

M/s Rod Retail Private Limited

Authority for Advance Ruling — Delhi

01/DAAR/2018

Dated **27.03.2018**

Q Questions Before the Authority

- Whether the supply of sunglasses from the retail outlet of the applicant at Terminal 3 (International Departure), New Delhi, to outbound international passengers against the international boarding pass is liable to SGST under the DGST Act, 2017 and CGST under the CGST Act, 2017 or is it a zero rated "export" supply within the meaning of Section 2(23) r/w Section 2(5) of the IGST Act, 2017?

F Facts

The applicant operates a retail outlet for sunglasses in the Security Hold Area of Terminal 3, Indira Gandhi International Airport, New Delhi. They supply these goods to international passengers holding valid international boarding passes. The applicant contends that these supplies constitute an export of goods and should be treated as zero-rated supplies under the IGST Act.

H Ruling

Taxability of supply of sunglasses to international passengers at T3, IGI Airport	Liabile to GST at applicable rates	Not a zero-rated export supply
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The Authority held that the supply of goods to international passengers from the retail outlet is not an export of goods. Consequently, the supply is not a zero-rated supply and is subject to GST at the applicable rates. The outlet is located within the territory of India, and the goods do not cross the territorial limits of India upon sale.

R Reasoning

The Authority reasoned that under Section 2(5) of the IGST Act, 2017, export of goods requires taking goods out of India to a place outside India. Since the retail outlet is within the territory of India as defined under Section 2(56) of the CGST Act and Section 2(27) of the Customs Act, 1962, the supply does not constitute an export. The Authority distinguished this from previous rulings under the CST Act, noting that the definition of India now includes territorial waters and airspace, meaning the goods must cross these limits to be considered exported.

P Provisions Relied On

Section 2(5) of the IGST Act, 2017

Section 2(23) of the IGST Act, 2017

Section 16(1) of the IGST Act, 2017

Section 2(56) of the CGST Act, 2017

Section 2(27) of the Customs Act, 1962



For the Practitioner

This ruling clarifies that retail sales made from duty-free shops or outlets within the Security Hold Area of an airport are **not considered exports** under the GST regime. It settles that such transactions are **taxable supplies** subject to GST, as they occur within the territory of India. Practitioners should note that this decision effectively overrides the reliance on older precedents established under the CST Act regarding duty-free shops.

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 -> [delhi-order-1.pdf](#)

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