

भारत सरकार(GOVERNMENT OF INDIA)  
रेल मंत्रालय(MINISTRY OF RAILWAYS)  
रेलवे बोर्ड (RAILWAY BOARD)

No.TCR/1078/2017/19

New Delhi, dated: 27.04.2018

**General Managers  
All Indian Railways**

**Sub: Transportation of commodity by goods train meant for Nepal & Bhutan Levy of GST.**

**Ref: Notification no. 30 and 42 of 2017 Central Tax (Rate) dated 29.09.2017 and 27.10.2017**

- 1.0 The matter regarding applicability of GST on goods transportation services supplies to/from Nepal/Bhutan has been examined and it is clarified that services associated with transit cargo to Nepal and Bhutan have been exempted from the levy of CGST by notification no. 30/2017 Central Tax (Rate) dated 29.09.2017. Similarly, supply of services where place of supply is in Nepal or Bhutan has been exempted under notification no. 42/2017 Integrated Tax (Rate) dated 27.10.2017
- 2.0 The 'Treaty of Transit between India and Nepal' provides customs exemption and exemption from all transit duties or other charges, (except reasonable charges for transportation and such other charges, as are commensurate with the costs of services rendered) in respect of goods which are transited through India with port of discharge but the cargo is destined to land locked country of Nepal without any sea port. Similarly as per the 'Agreement on Trade, Commerce and Transit between India and Bhutan' all exports and imports of Bhutan to and from countries other than India will be free from and not subject to customs duties and trade restrictions of the Government of the Republic of India.
- 3.0 Therefore, for goods originating in country other than India and destined to Nepal/Bhutan, transportation service provided by Indian Railways (IR) is a "service associated with transit cargo" and therefore exempt from GST. Similarly, for goods originating in Nepal/Bhutan and destined to country other than India, transportation service provided by IR is a "service associated with transit cargo" and therefore exempt from GST.

Zonal Railway must Identify services associated with transit cargo to Nepal & Bhutan provided by them and take note of the exemption from GST to such services.

This issues in consultation with Accounts Directorate of Ministry of Railways.

*Shilpi Bishnoi*  
27.04.18  
(Shilpi Bishnoi)  
Director, Traffic Commercial (Rates)  
Railway Board.