare plus any YQ/YR fees.
**Customer benefit**

Compliance with new India Goods and Services Tax mandate.

**Detail and customer examples**

**Example International Itinerary**

<table>
<thead>
<tr>
<th>1</th>
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<th>21S</th>
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<th>DEL</th>
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<th>1000A</th>
<th>1210P</th>
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<td>HK1</td>
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<td>640P</td>
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<td>3</td>
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<td>HK1</td>
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</table>

Current pricing results include existing F2, G1 and JN taxes which will be discontinued on 30th June 2017.

```
+------------------------------------------+----------+-----------------+--------------------------+----------+--------------------------+
|                                         |         |                 |                          |         |                          |
| CCU XX DEL 35.23SAP20 XX FRA 734.61JLRTFRA XX DEL 734.61JLRTFRA XX CCU 35.23SAP20 NUC1539.68END ROE66.702 FARE INR 102700 TAX 402F2 TAX 402G1 TAX 1293IN TAX 11232JN TAX 150WO TAX 691DE TAX 3033OY TAX 2428RA TAX 30874YQ TAX 140YR TOT INR 157355 |
```

The first international sector departing from India is confirmed in Business Class (non-economy). The applicable K3 tax will be 12% of the total fare plus the YQ and YR fees.

- Fare Total: INR 102,700 x 12% = INR 12,324
- YQ charge: INR 30,874 x 12% = INR 3,705
- YR charge: INR 140 x 12% = INR 17
- Total K3 Tax: = INR16,046

**New Pricing Results – Effective 1st July 2017 - including new K3 tax:**

```
+------------------------------------------+----------+-----------------+--------------------------+----------+--------------------------+
|                                         |         |                 |                          |         |                          |
| CCU XX DEL 35.23SAP20 XX FRA 734.61JLRTFRA XX DEL 734.61JLRTFRA XX CCU 35.23SAP20 NUC1539.68END ROE66.702 FARE INR 102700 TAX 16046K3 TAX 1293IN TAX 150WO TAX 691DE TAX 3033OY TAX 2428RA TAX 30874YQ TAX 140YR TOT INR 157355 |
```
Example Domestic Itinerary

<p>| | | | | | |</p>
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<tr>
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<td>650A</td>
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</tbody>
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The first domestic sector is booked in economy class. The applicable K3 tax will be 5% of the total fare plus the YR fee.

- Fare Total: INR 31250 x 5% = INR 1563
- YR charge: INR140 x 5% = INR 7
- Total K3 Tax: = INR 1570

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<td>FARE INR 31250</td>
<td>TAX 1570K3</td>
<td>TAX 1558IN</td>
<td>TAX 300WO</td>
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<tr>
<td>140YR TOT INR 34818</td>
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</table>

Reissues

For tickets issued prior to 1\textsuperscript{st} July 2017, which include JN, F2, and G1 taxes, reissued on or after 1\textsuperscript{st} July 2017 (for travel on or after 1\textsuperscript{st} July 2017), the JN, F2 and G1 taxes will be refundable and the amounts originally collected for those taxes can be applied toward the collection of the new applicable K3 GST tax.

Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2B</td>
<td>Business to Business</td>
</tr>
<tr>
<td>B2C</td>
<td>Business to Customer</td>
</tr>
<tr>
<td>GST</td>
<td>Goods and Services Tax</td>
</tr>
<tr>
<td>SSR</td>
<td>Special Service Request</td>
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