



**BEFORE THE AUTHORITY FOR ADVANCE RULING - ANDHRA PRADESH
Goods and Service Tax**

D. No. 5-56, Block-B, R.K. Spring Valley Apartments, Edupugallu, Vijayawada-521151

Present

1. Sri. D. Ramesh, Additional Commissioner of State Tax (Member)
2. Sri. M. Sreekanth, Joint Commissioner of Central Tax (Member)

AAR No.40/AP/GST/2019 dated:10.12.2019

| | | |
|---|--|---|
| 1 | Name and address of the applicant | M/s Macro Media Digital Imaging Private Limited, Plot 44, Apparel Export Park, Auto Nagar, Visakhapatnam-530012, Andhra Pradesh. |
| 2 | GSTIN | 37AABCM9451F1ZD |
| 3 | Date of filing of Form GST ARA-01 | 14.08.2019 |
| 4 | Date of Personal Hearing | 23.10.2019 |
| 5 | Represented by | Sri Bipin Verma, Advocate M/s. Lakshmikumaran & Sridharan Advocates 5, Link Road, Jangpura Extn., New Delhi- 110014 |
| 6 | Jurisdictional Authority – State | Assistant Commissioner (ST), Gajuwaka Circle, Visakhapatnam Division |
| 7 | Clause(s) of section 97(2) of CGST/SGST Act, 2017 under which the question(s) raised | b) applicability of a notification issued under the provisions of this Act; and e) determination of the liability to pay tax on any goods or services or both; |

ORDER

(Under sub-section (4) of Section 98 of Central Goods and Services Tax Act, 2017 and sub- section (4) of Section 98 of Andhra Pradesh Goods and Services Tax Act, 2017)

1. The present application has been filed u/s 97 of the Central Goods & Services Tax Act, 2017 and AP Goods & Services Tax Act, 2017 (hereinafter referred to



CGST Act and APGST Act respectively) by M/s Macro Media Digital Imaging Private Limited, (hereinafter referred to as applicant), registered under the Goods & Services Tax.

2. The provisions of the CGST Act and APGST Act are identical, except for certain provisions. Therefore, unless a specific mention of the dissimilar provision is made, a reference to the CGST Act would also mean a reference to the same provision under the APGST Act. Further, henceforth, for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST or AP GST Act would be mentioned as being under the GST Act.

3. Brief Facts of the case:

3.1 M/s Macro Media Digital Imaging Private Limited, Plot 44, Apparel Export Park, Auto Nagar, Visakhapatnam-530012, (hereinafter referred to as the Applicant) is engaged in the business of printing of trade advertising material, for which required raw materials such as poly vinyl, flex, paper, cloth printing inks etc. are being procured by themselves. The activity of printing is based on specification provided by the clients in terms of design, size, material specification etc. The applicant states that their activity of printing on such poly vinyl material with trade monograms of the customers constitutes 'manufacture' in terms of Central Goods and Service Tax Act 2017 and such manufactured products are supplied by the applicant to the customers.

3.2 The applicant besides having its main office at Visakhapatnam, operates from the various regional offices located at Chennai, Noida, Vishakhapatnam, Vijayawada, Mumbai, Bangalore, Kochi, Kolkata, and engaged in printing of following: - Billboards; Building Wraps; Fleet Graphics; Window Graphics; Trade Show Graphics; Office Branding; In-store Branding; Banners; Free Standing Display Units; and Signage Graphics. The above referred printed products are hereinafter referred to as 'trade advertisements'.

3.3 The printing of trade advertisements is carried out by the Applicant on Poly Vinyl Chloride (hereinafter referred to as 'PVC') material. Various types of PVC material on which printing is carried out by the Applicant vis-à-vis their Harmonized Commodity Description of Coding System Nomenclature (hereinafter referred to as "HSN") classification are listed as under: -



| Sl. No. | PVC Material Name | HSN Classification |
|---------|-----------------------|--------------------|
| 1. | Vinyl (self-adhesive) | 39199050/39199090 |
| 2. | Back Lit Flex | 39219026 |
| 3. | Block out Flex | 39219026 |
| 4. | Foam Board | 39206190 |

Modus-operandi of the Applicant

3.4 The customers desirous of getting images/ written text/trade monograms printed from the Applicant place a purchase order on the Applicant. The said purchase order spells out the type and specifications of the material on which the trade advertisement (provided by the customer) is to be printed.

3.5 The scope of work of the Applicant under any such purchase order placed by the customer is as under:-

a. To procure the PVC material (blank) from an independent supplier in terms of the purchase order placed by the customer.

b. The data of image/text/ trade monograms to be printed on the PVC material is received by the Applicant from the customer, via mode of pen drive/CD/cartridge. The image/ text/ trade monogram in the said CD/Pen Drive/cartridge is later loaded into the computer controlled digital image printer, which prints the images on the PVC material. In cases where desired size of the trade advertisement is more than the size of PVC material that can be accommodated in the image printer, the Applicant prints the images/written text in patches and later joins the said patches to make the full trade advertisement.

c. Supply of such printed trade advertisement to the shipping address mentioned in the purchase order.

3.6 It is to be specifically noted that designing and graphics of the advertisements are not done by the Applicant. The Applicant is provided with the designed trade advertisements by the customers. The Applicant merely sources the desired PVC material (blank) from independent supplier and under takes the activity of printing on the material.

3.7 That billing format of the invoices raised by the Applicant on the customers is such that in the description field, Applicant specifies charges on two accounts i.e. 'printing' and 'supply', wherein the former represents the service activity of printing carried out by the Applicant and latter represents the physical supply of printed trade advertisements on the PVC material.



Pre-GST Regime

3.8 That under the erstwhile Value Added Tax (hereinafter referred to as 'VAT') regime, the Applicant was paying VAT on the transaction of printing and supply of the trade advertisements. However, under different states, the nature of such transaction varied from 'pure sale' transaction to a transaction of 'works contract'. The state-wise status of such transactions wherein Applicant had VAT registration is as under:-

| S. No. | State | Nature of Transaction |
|--------|----------------|-----------------------|
| 1. | Telangana | Works Contract |
| 2. | Tamil Nadu | Pure Sale |
| 3. | Maharashtra | Works Contract |
| 4. | Uttar Pradesh | Pure Sale |
| 5. | Karnataka | Pure Sale |
| 6. | West Bengal | Works Contract |
| 7. | Kerala | Pure Sale |
| 8. | Andhra Pradesh | Works Contract |

3.9 That on the transaction of supply of such trade advertisements to its customers, the Applicant was paying applicable VAT to respective State Government exchequer. However, in states where the subject transaction of printing and supply of trade advertisements was considered as 'works contract', the Applicant was not charging any service tax, as it is settled position of law that process of printing on PVC material (blank) to make such PVC material in form of advertisement, is an activity amounting to 'manufacture'. Further, in terms of the Central Excise Tariff Act, 1985 (hereinafter referred to as 'CETA'), the traded advertisements manufactured by the Applicant were classifiable under Chapter Heading (hereinafter referred to as '**Heading**') 4911, under which all the products were exempt from the payment of the duty of excise as the rate of duty in column 4 of Heading 4911 was 'NIL'.

The applicant had filed an application in form GST ARA-01, Dt:14.08.2019, by paying required amount of fee for seeking Advance Ruling on the following issues, as mentioned below

4. Questions raised before the Authority

1. Whether the transaction of printing of content provided by the customer, on poly Vinyl Chloride banners and supply of such printed trade advertisement material is supply of goods.
2. What is the classification of such trade advertisement material if the transaction is a supply of goods?



On Verification of basic information of the applicant, it is observed that the applicant falls under State jurisdiction, i.e. Assistant Commissioner (ST), Gajuwaka Circle, Visakhapatnam Division. Accordingly, the application has been forwarded to the jurisdictional officers with a copy marked to the Central Tax authorities to offer their remarks as per the Section 98(1) of CGST /APGST Act 2017.

The jurisdictional officer concerned, Assistant Commissioner(ST), Gajuwaka Circle, Visakhapatnam Division responded that there are no proceedings lying pending or passed relating to the applicant on the issue, for which the Advance Ruling sought by the applicant. The same is confirmed by the Central Tax authorities, the Superintendent, Sheelanagar Range, Visakhapatnam Division.

5. Applicant's Interpretation of Law and Facts:

5.1 Supply of trade advertisement amounts to supply of 'goods'.

(1) Interpretation of definitions of 'goods' and 'services' under CGST Act

That Rule 2(52) of the CGST Act defines the term 'goods' as under: -

*"(52) "goods" means **every kind of movable property other than money and securities** but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply;*

From the above definition of goods, it is clear that any property which is movable and is not in form of money or securities, shall qualify to be 'goods'.

(2) The term 'service', has been defined under Section 2(102) of the CGST Act as under:-

*"(102) "services" means **anything other than goods, money and securities** but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;*

The above referred definition of 'service', clarifies that in order to determine if the end result of the supply is the supply of 'goods' or 'service', it is paramount to determine if the end result of activity is supply of 'goods' or not. Further, the supply will be considered as supply of 'service', only when the end result of supply fails the test of qualifying as 'goods' as defined in Section 2(52) of the CGST Act. In simple words, each and every transaction, will first have to be adjudged on the touch stone of Section 2(52) of the CGST Act to determine if such transaction tantamount to supply of 'goods' or not and it is only if the transaction fails the yardstick of Section 2(52) of the CGST Act, such transaction will qualify as 'service'.



- (3) Therefore, in the instant matter the Applicant shall first proceed to determine if the transaction of printing and supply of trade advertisement to customers, is a supply of 'goods' or not.
- (4) The essential condition to classify anything as 'goods' is that it should be a movable property. Therefore, what constitutes 'movable property' is required to be determined. However, there is no definition of the term 'movable property' in GST law. Therefore, the definition given under the provisions of General Clauses Act, 1897 can be adopted which reads as under:
- "(36) "movable property" shall mean property of every description, except immovable property;*
- (26) "immovable property" shall include land, benefits to arise out of land, and things attached to the earth, or permanently fastened to anything attached to the earth;"*
- (5) As seen from the above, 'movable property' covers all properties except 'immovable property'. Therefore, if the property does not fall under the definition of 'immovable property', then same falls under the scope of 'movable property'. The term 'immovable property' includes land, benefits to arise out of land and things attached to the earth or fastened to the earth.
- (6) Further the settled legal position under the provisions of Central Excise as well as Sales Tax is that things which are capable of being moved from one place to another without any substantial damage to the property while shifting, are 'movable property'.
- (7) In the instant case, the Applicant supplies the printed trade advertising materials, which are freely movable from one place to another, thereby it becomes 'movable property' and consequently falls under the ambit of 'goods' u/s. 2(52), CGST Act.
- (8) The Applicant further understands that Section 9 of CGST Act read with Schedule II Sl. No.
- 1(a) provides that:
- "any transfer of the title in goods is a supply of goods"*
- (9) In the instant case, the Applicant is transferring the title in the goods *qua* printed materials. Therefore, instant case of supplying printed advertisement materials amounts to supply of 'goods'.
- (10) The Applicant refers to TRU Circular No. 11/11/2017-GST dated 20.10.2017 on taxability of printing contracts wherein vide Para 5 it was clarified that printing contracts, similar to the instant case, constitute 'supply of goods'. The relevant extract is reproduced below for ready reference:



“5. In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc. falling under Chapter 48 or 49, printed with design, logo etc. supplied by the recipient of goods but made using physical inputs including paper belonging to the printer, predominant supply is that of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore such supplies would constitute supply of goods falling under respective headings of Chapter 48 or 49 of the Customs Tariff.”

- (11) To substantiate this proposition further, the transactional matrix between the applicant and its customers is elaborated below.

Transactional Matrix between Applicant and the customer

- (12) The Applicant states that purchase orders are placed by the customers on it, wherein the purchase orders clearly spell out the PVC material required by the customer, nature of the product (lit or non-lit), printing material on the PVC material and specifications of the said product. The Applicant submits that the fact that purchase orders placed on the Applicant by the customers mention such details about supply, clearly establishes that the customer intends to purchase whole trade advertisement from the Applicant and does not intend to merely get PVC material (blank) printed from the Applicant. Further, the said submission of Applicant is also substantiated by the fact that customer of the Applicant wants to advertise its products and such advertisement can only be done by the complete trade advertisement, which constitutes a single indivisible economic supply. Hence, it is submitted that the Applicant is supplying trade advertisement to the customer as a whole.

- (13) The Applicant submits that the economic supply of trade advertisements involves multiple supplies, and that such supplies are so interlinked and subsumed in one another that it is not possible to artificially identify the individual supplies in the economic supply of trade advertisements. Further, the Applicant is only supplying trade advertisements as one economic supply, which is essentially a movable property and eventually ‘goods’ in terms of Section 2(52) of the CGST Act.

The supply of the trade advertisement amounts to a ‘composite supply’.

- (14) The Applicant states that while enacting the CGST Act, the Legislature was mindful of the circumstances wherein one supply might have two inseparable supplies of goods or services, or both. Hence, in order to determine the nature of such supply, Legislature in its wisdom has coined a concept of ‘composite supply’ under CGST Act under Section 2(30) which reads as under:-



*“(30) ‘composite supply’ means a **supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both**, or any combination thereof, which are **naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply**;*

Illustration.— Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply”

(15) Supply consists of two or more supplies of goods, or services or both- the Applicant submits that in the single economic supply of trade advertisements to the customers, the Applicant is making two supplies, namely:

- (1) Supply of goods - Printed PVC material; and
- (2) Supply of services - Printing of content supplied by customer on PVC material

(16) Two supplies are naturally bundled - It is stated that the two aforementioned supplies made by the Applicant to its customers are naturally bundled and supplied in conjunction with one another in ordinary course of business. That the objective of a customer to procure a printed trade advertisement from the Applicant to procure such goods (trade advertisement) which are used to promote the products/business of the customer by using the same. It is submitted that such objective of advertisement cannot be served by supplying PVC material (blank) which does not communicate any message about the products of the customer and neither can a message on standalone basis, without being printed on any medium such as PVC material (blank), serve the purpose of trade advertisements by means of printed goods like billboards, banners, building wraps, etc.

(17) The Hon'ble Authority for Advance Ruling in the case of **Re: Giriraj Renewables Private Limited, 2018 (9) TMI 1183**, tried to analyze the scope of a 'composite supply' and held that when there are two taxable supplies- one of goods and the other of services and they both are naturally bundled and it is natural and also a practice to expect that the contractor who will supply the goods will also supply the services along with it. The relevant extract of the ruling is reproduced below:

“In order to understand the scope of a ‘composite supply’ and also to know what may be the criteria to judge a supply as a ‘composite supply’, the CBIC has published an e-flier on the subject. As per the e-filer, ‘Composite supply’ entails the concept of ‘naturally bundled supply’, and

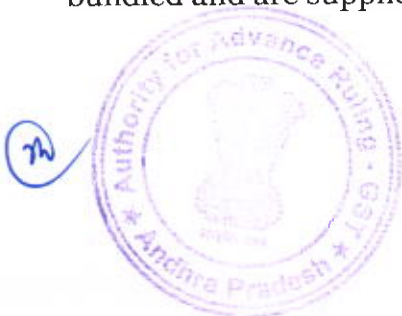


whether services are bundled in the ordinary course of business would depend upon the normal or frequent practice followed in the area of business. It also says that in order to qualify for a composite supply one of the characteristic would be that 'none of the individual constituents are able to provide the essential character of the service'. What is the normal frequent practice in the trade can be ascertained from the following indicators,

- The participation of the consumer or the service receiver. If large number of service receivers of such bundle of services reasonably expect such services to be provided as a package, then such a package could be treated as naturally bundled in the ordinary course of business.
- Majority of service provider in a particular area of business provide similar bundled of services.
- The nature of the various services in a bundle of services will also help in determining whether the services are bundled in the ordinary course of business. If the nature of services is such that one of the services is the main service and the other services combined with such service are in the nature of incidental or ancillary services which help in better enjoyment of a main service.
- The other instructive indicators can be the following:-
 - a) There is a single price or the customers pays the same amount.
 - b) No matter how much of the package the actually received.
 - c) The elements are normally advertised as a package.
 - d) The different elements are not available separately.

41. From the application of the above indicators we hold that the contract for providing the design, procurement, supply, development, testing and commissioning of the Plant which includes the supply of both goods and services is a composite supply as per the definition in the Act. There are two taxable supplies- one of goods and the other of services and they both are naturally bundled and it is natural and also a practice to expect that the contractor who will supply the goods will also supply the services along with it. In the business of contracts for the Solar Power Generating System, it is a practice to provide a Plant as a whole along with the supply of services."

(18) In view of the foregoing, the Applicant states that PVC material (blank) and printing of image/written text on such PVC material are so interlinked to one another in ordinary course of business that one cannot stand without another and together they combine to form a trade advertisement, which is desired by the customer and is essentially the sole economic supply in present case. Hence, it is evident that PVC material and service of printing on PVC material, are naturally bundled and are supplied by the Notice in the ordinary course of business.



(19) One of said supplies in the whole supply, should be the principal supply- To understand the true extent of the said essential, it is paramount that reference be drawn to the term 'principal supply', defined under Section 2(90) of the CGST Act which reads as under:-

*"(90) "principal supply" means the **supply of goods or services** which constitutes the **predominant element of a composite supply** and to which any other supply forming part of that composite supply is ancillary"*

(20) There is no straight-jacket formula to determine which is the dominant supply and which is ancillary supply. The only test to determine dominant component of supply is to have regard to the terms and conditions of contract.

(21) The Applicant states that the scope of purchase orders placed by the customers has always been for supply of the trade advertisements, including both PVC material and printing; as none of these elements can stand alone to serve the purpose of the trade advertisement and together they constitute as one unified economic supply of trade advertisements. Further, the Applicant also states that the products supplied by it to the customers in the market are not known as printed flex boards, but as trade advertisements (Billboard Printing, Building Wraps, Fleet Graphics, Window Graphics, Trade Show Graphics, Office Branding, In-store Branding, Banners, Free Standing Display Units, Signage Graphics). Given this, the Applicant states that the sole intention of customer which can be inferred from the terms and conditions of the contracts is to procure the goods in form of trade advertisements from the Applicant and not to receive printing services *per se*.

(22) The Applicant also states that had the customer only wanted to avail printing services from the Applicant, customer would have purchased PVC material (blank) from external source itself to avoid commercial margin of Applicant and provided the same to the Applicant for merely printing. However, such is not the case in the transactions effected by the Applicant. Undisputedly, the Applicant is supplying complete trade advertisement which includes PVC material and printed images/text/trade monograms on such PVC material; This fact also goes on to establish that transactional arrangement between the Applicant and customer was always to supply and receive goods in form the of trade advertisements.

(23) In view of the foregoing, it is submitted that pre-dominant supply in the composite supply of trade advertisement is supply of 'goods' by the Applicant to its customers.



(24) The Applicant also submits that element of printing is ancillary to the composite supply of trade advertisements. The Applicant submits that design of image/ text/trade monograms to be printed on the concerned trade advertisement is provided by the customer and Applicant has no role to play in designing/ alteration of the same. Mere work to be carried out by the Applicant is to load such image/text/trade monograms on the computer controlled digital image printer and to take out prints on the PVC material (blank). The Applicant does not employ any skill for provision of service of printing for the customer. Hence, the Applicant is essentially supplying goods in form of trade advertisement to the customer and not services of printing.

(25) In view of the foregoing, it is stated that in the subject transaction, supply of 'goods' in form of trade advertisement is the 'principal supply' and printing is 'ancillary', to the dominant supply of goods in form of trade advertisement.

Determination if the composite supply is supply of goods or services.

(26) Section 8 of the CGST Act provides for determination of tax liability on composite and mixed supply and reads as under:-

"8. The tax liability on a composite or a mixed supply shall be determined in the following manner, namely:—

(a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and

(b) a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax"

(27) As per Section 8, it is 'principal supply' which should form the basis of determination of tax treatment of the 'composite supply'. In view of the submissions made above, it is evident that in the instant transaction 'principal supply' is that of supply of trade advertisements which are 'goods'. Hence, in the present transactions, Applicant is making supply of 'goods' to the customers. Hence it is the understanding of the Applicant that the trade advertisements supplied by it to customers tantamount to supply of 'goods'.

(28) The applicants refers to **M/S. KI Hi-Tech Secure Print Ltd. 2018 (10) TMI 445 - Authority for Advance Rulings, Hyderabad Telangana** by the Hon'ble Authority for Advance Rulings, Telangana which ruled that Printing on PVC cards was also considered as a supply of 'goods'.

(29) The Applicant further submits that once any supply has been classified as supply of goods, there rests no purpose to test the said supply again on the basis of the definition of 'services' under Section 2(102) of the CGST Act. It is for the



simple reason that the definition of services is worded in a manner to provide that anything which is excluded from being goods, shall qualify to be services. Obvious corollary of the same is that once the trade advertisements are classified as 'goods', they can in no manner be classified as 'service'.

5.2 Trade advertisements manufactured and supplied by the applicant are classifiable under chapter 49 of the CGST act.

- (1) The Applicant prints advertisements on PVC material (blank) by using a computer controlled digital image printer. This activity can be categorized as under,

Chapter Note 2 to Chapter 49 of the Customs Tariff, reads as

For the purposes of Chapter 49, 'printed' also means reproduced by means of a duplicating machine, produced under the control of a computer, embossed, photographed, photo-copied, thermocopied or typewritten.

It is noteworthy that the expression "produced under the control of a computer" is also covered under the term 'printed'. As stated above, the activity undertaken by the applicant on the PVC material (blank) is 'printing'.

- (2) In view of the above, if a product is printed PVC sheet or printed PVC flex is plastic material falling under Chapter 39, the relevant Heading of Chapter 39 is Heading 3920 or Heading 3921. A perusal of the goods falling under these headings would show that the printed plastic sheets would also fall under these headings.
- (3) However, Section Note 2 to Section VII which covers goods of Chapter 39, specifically provides that if the plastic material is printed with motif, character or pictorial representation which are not merely incidental to the primary use of the goods, then the printed plastic material will fall under Chapter 49. Thus, where the plastic article is printed with the text or material and such printing is not merely incidental to the primary use of such goods, such plastic material would be ousted from Chapter 39 and they would travel to Chapter 49 as product of printing industry. Therefore, the Applicant now refers to the goods falling under Chapter 49 to understand the classification of plastic goods with such printed material which are not merely incidental to the primary use under various headings of Chapter 49.
- (4) On perusal of the rate schedules in the aforesaid notifications and also the various chapters in the First Schedule to the CTA, 1975, the Applicant understands that aforesaid printed advertisement materials classifiable under Chapter 49 *inter alia* the following headings are found relevant:



| Heading | Description of goods | IGST |
|---------|---|------|
| 4901 | Printed books, brochures, leaflets and similar printed matter whether or not in the single sheets | 5% |
| ... | | |
| 4911 | Other printed matter, including printed pictures and photographs; such as Trade advertising material , Commercial catalogues and the like, printed posters, Commercial catalogues, Printed inlay cards, Pictures, designs and photographs, Plan and drawings for architectural engineering, industrial, commercial, topographical or similar purposes reproduced with the aid of computer or any other devices | 12% |

- (5) As the instant case is that of supplying printed advertisement materials which are used for trade advertising and are specifically covered under Heading 4911, Applicant understands that same will fall under Heading 4911 which is liable for GST at the rate of 12%.

Judicial precedents

- (6) In this context, the Applicant first and foremost relies on the Applicant's own ruling given by the Hon'ble Authority for Advance ruling, Hyderabad reported as - **2018 (6) TMI 519 - Authority for Advance Ruling Hyderabad Telangana**, wherein it was held that supply of trade advertisement material would be classified under Heading 4911. The relevant extract is reproduced below:

"(i) The printed advertisement materials manufactured and supplied by the applicant are classifiable as 'supply of goods'.

(ii) The printed advertisement material are classifiable under chapter heading 4911 of the GST Tariff and the rate of tax applicable is 6% CGST + 6% SGST as given in the Notification No. 1/2017 - Central Tax (Rate) dated 28.06.2017, (G.O.Ms No. 110, Revenue (CT-II) Department, Dt. 29-06-2017)"

- (7) Reliance is also placed on the following cases which deal with similar issue:

- i. **Gopsons Papers Ltd. - 2015 (324) ELT 5 (SS)**
- ii. **Universal Offsets v. CCE, Delhi-II - 2018 (10) G.S.T.L. 386 (Tri. - Del.)**
- iii. **Fitrite Packers - 1999 (108) ELT 680 (Tri)**
- iv. **Bharat Metal Decorators - 2005 (185) ELT 397**
- v. **Sai Security Printers Ltd. - 2006 (199) ELT 121 (Tri)**
- vi. **Indradhanush Print. Pvt. Ltd. - 2013 (292) ELT 81 (Tri)**



- (8) In view of the above, the applicant submitted that Vinyl (self-adhesive) initially classifiable under Heading 3919, after being printed with the images/text/trade monograms to promote the sales of the customers becomes a form of trade advertisement which is classifiable under Heading 4911.

6. Record of Personal Hearing:

Sri Bipin Verma, the authorized representatives of the applicant appeared for Personal Hearing on 23.10.2019 and produced physical samples of the materials and reiterated the written submissions.

7. Discussion and Findings:

We have examined the submissions made by the applicant in their application and the assertions made by the authorized representative as well at the time of Personal Hearing.

We look into the first issue raised by the applicant i.e., whether the transaction of printing of content provided by the customer, on poly Vinyl Chloride banners and supply of such printed trade advertisement material is supply of goods.

The applicant in the instant case takes up the supply of trade advertising material by procuring the required raw materials such as poly vinyl, flex, paper, cloth printing inks etc., all by themselves based on specification provided by the client in terms of design, size and material. In-fact, the applicant transfers the title in the goods i.e., printed material on flex to the customer. As per Section 7 of CGST Act, 2017 read with Schedule –II Sl.No.1 (a) of CGST Act, 2017 which reads as under:

“ 1. Transfer

a) any transfer of the title in goods is a supply of goods. ”

From the plain reading of the above, it is obvious that the applicant is transferring the title in goods to his customers in the form of trade advertising material and it constitutes supply of goods only. Further, when we look into the rate of tax of the goods under dispute, i.e., the trade advertising materials is classifiable vide Notification No.1/2017 – Central Tax (Rate) dt: 28.06.2017 under Sl.No.132 under HSN code 4911 and attracts tax rate of 12% (CGST 6% +SGST 6%)

Further, the same has been clarified in detail vide the clarification issued under F.No.354/263/2017 –TRU, Dt: 20th October, 2017 in Circular No.11/11/2017-GST. The excerpts of the circular i.e., para 5 is reproduced as under

“ Subject: Clarification on taxability of printing contracts



5. In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc. falling under chapter 48 or 49, printed with design, logo etc. supplied by the recipient of goods but made using physical inputs including paper belonging to the printer, predominant supply is that of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore such supplies would constitute supply of goods falling under respective heading of chapter 48 or 49 of the customs tariff. ”

Moreover, the clarification provided in F.No.332/2/2017- TRU, Dt: December, 2017, with the consolidated FAQ under Sl.no 59 reiterates the same as under:

| Sl.No | Queries | Replies |
|-------|---|--|
| 59 | What is the classification and GST for posters with photographs/ images etc. printed on Digital Printers on coated cotton/ mix canvas media or other synthetic media? | These items fall under HS code 4911 and attract 12% GST. |

RULING

(Under Section 98 of Central Goods and Services Tax Act, 2017 and the Andhra Pradesh Goods and Services Tax Act, 2017)

Question 1: Whether the transaction of printing of content provided by the customer, on poly Vinyl Chloride banners and supply of such printed trade advertisement material is supply of goods.

Answer 1: The supply of printed trade advertisement material is classified under Goods only as per Section 7 of CGST Act, 2017 read with Schedule –II Sl.No.1 (a) of CGST Act, 2017



Question 2: What is the classification of such trade advertisement material if the Transaction is a supply of goods

Answer 2: It is classifiable vide Notification No.1/2017 – Central Tax (Rate) dated 28.06.2017 under Sl.No.132 Chapter /Heading/ Sub-Heading/ Tariff item 4911 and attracts tax rate of 12% (CGST 6% + SGST 6%).

**Sd/-D. RAMESH
(MEMBER)**

**Sd/- M.SREEKANTH
(MEMBER)**

//t.c.f.b.o//


Assistant Commissioner (ST)
Assistant Commissioner (State Tax)
O/o. Chief Commissioner of State Tax,
Andhra Pradesh, Vijayawada.

To

M/s Macro Media Digital Imaging Private Limited, Plot 44, Apparel Export Park, Auto Nagar, Visakhapatnam -530012 (A.P) **(By Registered Post)**

Copy to

1. The Assistant Commissioner of State Tax, Gajuwaka Circle, Visakhapatnam Division
(By Registered Post)
1. The Superintendent, Central Tax (CGST), Sheelanagar Range, Visakhapatnam Central Division, Visakhapatnam, (A.P) **(By Registered Post)**

Copy submitted to

1. The Chief Commissioner (State Tax), O/o Chief Commissioner of State Tax, Eedupugallu, Vijayawada.
2. The Chief Commissioner (Central Tax), O/o Chief Commissioner of Central tax & Customs, Visakhapatnam Zone, GST Bhavan, Port area, Visakhapatnam-530035.
(By Registered Post)

Note: Under Section 100 of PGST Act 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling constituted under Section 99 of APGST Act, 2017, with in a period of 30 days from the date of service of this order.

