

M/s Fairmacs Ship Stores Private Limited

Appellate Authority for Advance Ruling — Andhra Pradesh

Order /AAR/AP/ 01(GST)/2018 dated 31st May 2018

Dated 31.05.2018

Q Questions Before the Authority

- Whether they are exempted from tax under GST on their outward supplies made to ocean going merchant vessels on foreign run, Indian Naval Ships and Indian Coast Guard Ships or not?
- If at all they are liable for GST on their outward supplies whether they can collect the GST from the recipient for the goods namely: Ocean going merchant vessels on foreign run, Indian Naval Ships, Indian Coast Guard Ships or from their authorized agents?
- Whether the transactions made by the appellant fall under export (zero rated) or not?

F Facts

The appellant is engaged in warehousing customs-bonded goods like cosmetics, toiletries, and foodstuffs imported or sourced from SEZs to supply ocean-going merchant vessels, Indian Naval Ships, and Coast Guard Ships. The Advance Ruling Authority (AAR) held that supplies were not exempt and declined to rule on whether the transactions constituted zero-rated exports. Aggrieved by this, the appellant filed an appeal before the Appellate Authority requesting a clear determination on export status.

H Ruling

The Appellate Authority **remanded the matter back to the Advance Ruling Authority** to decide the issue afresh within 90 days after hearing the applicant. The appellate authority observed that whether the transactions constitute zero-rated exports was a **new issue raised for clarification** that needed to be decided holistically by the original authority.

R Reasoning

The Appellate Authority noted that the original AAR observed that some supplies might fall under exports but held it outside the prerogative of the application. During the appeal, the appellant formally requested a determination on whether the transactions constitute zero-rated exports, which was a new issue not placed before the original AAR. To ensure a complete and holistic view of the applicant's plea, the Appellate Authority directed the original AAR to hear the applicant afresh and issue a necessary ruling within 90 days.

P Provisions Relied On

Circular No. 21/31/63-Cus.IV dated 17th August 1966



For the Practitioner

This order confirms that **new issues not formally adjudicated by the Advance Ruling Authority cannot be determined for the first time at the appellate stage**. In such cases, the AAAR will **remand the matter back to the original authority** for a fresh hearing. It does not decide the substantive issue of whether supplies to foreign-going vessels from bonded warehouses qualify as zero-rated exports.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> [ap_aaar_01_2018_31.05.2018_fsspl.pdf](#)

Prepared 18-10-2026.

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