

M/s. Haworth India Private Limited

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No. 23 /ARA/2023 Dated: 20.06.2023

Q Questions Before the Authority

- In the facts and circumstances of the case, whether the transfer of title of goods by the Applicant to its customers or multiple transfers within the FTWZ would result in bonded warehouse transaction covered under Schedule III of the CGST Act, 2017 r/w CGST Amendment Act, 2018?
- Whether the Integrated Tax (IGST) Circular No. 3/1/2018 dated 25.05.2018 is applicable to the present factual situation?

F Facts

The applicant is engaged in the manufacture and sale of office furniture and intends to store imported goods in a Free Trade Warehousing Zone (FTWZ). They propose to transfer the title of these goods to customers while the goods remain in the FTWZ, without physical removal, to expedite project execution. The applicant sought to determine if these transfers qualify as transactions covered under Schedule III of the CGST Act, 2017.

H Ruling

Applicability of Schedule III to FTWZ transfers	No, it will not be covered under Schedule III of the CGST Act, 2017.	The ruling is based on the distinction between FTWZ and Customs bonded warehouses.
Applicability of Circular No. 3/1/2018	Not applicable.	The circular was rescinded and specifically pertains to Customs bonded warehouses, not FTWZ.

The Authority ruled that the transfer of title of goods within an FTWZ does not fall under the scope of Schedule III of the CGST Act, 2017. It concluded that FTWZ facilities are governed by the SEZ Act, 2005, and are not considered warehouses licensed under the Customs Act, 1962. Consequently, the specific relief provided under Schedule III for bonded warehouse transactions is not applicable to the applicant's proposed operations.

R Reasoning

The Authority reasoned that Schedule III, Entry 8(a) of the CGST Act, 2017, specifically refers to 'warehoused goods' as defined under the Customs Act, 1962. It determined that FTWZ units are governed by the SEZ Act, 2005, and do not constitute a 'warehouse' as defined under Sections 57, 58, or 58A of the Customs Act, 1962. Therefore, the **deeming fiction** of Schedule III does not extend to transactions occurring within an FTWZ. Furthermore, the cited IGST Circular was found to be inapplicable as it was rescinded and limited to Customs bonded warehouses.

P Provisions Relied On

Section 98 of the CGST Act, 2017

Section 103 of the CGST Act, 2017

Schedule III of the CGST Act, 2017

Section 2(43) and 2(44) of the Customs Act, 1962

Sections 57, 58, and 58A of the Customs Act, 1962

Special Economic Zones Act, 2005

! For the Practitioner

This ruling clarifies that the **tax neutrality** provided by Schedule III for high-sea sales or bonded warehouse transfers does not automatically apply to transactions within an FTWZ. Practitioners should note that the Authority strictly interprets 'warehoused goods' to exclude FTWZ operations. This decision creates a significant compliance risk for entities relying on the assumption that FTWZ transfers are outside the scope of GST.

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 -> 23 aar 2023haworth.pdf

Prepared 18-10-2026.

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