

Jotun India Private Limited

Authority for Advance Ruling — Maharashtra

NO.GST-ARA- 24/2018-19/B- 75 Mumbai, dt. 26/07/2018

Dated 26.07.2018

Q Questions Before the Authority

- Whether the supply of goods which are moved from a place located outside taxable territory and are delivered at a place outside taxable territory, would be liable to tax in India under section 7(5)(a) of IGST Act?
- If answer to (a) is yes, whether the recipient of the goods i.e. person liable to pay consideration, be eligible to avail the input tax credit of the said goods?

F Facts

The applicant received an order from an Indian customer to supply paint to a ship located outside India. The applicant placed a back-to-back order with its group entity in Norway, which delivered the paint directly to the customer's vessel outside India. The Norwegian entity invoiced the applicant, and the applicant invoiced the Indian customer, with the goods never physically entering India.

H Ruling

Taxability of goods moved and delivered outside taxable territory under section 7(5)(a) of IGST Act	Answered in the negative	Supply of goods outside India without entering Indian customs territory is not liable to IGST.
Eligibility of input tax credit on such supply	Not relevant in view of answer to Question No. 1	Question was conditional upon Question 1 being answered in the affirmative.

The Authority held that the out-and-out supply of goods from a location outside India to another location outside India is **not liable to tax in India** under Section 7(5)(a) of the IGST Act. Consequently, the secondary question regarding the eligibility to claim input tax credit was rendered **not relevant**.

R Reasoning

The Authority analyzed Section 7(2) and the proviso to Section 5(1) of the IGST Act, noting that integrated tax on imported goods is levied only when customs duties are levied under Section 12 of the Customs Act, 1962 upon crossing Indian customs frontiers. In an out-and-out transaction where goods are procured and delivered outside India, the goods never cross the customs frontiers of India. Consequently, such transactions constitute a **non-taxable supply** under Section 2(78) of the CGST Act. The Authority also placed reliance on Circular No. 3/1/2018-IGST dated 25.05.2018, confirming that tax is not payable until customs clearance.

P Provisions Relied On

Section 7(5)(a) of the IGST Act, 2017

Section 7(2) of the IGST Act, 2017

Section 5(1) of the IGST Act, 2017

Section 2(78) of the CGST Act, 2017

Section 2(47) of the CGST Act, 2017

Section 12 of the Customs Act, 1962

Circular No. 3/1/2018-IGST dated 25.05.2018

! For the Practitioner

This ruling confirms that **merchant trade transactions** involving third-country sales where goods do not enter India are non-taxable under GST. Practitioners can rely on this principle to dispute GST liability on back-to-back cross-border trading transactions billed through an Indian entity. Note that this order predates the explicit insertion of such transactions into Schedule III of the CGST Act.

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 -> maha-gst-ara-24-b-75 dt.26.07.18 jipl.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