

Tonnage Tax Circular 5 of 2005

No:1-TT(1)/Cell/2005

Dated: May 30, 2005

Subject : Calculation of Net Tonnage factor for Financial Year 2004-05 (AY 2005-06) to be used by Tonnage Tax Companies having Space / Slot arrangements

Detailed guidelines for providing training by the shipping companies opting for Tonnage Tax Scheme under Chapter XII G of Section 115 VU of Income Tax Act, 1961 were issued by the Ministry of Shipping , Road Transport & Highways, Deptt. Of Shipping, Gazette Notification dated 30/12/2004. Clause 1 Explanation C (2) of the said Notification inter-alia stipulates that

- i) In case of space charters or slot charters, the number of mandays is to be calculated by dividing the Net Tonnage of slot/space charters of the tonnage tax company by the Net Tonnage Factor and multiplying the result by number of days for which such ships are operated by the tonnage tax company during the financial year and shall include any shortfall of the immediately preceding financial year brought forward in accordance with clause 15 of the guidelines.
- ii) For the purpose of this clause, the Net Tonnage of slot/space charters shall be Net Tonnage as calculated under the notification issued in the official gazette vide Explanation to Section 115 VG of the Income Tax Act, 1961. The CBDT Notification in this regard is stated to have been issued on 29/3/2005.
- iii) The 'Net Tonnage Factor' shall be the factor notified by the Directorate General of Shipping for each financial year calculated as the aggregate Net Tonnage of all qualifying ships registered under the Merchant Shipping Act,

1958 at the end of the preceding financial year divided by the total number of such ships at the end of the preceding financial year and shall be notified by the Directorate General of Shipping within 60 days from the beginning of each financial year.

2) The Net tonnage factor for the financial year 2004-05 (AY 2005-06) has been worked out as **10603**. This may be used in conjunction with net tonnage of slot/space charters calculated under the notification issued in the official gazette to work out the minimum training requirement for such arrangements.

Sd/-

(Naresh Salecha)

Sr. Dy. Director General of Shipping