

M/s. Arjun Knit Wear

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No. 11/ARA/2026

Dated **06.02.2026**

Q Questions Before the Authority

- When goods are exported with IGST payment, should the transaction value include reimbursed expenses such as ocean freight, insurance, foreign import duties, delivery charges, and other costs incurred abroad until the goods reach their destination under DDP terms, and should IGST be paid on these expenses?
- If IGST is applicable on the above-mentioned expense, can it be refunded in accordance with the provisions of the GST Act, 2017?

F Facts

The applicant is a garment manufacturer exporting goods under Delivered Duty Paid (DDP) terms. Under this arrangement, the applicant bears all costs and risks, including ocean freight, insurance, and foreign import duties, until the goods reach the buyer's destination. These costs are included in the invoice value charged to the foreign buyer.

H Ruling

Inclusion of DDP expenses in transaction value

Yes, all expenses are liable to be included in the transaction value.

In terms of Section 15 of the CGST Act, 2017, read with Section 20 of the IGST Act, 2017.

Refundability of IGST on DDP expenses

Not answered.

The Authority stated that matters pertaining to refund are outside the purview of the Authority for Advance Ruling.

The Authority ruled that all expenses incurred by the applicant under DDP terms until the goods reach the buyer's destination are liable to be included in the transaction value for the purpose of payment of IGST. Regarding the second question on refund, the Authority held that it is outside the scope of the Advance Ruling and therefore not required to be answered.

R Reasoning

The Authority relied on Section 15(2)(c) of the CGST Act, 2017, which mandates the inclusion of incidental expenses charged by the supplier to the recipient at or before the time of delivery in the transaction value. It observed that under DDP terms, the applicant is not acting as a pure agent, as they bear all risks and costs until the final destination. Consequently, these costs form part of the price actually paid or payable for the supply. The Authority further noted that it lacks jurisdiction to rule on refund claims under Section 97(2) of the CGST Act.

P Provisions Relied On

Section 15 of the CGST Act, 2017

Section 20 of the IGST Act, 2017

Section 97(2) of the CGST Act, 2017

! For the Practitioner

This ruling clarifies that for exporters operating under DDP terms, all destination-based costs must be **included in the transaction value** for IGST payment purposes. It confirms that such expenses cannot be excluded as pure agent reimbursements. Practitioners should note that the Authority **declined to rule on refund eligibility**, leaving that issue to be determined by the jurisdictional refund authorities.

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 -> [1-arjun knit wear aar order 1.pdf](#)

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