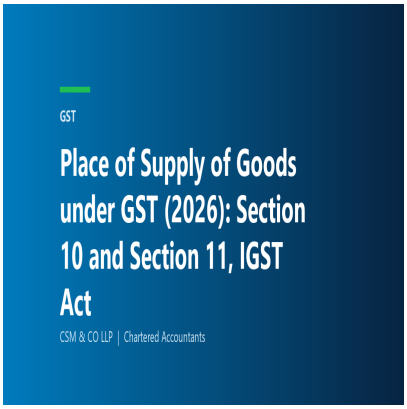

Place of Supply of Goods under GST (2026): Section 10 and Section 11, IGST Act

Description

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Quick summary

- Place of supply decides whether a sale is intra-State (CGST plus SGST) or inter-State (IGST) - it is not simply where the supplier or the buyer is located.
- Where goods move, the place of supply is where the movement ends for delivery to the recipient - even if the buyer arranges their own transport and collects the goods from the seller's factory.
- Where a third party directs the seller to deliver goods to someone else (a "bill-to-ship-to" transaction), the place of supply is deemed to be the third party's own principal place of business, not the delivery address.
- Where goods do not move at all, the place of supply is their location at the time of delivery; for goods assembled or installed at a site, it is the site itself.
- A 2023 amendment to add a different rule for sales to unregistered persons (based on the invoice address) has been enacted but is not yet notified into force, so the ordinary movement-based rules above still govern B2C sales for now.

GST is a destination-based tax - it is the **place of supply**, not simply where the supplier or buyer happens to be registered, that decides whether CGST plus SGST applies (intra-State) or IGST applies (inter-State). Section 10 of the IGST Act sets the rules for ordinary domestic goods; section 11 covers imports and exports.

New to terms such as "bill-to-ship-to" or "principal place of business"? See the technical terms explained in simple words further down.

Where goods move: the general rule

Under section 10(1)(a) of the IGST Act, 2017, where a supply involves movement of goods - by the supplier, the recipient, or anyone else - the place of supply is **where that movement terminates for delivery to the recipient**.

Example (intra-State): A seller in Mumbai, Maharashtra sells TVs to a buyer in Nagpur, Maharashtra.

Movement ends in Nagpur - place of supply is Nagpur, so CGST and SGST apply.

Example (inter-State): The same seller sells TVs to a buyer in Bengaluru, Karnataka. Movement ends in Bengaluru - place of supply is Bengaluru, so IGST applies.

Example (ex-factory collection): A Chennai-based buyer arranges its own transport and collects goods “ex-factory” from a Mumbai supplier. Even though the buyer physically takes the goods in Mumbai, the movement is still treated as terminating at the recipient’s own location (Chennai) for delivery purposes - so IGST applies, not CGST/SGST.

Bill-to-ship-to: when a third party directs delivery

Under section 10(1)(b), where a supplier delivers goods to a recipient or any other person **on the direction of a third person** - whether that third person is acting as an agent or not, and whether the goods change hands by transfer of title documents or otherwise - the law **deems the third person to have received the goods**, and the place of supply becomes the **third person’s own principal place of business**.

Example: A buyer in Lucknow orders goods from a Mumbai supplier, and asks the supplier to ship the goods directly to a third location (say Nagpur) on their behalf. The place of supply is deemed to be the ordering buyer’s location - **Lucknow** - not Nagpur where the goods were physically delivered. Since the supplier (Mumbai) and the deemed place of supply (Lucknow) are in different States, IGST applies.

Where goods do not move

Under section 10(1)(c), where a supply does not involve movement of goods at all, the place of supply is simply **where the goods are located at the time of delivery** to the recipient.

Under section 10(1)(d), where goods are **assembled or installed at a site**, the place of supply is the **place of that installation or assembly** - regardless of where the supplier or recipient is registered.

Example: A West Bengal contractor installs a blast furnace at a client’s plant in Jharkhand. The place of supply is Jharkhand, even though the contractor is based in West Bengal - so CGST and SGST (Jharkhand) apply, and the contractor would typically need a Jharkhand registration (a casual taxable person registration is one option, valid for 90 days and extendable - see our Taxable Person guide).

Goods supplied on a conveyance

Under section 10(1)(e), where goods are supplied **on board a vessel, aircraft, train or motor vehicle**, the place of supply is **where the goods were taken on board** - not where the passenger buys them mid-journey, and not where the journey ends.

Example: An airline loads snacks onto a flight in Mumbai; a passenger buys them mid-flight to Delhi. The place of supply is **Mumbai**, where the goods were boarded.

Imports and exports of goods

Under section 11 of the IGST Act:

- Goods **imported into India**: place of supply is the **location of the importer** - always treated as an inter-State supply, so IGST applies.
- Goods **exported from India**: place of supply is a **location outside India** - exports are zero-rated.

A pending amendment to watch: sales to unregistered persons

The Integrated Goods and Services Tax (Amendment) Act, 2023 inserted a **new clause (ca)** into section 10(1), which would change the rule specifically for supplies made to an **unregistered person**: the place of supply would instead be the address recorded on the invoice, or the supplier's own location if no address is recorded on it. **This amendment is enacted but, as of this post, not yet notified into force.** Until it is notified, the ordinary movement-based rules above continue to govern B2C sales as well - do not apply the invoice-address rule until an actual notification brings it into effect.

How CSM & Co LLP can help

Getting place of supply wrong - especially in bill-to-ship-to arrangements, ex-factory collections, and installation contracts - is one of the most common sources of wrongly-charged CGST/SGST instead of IGST, or vice versa, and correcting it after the fact is far more work than getting it right at invoicing. Please reach out to our team and we will be happy to assist with transaction-level place-of-supply determination.

Technical terms explained in simple words

Term	What it means
Bill-to-ship-to	A transaction where the buyer who places and pays for the order (the "bill-to" party) instructs the supplier to physically deliver the goods to a different address or person (the "ship-to" party).
Principal place of business	The main location where a registered person carries on business, as declared on their GST registration.
Destination-based tax	A tax whose revenue belongs to where goods or services are finally consumed, not where they were made or sold from.
Zero-rated supply	A supply (such as an export) on which GST is charged at 0%, with the supplier still entitled to claim input tax credit on related purchases.
Casual taxable person	Someone who occasionally supplies goods or services in a State where they have no fixed place of business, requiring a temporary GST registration.

Frequently asked questions

Why does "place of supply" matter under GST?

It decides whether a sale is taxed as intra-State (CGST plus SGST/UTGST) or inter-State (IGST). The

location of the supplier alone does not determine this - it is always measured against the place of supply.

What is the place of supply when goods actually move?

The location where the movement of the goods terminates for delivery to the recipient - regardless of who arranges the transport (the supplier, the recipient, or someone else), and even if the recipient collects the goods themselves from the supplier's premises under an "ex-factory" arrangement.

What happens in a bill-to-ship-to transaction, where a third party tells the supplier to deliver goods to someone else?

The third party who gave the delivery instruction is deemed to have received the goods, and the place of supply is that third party's own principal place of business - not the address the goods were physically delivered to.

What is the place of supply when goods do not move at all?

Their location at the time of delivery to the recipient. For goods that are assembled or installed at a site, it is the place of that installation or assembly.

What is the place of supply for goods supplied on board a train, flight, ship or vehicle?

The location where the goods were taken on board - not where the passenger bought them or where the journey ends.

What is the place of supply for imports and exports of goods?

For goods imported into India, the location of the importer. For goods exported from India, a location outside India - under section 11 of the IGST Act.

Official sources

- CBIC Tax Information Portal – Section 10, IGST Act, 2017 (Place of supply of goods other than imports/exports)
- CBIC Tax Information Portal – Section 11, IGST Act, 2017 (Place of supply of goods imported into, or exported from, India)
- GST Portal

Related reading

- GST on Waste and Scrap (2026): 2% TDS and Reverse Charge for Plastic, Tyre, E-waste and Used Cooking Oil

- GST on Services (2026): E-commerce Delivery and Transport, Electric Vehicle Rentals, Helicopter Seats and Foreign Shipping Lines
- Simplified GST Registration for E-commerce Sellers (2026): Rule 14B, ECO Consent and Warehouse as PPoB

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