

M/s. Sanctum Trading Corporation Private Limited

Authority for Advance Ruling — Maharashtra

Order No. GST-ARA-09/2021-22/B-52

Dated **30.03.2026**

Q Questions Before the Authority

- The Applicant supplies imported goods stored in his bonded warehouse to foreign-going vessels, Indian Navy Ships and Indian Coast Guard Ships. Will these outward supplies be treated as Export Sales (Zero-rated Supply) under GST?
- If these outward supplies are treated as Export Sales, then under LUT, can these items be exported without payment of IGST?

F Facts

The applicant operates a bonded warehouse and supplies imported goods, such as cosmetics and food products, to foreign-going merchant vessels, Indian Navy ships, and Indian Coast Guard ships. These supplies are made against an Intent to Purchase or Purchase Order and a Duty-Free Shipping Bill, without payment of customs duty. The applicant sought to classify these transactions as zero-rated exports under the GST regime.

H Ruling

Treatment of supplies to vessels as Export Sales	Not treated as Export Sales or zero-rated supply	Treated as neither a supply of goods nor a supply of services under Schedule III
Export without payment of IGST	Not answered	Withdrawn by the applicant

The Authority ruled that the supplies do not qualify as exports or zero-rated supplies under the GST Act. Instead, the transactions fall under paragraph 8(a) of Schedule III to the CGST Act, 2017, and are treated as neither a supply of goods nor a supply of services. Consequently, these transactions are outside the scope of the GST levy.

R Reasoning

The Authority reasoned that for a supply to be an export of goods under Section 2(5) of the IGST Act, the goods must be taken out of India to a place outside India. Since the supplies are made to vessels located within Indian territory, the destination-based test is not satisfied. The Authority relied on paragraph 8(a) of Schedule III to the CGST Act, which excludes the supply of warehoused goods to any person before clearance for home consumption from the definition of supply. Therefore, the transactions are **outside the scope of GST** and do not qualify for zero-rating.

P Provisions Relied On

Section 97(2) of the CGST Act, 2017

Section 2(5) of the IGST Act, 2017

Section 16 of the IGST Act, 2017

Section 2(44) of the Customs Act, 1962

Section 69 of the Customs Act, 1962

Paragraph 8(a) of Schedule III to the CGST Act, 2017

! For the Practitioner

This ruling clarifies that supplies of warehoused goods to vessels within Indian territory are **not zero-rated exports** but are instead non-taxable transactions under Schedule III. It settles the classification for ship-store suppliers operating under similar bonded warehouse conditions. Practitioners should note that this excludes such transactions from the GST net, meaning no input tax credit can be claimed on related inputs.

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 -> 5-sanctum trading corporation pvt ltd ara order compress.pdf

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