

M/s. Sadesa Commercial Offshore De Macau Limited

Authority for Advance Ruling — Tamil Nadu

ORDER No.24/AAR/2018 DATED : 31.12.2018

Q Questions Before the Authority

- Whether sale of tanned bovine leather stored in Free Trade Warehousing Zone (FTWZ) by a foreign supplier which is cleared to Domestic Tariff Area (DTA) customer in India would result in supply subject to levy under sub section 1 of section 5 of the IGST Act 2017 or under the provisions of CGST Act, 2017 or Tamil Nadu GST Act, 2017 and the rules made there under.
- Whether the foreign supplier being the applicant, located outside the taxable territory and supplying goods to DTA customers on the goods stored in third party FTWZ unit is required to get registered under the IGST ACT 2017 or under the provisions or CGST ACT 2017 or the Tamil Nadu Goods and Service Tax Act, 2017 and the rules made thereunder.

F Facts

The applicant is a foreign entity that imports tanned bovine leather into India and stores it in a third-party Free Trade Warehousing Zone (FTWZ) unit. The title to the goods remains with the applicant until they are sold to Indian customers. Upon sale, the Indian customer files a Bill of Entry for home consumption and pays the applicable customs duties and IGST.

H Ruling

Liability to pay IGST on removal from FTWZ to DTA	Not liable	IGST is collected at the time of clearance for home consumption under the Customs Tariff Act
Requirement for GST registration	Not required	Applicable if the applicant is exclusively conducting the described activity

The authority ruled that the applicant is not liable to pay IGST at the time of removal of goods from the FTWZ to the DTA, as the tax is collected at the time of clearance for home consumption under the Customs Tariff Act. Furthermore, the applicant is not required to obtain GST registration if they are exclusively conducting this activity of exporting goods to the FTWZ which are subsequently sold to Indian customers who clear the goods on payment of appropriate customs duties.

R Reasoning

The authority relied on Circular No. 3/1/2018-IGST dated 25th May 2018, which clarifies that the supply of goods while deposited in a customs bonded warehouse is not subject to IGST until the goods are cleared for home consumption. The removal from the FTWZ to the DTA constitutes the point of deferred levy of customs duty. Consequently, the applicant does not trigger the registration requirements under Section 23(1) of the CGST Act and TNGST Act, as the tax liability is discharged by the DTA customer at the time of import clearance.

P Provisions Relied On

Section 5(1) of the IGST Act 2017

Section 7(2) of the IGST Act 2017

Section 23(1) of the CGST Act 2017

Section 23(1) of the TNGST Act 2017

Circular No. 3/1/2018-IGST dated 25th May 2018

Customs Tariff Act, 1975

! For the Practitioner

This ruling provides **certainty for foreign suppliers** using FTWZ facilities in India, confirming that they are not liable for IGST or registration if they do not clear the goods themselves. It settles that the tax point is the **clearance for home consumption** by the DTA buyer. It does not apply to scenarios where the foreign supplier might be involved in other taxable activities within the taxable territory.

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 -> [tn-24-aar-2018.pdf](https://www.gstcouncil.gov.in/tn-24-aar-2018.pdf)

Prepared 20-10-2026.

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