

M/s Umax Packaging (A unit of Uma Polymers Limited)

Authority for Advance Ruling — Rajasthan

ADVANCE RULING NO.RAJ/AAR/2018-19/23 dated 02.11.2018

Q Questions Before the Authority

- Whether ITC of IGST paid on 'bill to ship to' model admissible to the applicant?

F Facts

The applicant, based in Jodhpur, purchases goods from M/s Uma Polymers Ltd., Guwahati, and directs them to be shipped directly to M/s Pratap Snacks Ltd., also in Guwahati. This arrangement constitutes a 'bill to ship to' transaction where the applicant acts as the third party directing the movement of goods. The applicant sought clarification on the admissibility of input tax credit for the IGST charged by the supplier in this specific model.

H Ruling

Admissibility of ITC on 'bill to ship to' model

Admissible

Subject to compliance with Section 16 and 17 of the CGST Act

The authority ruled that the applicant is eligible to claim the full input tax credit of IGST paid on the 'bill to ship to' model. It concluded that the transaction satisfies the requirements for receiving goods under the relevant provisions of the CGST Act, 2017.

R Reasoning

The ruling relied on Section 10(1)(b) of the IGST Act, which deems the third party to have received the goods when they are delivered to a recipient on their direction. Consequently, the applicant is considered to have received the goods, fulfilling the condition for claiming ITC under Section 16 of the CGST Act, 2017. The authority further noted that Section 17(1) of the CGST Act allows for credit when goods are used for business purposes. Therefore, the supplier is entitled to charge IGST, and the applicant is **eligible to claim full input tax credit**.

P Provisions Relied On

Section 10(1)(b) of the IGST Act

Section 16 of the CGST Act, 2017

Section 17(1) of the CGST Act, 2017

! For the Practitioner

This ruling provides clarity for businesses operating under 'bill to ship to' models, confirming that the intermediary is entitled to claim ITC on IGST charged by the supplier. It settles the eligibility of the applicant to claim credit despite the goods being delivered directly to a third party. It does not, however, address scenarios where the underlying business purpose or documentation requirements of Section 16 are not met.

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 -> [raj.23.2018-19_umax.pdf](#)

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