

Indian Oil Corporation Ltd

Authority for Advance Ruling — West Bengal

17/WBAAR/2018-19 dated 18.09.2018

Q Questions Before the Authority

- Whether or not GST paid on the railway freight for transportation of HSD, Motor Spirit (petrol), and Aviation Turbine Fuel (ATF) from the Haldia Refinery to the export warehouse at Raxaul can be availed as Input Tax Credit under the GST Act.

F Facts

The applicant transports non-taxable petroleum products from its refinery in West Bengal to its own warehouse in Bihar for subsequent export to Nepal. The applicant treats this movement as an export transaction and seeks to claim Input Tax Credit on the GST paid for railway freight. The tax authorities contend that this is a stock transfer between distinct persons and not an export, thereby denying the credit.

H Ruling

Input Tax Credit on railway freight

Denied

The transfer is a non-taxable supply between distinct persons, not an export.

The Authority ruled that the movement of goods from the West Bengal unit to the Bihar unit is not an export but a stock transfer between distinct persons. Consequently, the applicant is not entitled to claim Input Tax Credit on the GST paid for the railway freight. The supplies are classified as non-taxable supplies rather than zero-rated supplies.

R Reasoning

The Authority determined that the movement of goods to the Raxaul warehouse is not **inextricably linked** to an export order, as the goods could be diverted for home consumption. Under Section 25(4) of the GST Act, the units are distinct persons, and the transfer constitutes a non-taxable supply. Because the movement does not qualify as an export under Section 2(5) of the IGST Act, the provisions of Section 16(1)(a) and 16(2) regarding zero-rated supplies are inapplicable. The Authority relied on the definition of non-taxable supplies under Section 2(78) and the classification of exempt supplies under Section 2(47) of the GST Act.

P Provisions Relied On

Section 9(2) of the GST Act

Section 16(1)(a) of the IGST Act

Section 16(2) of the IGST Act

Section 25(4) of the GST Act

Section 2(5) of the IGST Act

Section 2(78) of the GST Act

Section 2(47) of the GST Act

Section 5 of the CST Act

Circular No. 581/18/2001-CX

! For the Practitioner

This ruling clarifies that internal stock transfers of non-taxable goods to an export warehouse do not automatically qualify as zero-rated exports for the purpose of claiming Input Tax Credit. It emphasizes that the **actual export** must be evidenced by documentation like ARE-1 endorsed by Customs, rather than mere re-warehousing. Practitioners should note that this decision limits the ability to claim credit on input services for goods that remain under the control of the entity within India.

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 -> [wb 17 2018-19 dt 18.09.18 iob.pdf](#)

Prepared 21-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com