

M/s. FAIRMACS SHIP STORES PRIVATE LIMITED

Authority for Advance Ruling — Andhra Pradesh

Ruling No. AAR/AP/01(GST)/2017 dated 25th January 2018

Dated **25.01.2018**

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 following: Ocean going merchant vessels on foreign run, Indian Naval Ships, Indian Coast Guard Ships or from their authorized agents.

F Facts

The applicant holds a Special Warehouse License under the Customs Act, 1962, for storing duty-free ship stores. They supply these imported goods to Indian Naval ships, Coast Guard ships, and ocean-going merchant vessels. The applicant sought a ruling on whether these supplies are exempt from GST and if they are entitled to collect GST from the recipients.

H Ruling

Exemption on supplies to vessels	Not exempt	Supplies are treated as inter-State supply
Collection of GST	Permissible	Subject to export status and payment options

The authority ruled that the applicant is not exempt from GST on these outward supplies. Regarding the collection of tax, the authority held that the applicant can collect applicable GST from customers, provided the transaction does not qualify as an export. If the transaction qualifies as an export, the applicant may choose to export under bond or upon payment of tax.

R Reasoning

The authority determined that goods supplied from a customs warehouse before crossing the customs frontiers of India constitute an inter-State supply under Section 7(2) of the IGST Act. Since the goods are neither nil-rated nor exempt by notification, they do not meet the definition of exempt supply under Section 2(47) of the CGST Act. The ruling relies on Circular No 46/2017-Customs, which clarifies that such transactions are taxable as supplies under the CGST and IGST Acts. Consequently, the **taxable event** occurs before the goods cross the customs frontier.

P Provisions Relied On

Section 2(11) of the Customs Act, 1962

Section 88(a) of the Customs Act, 1962

Section 2(5) of the Integrated Goods and Service Tax Act, 2017

Section 2(56) of the Central Goods and Service Tax Act, 2017

Section 2(47) of the Central Goods and Service Tax Act, 2017

Section 7(2) of the Integrated Goods and Service Tax Act, 2017

Circular No 46/2017-Customs

! For the Practitioner

This ruling clarifies that ship stores supplied from a bonded warehouse to vessels are **taxable as inter-State supplies** under GST. It confirms that such supplies do not automatically qualify for exemption. Practitioners should note that the ruling explicitly leaves open the possibility of treating specific transactions as zero-rated exports, provided the applicant complies with the relevant procedures.

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_01-2017_25-01-18_fairmacs_ship_stores.pdf

Prepared 13-10-2026.

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