M/s. Sterlite Technologies Ltd

Authority for Advance Ruling — Gujarat

Advance Ruling No. GUJ/GAAR/R/04/2020 (in Application No. Advance R… Dated **17.03.2020**

Q Questions Before the Authority

- Whether GST is payable on goods procured from a vendor located outside India where the goods so purchased are not brought into India.
- Whether GST is payable on goods sold to a customer located outside India where the goods are shipped directly from the vendor's premises (outside India) to the customer's premises.

F Facts

The applicant, a Gujarat-registered company that develops telecom software and trades in hardware, proposed a 'Merchant Trade Transaction' (bill-to-ship-to model). It would take an order from an overseas customer, place a back-to-back order with an overseas vendor, and have the vendor ship the goods directly abroad. The vendor would invoice the applicant and be paid in foreign currency, and the applicant would invoice the customer and be paid in foreign currency. The goods would never physically enter India.

H Ruling

GST on goods procured from a vendor outside India, where the goods are not brought into India	**Not payable**	Follows from the Customs and IGST analysis: IGST on imported goods is levied only at the time of importation, and no Bill of Entry or import declaration is filed here (para 13.1).
GST on goods sold to an overseas customer, shipped directly from the overseas vendor to the customer	**Applicable GST is payable (IGST as an inter-State supply)**	No rate is stated in the ruling. The sale is an inter-State supply under Section 7(5) IGST Act and is not an export, since the goods never cross Indian customs frontiers.

On the first question, the Authority ruled that **GST is not payable** on goods procured from an overseas vendor where the goods are not brought into India. On the second question, it ruled that **applicable GST is payable** on the sale to the overseas customer where goods move directly from the overseas vendor to that customer. The Authority treated the second supply as an inter-State supply under Section 7(5) of the IGST Act that is not an export, because the goods never leave India.

R Reasoning

The Authority read Section 2(10) and Section 7(2) of the IGST Act with Section 3(7), (8) and (12) of the Customs Tariff Act, Sections 12 and 15 of the Customs Act, and the High Sea Sales Circular No. 33/2017-Customs. It concluded that IGST attaches to imported goods only at the point of importation, so goods that never enter India and have no Bill of Entry escape it. For the outward sale, it held that the applicant is a supplier located in India and the place of supply is outside India under Section 10(1)(a) of the IGST Act, which makes it an inter-State

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

supply under Section 7(5). Because the goods never left India, the transaction does not meet the definition of export of goods in Section 2(5) of the IGST Act, so it is not zero-rated under Section 16. The Authority also relied on the Synthite Industries AAR Kerala order dated 26.03.2018, which reached the same result.

P Provisions Relied On

- Section 2(5) IGST Act, 2017 (export of goods)
- Section 2(10) IGST Act, 2017 (import of goods)
- Section 5(1) IGST Act, 2017 (levy of IGST on inter-State supplies)
- Section 7(1), 7(2) and 7(5) IGST Act, 2017 (inter-State supply)
- Section 10(1)(a) IGST Act, 2017 (place of supply of goods)
- Section 16 IGST Act, 2017 (zero-rated supply)
- Section 6 IGST Act, 2017 (referred to in passing)
- Section 7 CGST Act, 2017 (definition of supply)
- Section 11 CGST Act, 2017 (exemption notifications, referred to in passing)
- Section 3(7), 3(8) and 3(12) Customs Tariff Act, 1975 (integrated tax on imports)
- Section 12 and Section 15 Customs Act, 1962
- Circular No. 33/2017-Customs dated 01.08.2017 (high sea sales)
- AAR Kerala Order No. CT 12275/18-C3 dated 26.03.2018 in M/s Synthite Industries Ltd (relied on)

! For the Practitioner

This ruling helps Indian traders running bill-to-ship-to or merchant trade models who want to know whether goods that never enter India attract IGST on import. It settles that the import-side levy does not apply without a Bill of Entry, and that the outward sale is taxable as an inter-State supply. It does not state the applicable IGST rate or the HSN classification for the goods, and it does not address valuation, input tax credit, or the position where goods do enter India. Read the full order before relying on the second limb, because it is a reasoned advance ruling and does not bind other 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 -> guj_aar_04_2020_17.03.2020_stl.pdf

Prepared 20-11-2026.

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

Mumbai
104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Delhi
3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Gurugram
Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram…

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com

Patron Accounting LLP