MAHARASHTRA AUTHORITY FOR ADVANCE RULING

GST Bhavan, Room No.107, 1st floor, B-Wing, Old Building, Mazgaon, Mumbai – 400010.

(Constituted under Section 96 of the Maharashtra Goods and Services Tax Act, 2017)

BEFORE THE BENCH OF

(1) Shri. DIPAK GOJAMGUNDE, Joint Commissioner of State Tax, (Member)

(2) Smt. HIMANI DHAMIJA, Joint Commissioner of Central Tax, (Member)

ARN No.	**AD270421033129D**
GSTIN Numher, if any / User-id	**27AAUCS0963M1ZJ**
Legal Name of Applicant	**M/s. Sanctum Trading Corporation Private Limited**
Registered Address / Address provided while obtaining user id	101, Sajjad Yasin Chamber No.2, 1st floor, 30-G Bomanji Lane, Fort, Mumbai, Maharashtra – 400001.
Details of application	GST-ARA, Application No. 09 Dated 07.06.2021
Concerned officer	**MUM-VAT-E-103, Nodal-12**
Nature of activity(s) (proposed/present) in respect of which advance ruling sought	
A Category	Wholesale Business; Bonded Warehouse Operation; Ship-stores Supplier (Service Provision / Goods).
B Description (in brief)	The Applicant, M/s. Sanctum Trading Corporation Private Limited, having GSTIN 27AAUCS0963M1ZJ, is the holder of Bonded Warehouse Licence No. 1775/2019-2020 issued under Section 58A of the Customs Act, 1962 and operates a Special Warehouse under the Customs Warehousing Regulations, 2016 for supply of duty-free ship stores from its bonded warehouse to foreign-going vessels and to ships of the Indian Navy and the Indian Coast Guard.
Issue/s on which advance ruling required	Classification of any goods or services or both. Determination of the liability to pay tax on any goods or services or both. Whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.
Question(s) on which advance ruling is required	As reproduced in para 01 of the Proceedings below.

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PROCEEDINGS

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

The present application has been filed under Section 97 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017 [hereinafter referred to as *"the CGST Act and the MGST Act"* respectively] by **M/s. Sanctum Trading Corporation Private Limited**, the applicant, seeking an advance ruling in respect of the following questions: —

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1. **The Applicant supplies imported goods stored in his bonded warehouse to foreign-going vessels, Indian Navy Ships and Indian Coast Guard Ships. Will these outward supplies be treated as Export Sales (Zero-rated Supply) under GST?**

2. **If these outward supplies are treated as Export Sales, then under LUT, can these items be exported without payment of IGST?**

At the outset, we would like to make it clear that the provisions of both the CGST Act and the MGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to any dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the MGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, the expression *'GST Act'* would mean the CGST Act and the MGST Act.

It is further noted that during the proceedings, vide letter dated 15.12.2021, the applicant has **withdrawn Question No. 2** which reads as: *"If these outward supplies are treated as Export Sales, then under LUT, we can Export these items without payment of IGST"*. The advance ruling is, accordingly, sought and rendered only in respect of **Question No. 1**.

1. FACTS AND CONTENTION – AS PER THE APPLICANT

1.1 The applicant, M/s. Sanctum Trading Corporation Private Limited, is a private limited company registered under the GST Act bearing GSTIN 27AAUCS0963M1ZJ and having its registered office at 101, Sajjad Yasin Chamber No.2, 1st floor, 30-G Bomanji Lane, Fort, Mumbai – 400001. The applicant is the holder of Bonded Warehouse Licence No. 1775/2019-2020 issued under Section 58A of the Customs Act, 1962 and operates a "Special Warehouse" within the meaning of Chapter IX of the Customs Act, 1962, read with the Customs Warehousing Regulations, 2016, as a duty-free ship-store supplier.

1.2 The applicant has stated that it procures the items in question — primarily cosmetics, toiletries, food products, confectionery and cigarettes of various brands — through two routes. First, by purchase from manufacturers located outside India who do not have manufacturing facilities in India but who maintain a hub at a Special Economic Zone in India, from which the goods are supplied duty-free to the applicant's bonded warehouse. Secondly, by direct import of such items from manufacturers located outside India and storage thereof, duty-free, in the applicant's bonded warehouse.

1.3 The applicant has further stated that the warehoused goods are permitted, in terms of the licence held and the relevant provisions of the Customs Act, 1962, to be supplied duty-free from the bonded warehouse to —

- Ocean-going merchant vessels on foreign run;
- Indian Navy Ships; and
- Indian Coast Guard Ships.

1.4 As regards the procedural mechanism for effecting such supplies, the applicant has stated that the Master of an ocean-going merchant vessel on foreign run issues an "Intent to Purchase" addressed to the applicant in respect of the items required to be lifted as ship stores. In the case of the Indian Navy and the Indian Coast Guard, the respective offices in India issue a Purchase

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Order to the applicant for supply of the items to the concerned ship. Based upon either of the said documents, the applicant files a Duty-Free Shipping Bill with the customs authorities, and only after the requisite customs approval are the goods supplied to the Master of the vessel, the Indian Navy ship, or the Indian Coast Guard vessel, as the case may be.

1.5 The applicant has, in its statement of facts, identified the following as the documents and authorities relied upon in support of the question on which advance ruling is sought: —

- Circular No. 113/32/2019-GST dated 11.10.2019 issued by the Ministry of Finance, Department of Revenue, Central Board of Indirect Taxes and Customs, Tax Research Unit;
- Section 90 of the Customs Act, 1962; and
- Advance Ruling No. AAR/AP/10(GST)/2018 dated 20.08.2018 rendered by the Authority for Advance Ruling, State of Andhra Pradesh, in the case of M/s. Fairmacs Shipstores Pvt. Ltd.

2. STATEMENT CONTAINING APPLICANT'S INTERPRETATION OF LAW

2.1 The applicant submits that it has been importing into India various items, principally cigarettes, from manufacturers located outside India, and that the said goods are stored, duty-free, in its bonded warehouse for being supplied as ship stores to merchant vessels on foreign run, to vessels of the Indian Navy and to vessels of the Indian Coast Guard. The applicant contends that the said supplies are governed by the provisions of Chapter X of the Customs Act, 1962, more particularly Sections 85, 86, 87, 88, 89 and 90 thereof.

2.2 It is the applicant's contention that the items so supplied are exempt from payment of customs duty, cess, special additional duty and value added tax, and that this exemption-status under the Customs Act has the consequence, on a parity of reasoning, of qualifying the supplies as exports under the GST Act.

2.3 The applicant places reliance, in particular, on Section 69 of the Customs Act, 1962, which the applicant has reproduced as under: —

> *"(1) Any warehoused goods may be exported to a place outside India without payment of import duty if —*
>
> *(a) a shipping bill or a bill of export or the form as prescribed under section 84 has been presented in respect of such goods;*
>
> *(b) the export duty, fine and penalties payable in respect of such goods have been paid; and*
>
> *(c) an order for clearance of such goods for [export] has been made by the proper officer."*

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2.4 The applicant has further reproduced Section 85 of the Customs Act, 1962, which provides as under: —

> *"Where any imported goods are entered for warehousing and the importer makes and subscribes to a declaration that the goods are to be supplied as stores to*

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vessels or aircrafts without payment of import duty under this Chapter, the proper officer may permit the goods to be warehoused without the goods being assessed to duty."

2.5 On the strength of the foregoing provisions of the Customs Act, 1962, the applicant submits that under Indian Customs law, supplies made to merchant vessels on foreign run, to vessels of the Indian Navy and to vessels of the Indian Coast Guard are treated as exports. The applicant further contends that the same treatment ought to be extended to the said supplies under the GST Act, since exports are zero-rated supplies under the GST regime.

2.6 The applicant places reliance on Circular No. 113/32/2019-GST dated 11.10.2019 issued by the Central Board of Indirect Taxes and Customs, and contends that paragraph 6 thereof clearly states that supplies made to vessels of the Indian Navy are exempted from GST.

2.7 The applicant has also placed reliance on the advance ruling rendered by the Authority for Advance Ruling, State of Andhra Pradesh, in the case of M/s. Fairmacs Shipstores Pvt. Ltd., bearing Ruling No. AAR/AP/10(GST)/2018 dated 20.08.2018. The applicant submits that the said Authority has ruled that "outward supplies made to ocean-going merchant ships which are in foreign run, Indian Navy Ships and Indian Coast Guard Ships will be treated as Exports".

2.8 The applicant submits that, since the aforesaid ruling has been rendered by the Authority for Advance Ruling, State of Andhra Pradesh, and the applicant proposes to effect the supplies in question from the State of Maharashtra, where its jurisdictional Authority is situate, the applicant has approached this Authority seeking a similar ruling in respect of the State of Maharashtra.

Prayer: In the foregoing premises, the applicant prays that this Authority be pleased to hold that the outward supplies of warehoused goods made by the applicant from its bonded warehouse to ocean-going merchant vessels on foreign run, Indian Navy ships and Indian Coast Guard ships qualify as "export of goods" under the GST Act, and are accordingly to be treated as zero-rated supplies under Section 16 of the IGST Act, 2017.

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3. CONTENTION – AS PER THE CONCERNED JURISDICTIONAL OFFICER:

3.1 The application was forwarded to the concerned jurisdictional officer in terms of Section 98(1) of the CGST Act, 2017 read with Rule 104 of the CGST Rules, 2017, calling for comments on the issues raised by the applicant.

3.2 However, despite sufficient opportunity having been afforded, no written submissions or records have been furnished by the jurisdictional officer. In the absence of any response from the department, the Authority has proceeded to consider and decide the application on the basis of the facts pleaded, the documents placed on record, the oral and written submissions of the applicant, and the provisions of law applicable thereto.

4. HEARING

4.1 The preliminary virtual e-hearing in the matter was held on 14.12.2021. Mr. Rishabh Jain, Chartered Accountant, Mr. Chintan Dhediya, Chartered Accountant, and Mr. Girish Agarwal, Accountant, appeared as Authorised Representatives on behalf of the applicant and made oral

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submissions in support of the admission of the application. The Jurisdictional Officer was not available for the said hearing.

4.2 Subsequent to the preliminary hearing, the applicant, vide letter dated 15.12.2021, withdrew Question No. 2 raised in the application. The said withdrawal has been taken on record. The application was thereafter admitted in terms of Section 98(2) of the CGST Act, 2017, in respect of Question No. 1.

4.3 The matter was called for final virtual e-hearing on 01.10.2025, on which date Mr. Ashok Mudaliar, Advocate, appeared as Authorised Representative for the applicant and reiterated the written submissions on record and made further oral submissions in support of the contentions advanced. The Jurisdictional Officer was not available during the said hearing. Both sides being heard, and the record being complete, the matter was reserved for orders.

5. OBSERVATIONS AND FINDINGS:

5.1 We have carefully considered the facts of the case, the documents placed on record, the written as well as the oral submissions of the applicant, and the absence of any submission on behalf of the jurisdictional officer notwithstanding sufficient opportunity. We have also examined the statutory provisions, notifications, circulars and authorities relied upon by the applicant.

5.2 We observe that the applicant, M/s. Sanctum Trading Corporation Private Limited, is a registered taxpayer under the GST Act bearing GSTIN 27AAUCS0963M1ZJ. The applicant holds Bonded Warehouse Licence No. 1775/2019-2020 issued under Section 58A of the Customs Act, 1962, and operates a Special Warehouse under Chapter IX of the Customs Act, 1962 read with the Customs Warehousing Regulations, 2016. The goods in question — namely cosmetics, toiletries, food products, confectionery and cigarettes — are sourced either by direct import from foreign manufacturers or by procurement from foreign manufacturers' SEZ-based hubs in India, and are stored in the applicant's bonded warehouse *without payment of customs duty*. Such warehoused goods are then supplied to (i) ocean-going merchant vessels on foreign run, (ii) Indian Navy ships and (iii) Indian Coast Guard ships, against an "Intent to Purchase" issued by the Master of the vessel (in the case of foreign-going merchant vessels) or against a Purchase Order issued by the Indian Navy / Indian Coast Guard (in the case of naval / coast-guard ships), and only after a Duty-Free Shipping Bill is filed and customs approval is obtained.

5.3 It is undisputed that, throughout the supply chain in question, the goods retain the character of "warehoused goods" within the meaning of Section 2(44) of the Customs Act, 1962, and that no Bill of Entry for clearance for home consumption is filed in respect of such goods. The supplies are made directly from the bonded warehouse to the recipient vessel under customs supervision.

5.4 During the course of the proceedings, the applicant withdrew Question No. 2 vide letter dated 15.12.2021. The present advance ruling, accordingly, is confined to Question No. 1, which is whether the outward supplies made by the applicant of warehoused goods from its bonded warehouse to (i) ocean-going merchant vessels on foreign run, (ii) Indian Navy ships, and (iii)

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Indian Coast Guard ships, will be treated as "Export Sales (Zero-rated Supply)" under the GST Act.

5.5 We note that the question raised by the applicant falls within the ambit of clause (a) read with clauses (e) and (g) of Section 97(2) of the CGST Act, 2017, read with the corresponding provision of the MGST Act, 2017, inasmuch as it concerns the classification of the outward supply (whether it is to be treated as an export and accordingly a zero-rated supply); the determination of the liability to pay tax on the said supply; and whether the activity of supplying warehoused goods to the said classes of recipients amounts to or results in a supply of goods within the meaning of the GST Act. The application is, on this count, maintainable before this Authority. Further, on the basis of the record placed before us, no proceedings on the question raised are shown to be pending or to have been decided in the case of the applicant under any provision of the GST Acts, as contemplated by the first proviso to sub-section (2) of Section 98 of the CGST Act, 2017. The application is, therefore, admissible to the extent it survives Question No. 2's withdrawal.

5.6 The single issue that falls for our determination, accordingly, is whether the supply, by the applicant, of warehoused goods from its bonded warehouse to (i) ocean-going merchant vessels on foreign run, (ii) Indian Navy ships and (iii) Indian Coast Guard ships, before clearance of such goods for home consumption, qualifies as "export of goods" under Section 2(5) of the IGST Act, 2017 and thereby as a zero-rated supply under Section 16 of the IGST Act, 2017.

5.7 Before turning to the merits, it is appropriate to set out the statutory framework that governs the question. Section 9 of the CGST Act, 2017 is the charging provision and levies the tax on all intra-State supplies of goods or services, save those expressly excluded; the corresponding levy on inter-State supplies is laid by Section 5 of the IGST Act, 2017. Section 16 of the IGST Act, 2017 then provides for the regime of zero-rated supplies and reads, in material part, as under: —

> *"16. (1) "zero rated supply" means any of the following supplies of goods or services or both, namely: —*
>
> *(a) export of goods or services or both; or*
>
> *(b) supply of goods or services or both [for authorised operations] to a Special Economic Zone developer or a Special Economic Zone unit."*

5.8 It is therefore evident that, for a supply to be a zero-rated supply under Section 16, it must answer to the description of an "export of goods" (or services), or be a supply to an SEZ developer / unit. The latter is admittedly not in issue here. The whole question therefore turns upon the meaning of "export of goods" under the IGST Act, 2017.

5.9 Section 2(5) of the IGST Act, 2017 defines the expression "export of goods" as follows: —

> *"(5) "export of goods" with its grammatical variations and cognate expressions, means taking goods out of India to a place outside India."*

5.10 Section 2(56) of the CGST Act, 2017, which is to be read in pari materia for the meaning of "India" under the IGST Act by virtue of Section 2(24) of the IGST Act, defines "India" as under: —

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"India" means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and sub-soil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976, and the air space above its territory and territorial waters."

5.11 A combined reading of Sections 2(5) and 2(56) makes it abundantly clear that the export of goods, for the purposes of the IGST Act, is a strictly destination-based concept. It requires (i) the act of taking the goods out of India, and (ii) such taking-out being to a place outside India. The territorial conception of "India" under Section 2(56) is broad and inclusive — it embraces not only the land mass and the territorial waters, but also the seabed and sub-soil, the continental shelf, the exclusive economic zone, and the air space above the territory and territorial waters. A supply that does not result in the goods being moved out of these maritime zones to a destination outside them does not satisfy the statutory definition of "export of goods" under the IGST Act.

5.12 Section 11(b) of the IGST Act, 2017 reinforces the destination-based test from the angle of place of supply, by providing that the place of supply of goods exported from India shall be the location outside India. A supply whose recipient is, at the time of supply, located within India — whether on land, in territorial waters, in the EEZ, or otherwise within the territory comprehended by Section 2(56) — does not have a place of supply *outside India* and therefore does not engage Section 12(b).

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5.13 Examined against this statutory framework, the supplies in question manifestly do not qualify as "export of goods" under Section 2(5) of the IGST Act, 2017. The recipient vessels — whether foreign-going merchant vessels at anchor in Indian ports / territorial waters, Indian Navy ships, or Indian Coast Guard ships — are, at the time of supply, located within India as defined under Section 2(56). The goods are physically transferred to the Master / authorities on board the vessel within India and not after the vessel has left India. The supply is, accordingly, completed on Indian soil (or in Indian waters), and not by the act of taking goods out of India to a place outside India. The destination-based test of Section 2(5) is, therefore, not satisfied.

5.14 It is true, as the applicant has urged, that "warehoused goods", within the meaning of Section 2(44) of the Customs Act, 1962, may, under Section 69 of the said Act, be exported to a place outside India without payment of import duty subject to compliance with the conditions stipulated therein. It is also true that Section 88(a) of the said Act extends the same exemption from import duty to warehoused goods that are taken on board any foreign-going vessel as stores. Section 90 of the Customs Act, 1962 makes a corresponding provision in respect of supplies of stores to ships of the Indian Navy. By virtue of Notification No. 37/2017-Customs dated 30.06.2017 issued under Section 25(1) of the Customs Act, 1962, supplies of warehoused goods are further exempt from import duty and integrated tax subject to the conditions specified therein. None of these provisions, however, has the effect of converting the said supplies into "exports of goods" within the meaning of Section 2(5) of the IGST Act, 2017. They operate on a different field. What they grant is an exemption from the levy of import duty (and, in the case of

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Notification No. 37/2017-Customs, from integrated tax on the import-leg) — they do not, and indeed cannot, alter the statutory definition of "export of goods" enacted by Parliament in the IGST Act.

5.15 The expression "export" under the Customs Act, 1962 has a wider sweep than "export of goods" under the IGST Act, 2017. Under the Customs Act, "export" is defined in Section 2(18) as taking out of India to a place outside India, but the operative provisions of Chapter X (Sections 85–90) extend the consequence of "export" — namely, exemption from import duty — to certain supplies of warehoused goods as ship stores even where the goods, in fact, are taken on board within India. Thus, what the Customs Act treats, for the limited purpose of duty exemption, as if it were an export, the IGST Act treats only as an "export of goods" if the destination-based test of Section 2(5) is, in fact, satisfied. A foreign-going vessel anchored within the territory of India is not a place outside India; the act of taking stores on board such a vessel does not, therefore, amount to a supply to a location outside India. Accordingly, neither Section 69 nor Section 88(a) of the Customs Act, 1962 can be pressed into service to bring the present transactions within the ambit of "export" under the IGST Act, 2017.

5.16 It is further pertinent to note that, at the time of supply of the goods in question, both the supplier (the applicant) and the recipient (the foreign-going vessel / Indian Navy ship / Indian Coast Guard ship) are located within India. The supply is effected from a bonded warehouse situated in India to a vessel situated in India. There is, on the record, no factual basis for any conclusion that the goods, in their physical movement, leave India to a place outside India in consequence of the said supply. It cannot, therefore, be said that the supply is an "export of goods" within the meaning of Section 2(5) of the IGST Act, 2017, unless the goods are specifically marked for a destination outside India and all consequential export documentation is filed — which is not the factual matrix asserted by the applicant in the present case.

5.17 In so far as the Indian Navy ships and the Indian Coast Guard ships are concerned, these are, indubitably, Indian establishments operated by the Government of India. Supplies made to such Indian establishments enjoy exemption from customs duty under specific provisions of the Customs Act and notifications issued thereunder, but they do not, by reason of such exemption, transmute themselves into "exports of goods" under the IGST Act, 2017. The relief, under the GST regime, of zero-rating under Section 16 of the IGST Act is available only to a supply that either qualifies as an "export of goods or services or both" or is made to an SEZ developer or unit for authorised operations. The supplies under consideration fall within neither limb. In the absence of either, the supplies cannot be treated as zero-rated supplies under Section 16 of the IGST Act, 2017.

5.18 We have given careful consideration to the applicant's reliance on Circular No. 113/32/2019-GST dated 11.10.2019 issued by the Central Board of Indirect Taxes and Customs. The said Circular addresses the GST treatment of certain supplies and is to be read in the context of the entries in the rate notifications and the scheme of the IGST Act. A Circular issued by the Board operates within the field permitted by the statute and cannot enlarge or alter the statutory definition of "export of goods" laid by Parliament in Section 2(5) of the IGST Act. The Circular

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does not, on its plain terms, declare that supplies of warehoused ship stores from a bonded warehouse to vessels stationed in India are "exports" within the meaning of Section 2(5) of the IGST Act. Even assuming, for the sake of argument, that paragraph 6 thereof contemplates an exemption (and not a zero-rating) of certain supplies to vessels of the Indian Navy, an exemption from levy is conceptually distinct from an export under the IGST Act; the two operate on different planes. The Circular cannot, therefore, be deployed by the applicant to convert the present transactions into "export of goods" or zero-rated supplies under Section 16 of the IGST Act.

5.19 Applicability of Section 7(2)(a) read with Entry 8(a) of Schedule III to the CGST Act, 2017

5.19.1 A more pertinent enquiry, on the very same facts, leads us to a different exclusionary head — namely, paragraph 8(a) of Schedule III to the CGST Act, 2017, read with Section 7(2)(a) thereof. Section 7(2)(a) provides that activities or transactions specified in Schedule III shall be treated neither as a supply of goods nor as a supply of services. Paragraph 8(a) of Schedule III, as inserted with effect from 01.02.2019 by the CGST (Amendment) Act, 2018, reads as under: —

> *"8. (a) Supply of warehoused goods to any person before clearance for home consumption."*

5.19.2 A plain reading of paragraph 8(a) shows that two cumulative essential conditions must be satisfied for the entry to apply: —

- First, the goods that are the subject of the supply must be "warehoused goods" within the statutory meaning of that term; and
- Second, the supply must take place before the clearance of those goods for home consumption.

5.19.3 Each of these conditions is, on the facts of the present case, satisfied. The goods in question are imported and stored in the applicant's bonded warehouse in terms of Section 58A of the Customs Act, 1962. They retain, throughout, the character of "warehoused goods" as defined in Section 2(44) of the Customs Act, 1962. No Bill of Entry for home consumption is filed in respect of the said goods, and customs duty thereon is admittedly not paid. The supplies are made directly from the warehouse, under customs supervision, against a Duty-Free Shipping Bill, to the Master of the vessel / Indian Navy / Indian Coast Guard, as the case may be. The supplies thus take place, in their entirety, *before* and not after, any clearance of the warehoused goods for home consumption. The applicant's transactions, accordingly, fall squarely within the ambit of paragraph 8(a) of Schedule III, read with Section 7(2)(a) of the CGST Act, 2017.

5.19.4 The legal consequence that follows is dispositive. Where an activity or transaction is one specified in Schedule III, it is, by force of Section 7(2)(a), to be treated neither as a supply of goods nor as a supply of services. It is, in other words, lifted entirely out of the field of "supply", which is the foundational notion on which the GST levy under Section 9 of the CGST Act, 2017 / Section 5 of the IGST Act, 2017 rests. The question whether such an activity is "zero-rated"

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under Section 16 of the IGST Act does not arise at all, because zero-rating presupposes a supply; if there is no supply, there is nothing to rate at zero or at any other rate.

5.19.5 It is in this light that we are of the considered view that the applicant's endeavour to characterise the said transactions as "export sales / zero-rated supplies" is not legally sustainable. The transactions are, in law, not supplies at all for the purposes of the GST Act. They do not attract levy of GST. They simultaneously do not qualify for zero-rating, refund of unutilised input tax credit under Section 54 of the CGST Act read with Section 16(3) of the IGST Act, or any other consequence of zero-rated treatment. The proper characterisation is that of an out-of-scope transaction under paragraph 8(a) of Schedule III read with Section 7(2)(a) of the CGST Act, 2017.

5.20 In so far as the applicant's reliance on the advance ruling rendered by the Authority for Advance Ruling, State of Andhra Pradesh, in the case of *M/s. Fairmacs Shipstores Pvt. Ltd.* (Ruling No. AAR/AP/10(GST)/2018 dated 20.08.2018) is concerned, we observe that the said ruling is by a co-ordinate State Authority and, by force of Section 103 of the CGST Act, 2017, is binding only as between the parties to that proceeding. It does not bind this Authority. Even on its own terms, however, the proposition relied upon by the applicant is, on the materials available, distinguishable: the said ruling proceeds in a factual context where the goods in question were said to be destined to a place outside India. That is not the factual matrix before us. On the present applicant's own showing, the supplies are affected to vessels stationed within India, against an "Intent to Purchase" or a Purchase Order, with the goods being transferred to the recipient on Indian soil / in Indian waters. The ratio of the Andhra Pradesh ruling, even if accepted at the highest, does not extend to the present facts.

5.21 On the converse side, the West Bengal Authority for Advance Ruling has, in the case of *M/s. Shewratan Company Private Limited*, examined a similar issue concerning the supply of warehoused goods as ship stores, and held that such supplies, being made prior to clearance for home consumption, are covered under paragraph 8(a) of Schedule III to the CGST Act, 2017 and are, accordingly, to be treated as neither a supply of goods nor a supply of services. We find the reasoning so adopted to be legally sound, consistent with the plain language of Section 7(2)(a) read with Schedule III, and applicable a fortiori to the facts of the present case. The said ruling is, of course, also a co-ordinate-bench ruling and not binding on this Authority; we, however, find it persuasive for the reasons we have set out above and adopt the same line of reasoning.

5.22 In view of the foregoing discussion, we are of the considered view that the outward supplies made by the applicant from its bonded warehouse to (i) ocean-going merchant vessels on foreign run, (ii) Indian Navy ships and (iii) Indian Coast Guard ships, before clearance of the said warehoused goods for home consumption, do not qualify as "export of goods" within the meaning of Section 2(5) of the IGST Act, 2017, and are not zero-rated supplies under Section 16 of the IGST Act, 2017. Such transactions are, however, covered by paragraph 8(a) of Schedule III to the CGST Act, 2017, read with Section 7(2)(a) thereof, and shall accordingly be treated as neither a supply of goods nor a supply of services for the purposes of the GST Act.

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6. In view of the extensive deliberations as held hereinabove, we pass an order as follows:

ORDER

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

NO.GST-ARA- 09/2021-22/B- 52 **Mumbai, dt.** 30/03/2026

For reasons as discussed in the body of the order, the questions are answered thus —

Question 1: The Applicant supplies imported goods stored in his bonded warehouse to foreign-going vessels, Indian Navy Ships and Indian Coast Guard Ships. Will these outward supplies be treated as Export Sales (Zero-rated Supply) under GST?

Answer: The outward supplies made by the Applicant, M/s. Sanctum Trading Corporation Private Limited, from its bonded warehouse to ocean-going merchant vessels on foreign run, Indian Navy ships and Indian Coast Guard ships, before clearance of the said warehoused goods for home consumption, **do not** qualify as "export of goods" within the meaning of Section 2(5) of the Integrated Goods and Services Tax Act, 2017, and are **not** zero-rated supplies under Section 16 of the Integrated Goods and Services Tax Act, 2017. The said transactions are, however, covered under paragraph 8(a) of Schedule III to the Central Goods and Services Tax Act, 2017 read with Section 7(2)(a) thereof, and are, accordingly, to be treated as neither a supply of goods nor a supply of services for the purposes of the GST Act.

Question 2: If these outward supplies are treated as Export Sales, then under LUT, can these items be exported without payment of IGST?

Answer: Not answered, as the applicant has, vide letter dated 15.12.2021, withdrawn the said question.

MEMBER ADVANCE RULING AUTHORITY ★ MAHARASHTRA ★ MUMBAI

DIPAK GOJAMGUNDE
(MEMBER)

HIMANI DHAMIJA
(MEMBER)

PLACE - Mumbai
DATE - 30/03/2026

Copy to: -

1. The applicant
2. The concerned Central / State officer
3. The Commissioner of State Tax, Maharashtra State, Mumbai
4. The Pr. Chief Commissioner of Central Tax, Churchgate, Mumbai
5. The Joint Commissioner of State Tax, Mahavikas, for website.

Note: - An Appeal against this advance ruling order shall be made before The Maharashtra Appellate Authority for Advance Ruling for Goods and Services Tax, 15th floor, Air India Building, Nariman Point, Mumbai – 400021. Online facility is available on **gst.gov.in** for online appeal application against the order passed by the Advance Ruling Authority.

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