



TELANGANA STATE AUTHORITY FOR ADVANCE RULING
CT Complex, M.J Road, Nampally, Hyderabad-500001.
(Constituted under Section 96(1) of TGST Act, 2017)

Present:

Sri J. Laxminarayana, Additional Commissioner (State Tax)

Sri V. Srinivas, IRS, Joint Commissioner (Central Tax)

A.R.Com/13/2018

Date. 26-07-2018

TSAAR Order No. 10/2018

Under Section 100(1) of the CGST/TGST Act, 2017, any person aggrieved by this order can prefer an appeal before the Telangana State Appellate Authority for Advance Ruling, Hyderabad, within 30 days from the date of receipt of this Order.

1. M/s. K L Hi-tech Secure Print Ltd, Plot No.22-23, Anrich Industrial Estate, IDA Bollaram, Sangareddy District, Telangana-502325 registered under GSTIN 36AAACK4241N1ZF has filed an application in Form GST ARA-01 under Section 97(1) of TGST Act, 2017 read with Rule 103 of CGST/TGST Rules, 2017 and sought Advance Ruling on the issues raised in ANNEXURE I enclosed to their application:
2. The applicant submitted the application in Form GST ARA-01 enclosing ANNEXURE-I (Questions on which advance ruling is required), ANNEXURE-II (Statement of relevant facts having a bearing on the questions raised) and ANNEXURE-III (Statement containing applicant's interpretation of law and /or facts, in respect of the questions raised) which are given below. They have also submitted a copy of Challan evidencing payment of Rs.10000/- towards application fee.

ANNEXURE- I (Questions on which advance ruling is required)

1. Whether supply of service of:
 - (i) Printing of Pre-examination items like question papers, OMR sheets (Optical Mark Reading), answer booklets;
 - (ii) Printing of Post-examination items like marks card, grade card, certificates to the educational boards of up to higher secondary; and
 - (iii) Scanning and processing of results of examinations;be treated as exempted supply of service by virtue of Entry No. 66 of the Notification No. 12/2017 - Central Tax (Rate), dated 28th June, 2017 and as amended by Notification No.2/2018 - Central Tax (Rate), dated 25th January, 2018; Entry No. 66 of Notification No. 12/2017 - State Tax (Rate), dated 29th June, 2017; and Entry No. 69 of the Notification No. 9/ 2017 - Integrated Tax (Rate), dated 28th June, 2017 as amended by Notification No. 2/2018- Integrated Tax (Rate), dated 25th January, 2018?
2. What would be the classification and the applicable GST rate, for the supply of Printing of cheque book?
3. What would be the classification and the applicable GST rate, for the printing and supply of Aadhaar Cards on paper?

4. What would be the classification and the applicable GST rate, for the printing and supply of Polyvinyl chloride (PVC) Cards?

ANNEXURE-II (Statement of relevant facts having a bearing on the questions raised)

1. KL Hi tech Secure Print Limited (For brevity 'KLHT' or 'The Company') is a company located at Plot No. 22-23, Anrich Industrial Estate, IDA Bollaram, Sangareddy District, Telangana 502 325.
2. The Company is engaged in the business of providing the services of printing of security documents to its clients, who vary from Government Authorities and agencies, Banks, Educational Boards / Institutions and Private Companies.
3. The details of the services are as follows:

(i) Supply of services to the Educational Boards:-

a) Printing of Pre and Post Examination items for various Educational Boards:

The Company provides the service of printing of both pre and post examination documents to various educational boards.

The pre examination documents includes OMR sheets, question papers, answer booklets.

The post examination documents include marks card, grade card and certificates.

(b) Scanning and processing of results of examinations to educational institutions:

The Company carries out the following two activities:-

- i. Scans the counter foils of the evaluated answer books which has bar codes and scans the data entry of the question wise marks and totalmarks, verification of data with the hard copy of counter foils of answer booklets.
- ii. Processing the results through computer Submission of the final marks roll in a soft copy (CD) to the educational institutions.

(ii) Printing of Cheque Books for various Customer Banks:

The Company provides the services of printing of cheques to various customer banks and there exists the following two scenarios, where the:-

- a) Physical inputs ie., paper alone supplied by the customer banks, however inks which are used for printing belong to the Company itself;
- b) Physical inputs including paper and inks which are used for printing belong to the company itself;

In both the above scenarios, the company prints the cheque and then supplies the cheque book to the bank once the final output is ready.

(iii) Printing of Aadhaar Cards for UIDAI:

The Company has entered into contract with Unique Identification Authority of India (UIDAI) for provision of services of printing and despatching of Aadhaar Cards. For providing the said service the Company has to perform the following activities which includes:

- A. Data processing - The Company receives the data for printing from UIDAI in Unicode XML (Extensible Markup Language) file format. In order, to carry out the activity of printing the Company has to convert the file into a readable format, for which the Company is availing the professional services of Data processing from a third party service provider. This service is received by the Company in-house.
- B. Printing of photographs along with individual data of the Citizens.
- C. Lamination and enveloping - The Company has to laminate the Aadhaar card, post which it shall be enveloped and despatched to the card holder.
- D. Sorting of data - The Company has to collate and sort the data based on the parameters provided by UIDAI, like sorting of data based on the

'Pin Code', printing of barcodes allotted by UIDAI to track each envelope.

- E. Franking - Each envelope shall have to be franked using the digital franking machine with applicable postage rate. In order to frank the envelope the required denomination is preloaded by UIDAI in to the franking machine. The amount of such credit is directly credited by UIDAI to Department of Posts.
- F. Despatching - The Company has to despatch the franked Aadhaar card envelope through first class mail by using the services of Department of Post.

The aforesaid activities of printing of Aadhaar card is done on paper.

Printing on Polyvinyl chloride (PVC) Cards

The Company provides the service of printing on Polyvinyl Chloride (PVC) cards of contents provided by customers. These PVC cards are plain plasticcards without any magnetic stripe.

ANNEXURE-III

(Statement containing the applicant's interpretation of law and / or facts, as the case may be, in respect of the aforesaid questions)

1. Question -1:

1.1 Whether, in the facts and circumstances as explained in Annexure II, supply of serviceof:

- (i) Printing of Pre examination items like question papers, OMR sheets (Optical Mark Reading), Answer booklets for conducting of an examination by the educational boards be treated as exempted supply of service by virtue of the notifications cited supra in Annexure I?
- (ii) Printing of Post examination items like marks card, grade card, certificates to educational boards (up to higher secondary) after scanning of OMR Sheets and processing of data in relation to conduct of an examination be treated as exempted supply of service by virtue of the notifications cited supra in Annexure I?
- (iii) Scanning and processing of results of examinations be treated as exempted supply of service by virtue of the notifications cited supra in Annexure I?

2. Applicant's interpretation of Law:

2.1 *Applicant submits that the service provided to an educational institution, by the applicant in relation to conduct of examination by an institution is exempt by virtue of the notifications cited supra.*

SI. No	Heading	Description of Service	Rate (PerCent.)	Condition
66	9992 (Education Services)	<p><i>Services provided -</i></p> <p><i>(a) by an educational institution to it's</i></p> <p><i>(aa) by an educational institution by way of</i></p> <p><i>(b) to an educational institution, by way of-</i></p> <p><i>(i) transportation</i></p> <p><i>(ii) catering</i></p> <p><i>(iii) security or cleaning</i></p> <p><i>(iv) Services relating to admission to, or conduct of examination by,</i></p>		

		<p style="text-align: center;"><i>such institution; (v) supply of online educational journals or periodicals:"</i></p> <p><i>'Provided that nothing contained in sub-items (i), (ii) and (iii) of item (b) shall apply to an educational institution other than an institution PROVIDING providing services by way of pre-school education and education up to higher secondary school or equivalent.</i></p> <p><i>Provided further that nothing contained in sub-item (v) of item (b) shall apply to an institution providing services by way of- (i) pre-school education and education up to higher secondary school or equivalent; or (it) education as a part of an approved vocational education course</i></p>		
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In this regard, the following are to be considered:

- (i) The services provided by the applicant to an educational board by way of printing of question papers, OMR sheets (Optical Mark Reading), answer booklets *which enables the educational institution / universities to conduct the examination.* The said service provided by the applicant to the educational institution is towards conduct of examination. Since, the service provided by the applicant towards pre-examination items will be used by the educational institution for conduct of examination. The applicant submits that the aforesaid exemption as outlined in the notification will be applicable to the applicant's case. Thus, the services provided by the applicant to the educational institutions by way of supply of pre-examination materials will not be liable to Goods and Service tax.
- (ii) the services provided by the applicant to the educational boards by way of printing of marks card, grade card, certificates etc. which acts as a medium for communication of examination results to students. The said activity acts as a last leg towards completion of the activity of conducting the examination process by the educational institution. Hence, the applicant submits that the aforesaid exemption as outlined in the notification will be applicable to the applicant's case. Thus, the services provided by the applicant to the educational institutions by way of supply of post-examination materials will not be liable to Goods and Service tax.
- (iii) The services provided by the applicant to the educational boards by way of scanning and processing of results is more an outsourced activity which otherwise would have been done and undertaken by the educational institution itself. This is an integral part of the conduct of examination and publishing of results of the students who participated in the said examination/s.

Natures of work undertaken for the aforesaid two activities are as follows:-

a) Scanning activity

- Scanning of the OMR answer sheets/OMR sheets (marks foil)/counterfoil's of the evaluated answer books having bar codes and scans the data entry of the question wise marks and total marks, verification of data with the hard copy of counter foils of

answer booklets.

- Scanning and posting of subject wise marks, against students roll number;
- Preparation of final marks and posting against the students final database;
- Scanning of attendance sheets for generation of absentee statement.

b) Processing of results

- Collating data of - paper/subject wise marks of absent candidates, marks scored by the students, dual status, TSS & GSS, total questions solved, total unsolved questions;
- Preparation of reports such as-consolidated reports; subject mismatch reports; discrepancy reports for correction in consultation of Board; statistical reports as and when required by the board;
- Validation and preparation of data base for regular student;
- The aforesaid details will be transmitted into high quality soft copy (CD/DVD) and excel format and the data will be submitted to the educational institutions;
- Result processing after re-verification of marks/re-evaluation of answer books
- Development of software for printing of duplicate certificate cum marks sheet.

The applicant carries out the aforesaid activities as an agent for Concealed Results Processing through Barcode systems for examination conducted by the educational institution. Upon completion of this activity, action is taken by the educational institution for communication of results. These services provided by the applicant are directly related to conduct of examinations by the educational institution. Hence, the applicant submits that the aforesaid exemption as outlined in the notification will be applicable to their case. Thus, the services provided by the applicant to the educational institutions by way of Scanning and results processing will not be liable to Goods and Service tax. The applicant submits that the aforesaid services of printing of pre-examination items, post-examination items and Scanning and processing of results provided by the applicant to an educational institution is towards conduct of examination. The services are normally not carried out by the educational institution by themselves but has to be outsourced to other service providers due to lack of infrastructure for printing, administrative convenience, confidentiality, volume etc. Accordingly, when such Services are procured by the educational institution they tantamount to the services relating to conduct of examination, which will aptly fall within the ambit of exemption outlined under Entry No. 66 of the Notification No. 12/2017 - Central Tax (Rate), dated 28th June, 2017 and as amended by Notification No.2/2018 - Central Tax(Rate), dated 25th January, 2018; Entry No. 66 of Notification No. 12/2017 – State Tax(Rate), dated 29th June, 2017; and Entry No. 69 of the Notification No. 9/2017 - Integrated Tax (Rate), dated 28th June, 2017 as amended by Notification No. 2/2018- Integrated Tax (Rate), dated 25th January, 2018. Hence, the said exemption notification has to be applied to the applicant's case.

QUESTION : 2

As per the facts and circumstances as explained in Annexure II, what would be the classification and the GST rate, for the supply of services in the nature of printing of cheque books in the below mentioned two situations where the physical inputs of paper belongs to (i) the customer banks; (ii) the applicant?

4. Applicant's interpretation of Law:

Classification of supply

4.1 The applicant carries out the activity of printing on the cheque paper in the above mentioned two situations i.e., input (paper) belonging to the customer banks and the Company.

Hence the product which is generated from the activity should be treated as "Cheque" and not "Cheque paper", due to the following reasons:-

- (a) The cheque book being a product which is generated after printing activity is done on cheque paper. After the activity of printing, the end product shall accordingly be construed as "Cheque" and not "Cheque paper".
- (b) The Cheque printed on the cheque paper should be classifiable as "products of the printing industry", which will be "Cheque". The Cheque paper is not the product of printing industry, but it is the cheque which is the product of the printing industry.
- (c) The printing was the primary purpose and without it, the cheque paper on which the matter was printed, is of no use to the appellant's customer.
- (d) The trade as well as in common parlance, treat these products as cheque and not cheque paper.
- (e) The product wherever printed must be classified having regard to what it means and how it is understood in common parlance. Thus being the case, it is the printing on the cheque paper, which communicates the message to the buyer that the product supplied to him is "Cheque" and not "Cheque paper". The printing of the cheque communicates to the customer bank about the product and this serves a definite purpose of the customer bank.

Thus, the applicant based on the above would prefer to the classification of the product which is printed by the applicant under the following Chapter heading as provided in Notification No. 2/2017-Central Tax (Rate), dated 28th June, 2017; Notification No. 2/2017- State Tax (Rate), dated 29th June, 2017 and Notification No. 2/2017-Integrated Tax (Rate), dated 28th June, 2017.

SI. No.	Heading	Description of Goods,
118	4907	<i>Cheques, loose or in book form</i>

Accordingly, the rate of tax applicable to the product is NIL (i.e., NIL - Central Tax and NIL - State Tax or NIL - Integrated Tax).

Rate of tax

4.2 The rate of tax that will be applicable for the activity carried out by the applicant will be as under-

- a) *Physical inputs i.e., paper belonging to customer banks:-*
the applicant submits that Section 2(68) of the Central Goods and Service Tax ("CGST") Act, 2017 and the Telangana Goods and Service Tax ("TGST") Act, 2017 provides the meaning of 'job work' which reads as under:
"Job work" means any treatment or process undertaken by a person on goods belonging to another registered person and the expression "job worker" shall be construed accordingly.

The applicant submits that the process of printing of cheques undertaken by the applicant is on the input, i.e., paper, belongs to customer bank, who are registered persons. Hence, the process of printing undertaken by the applicant should be construed as "job-work".

Further, in terms of Entry No. 3 of Schedule II appended to the CGST Act, 2017, *any treatment or process which is applied to another person's goods is a supply*

service, and accordingly printing of cheque by the applicant shall be construed to be supply of service.

The applicant submits that the aforesaid activity of "job-work" carried out by the applicant will be taxable at the rate specified in Entry No. 26 with heading 9988(ii)(c) of Notification No. 11/2017-Central Tax (Rate), dated 28th June, 2017 as amended by Notification No. 20/2017-Central Tax (Rate), dated 22nd August, 2017 and Notification No. 31/2017-Central Tax (Rate), dated 13th October, 2017; Notification No.11/2017 -State Tax (Rate), dated 29th June, 2017 as amended by Notification G.O.Ms No.227, dated 05th October, 2017 and Notification No. 31/2017 - State Tax (Rate), dated 23rd November, 2017; Notification No. 8/2017- Integrated Tax (Rate), dated 28th June, 2017 as amended by Notification No. 20/2017-Integrated Tax (Rate), dated 22nd August, 2017 and Notification No. 39/2017-Integrated Tax (Rate), dated 13th October, 2017, which is as under:

Sl. No.	Heading	Description of Service	Rate (Per Cent)	Condition
26	9988 (Manufacturing services on physical inputs(goods) owned by others)	(ii) Services by way of treatment or process on goods belonging to another person in relation to (c) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 2.5% percent or NIL; TGST @ 2.5% percent or NIL; IGST @5% or NIL	2.5	-

Thus, the applicant based on the above facts submits that the activity of printing of cheque, the goods being the cheque in the given case would fall under within the ambit of Chapter 4907. Such goods attracts the rate of tax i.e., CGST, SGST and IGST as "NIL". Hence, the activity of printing of cheque carried out by the applicant will be liable to tax under GST as treatment of process on goods belonging to another registered person being in the nature job work at the rate of 5% (2.5% - Central Tax and 2.5% - State Tax or 5% - Integrated Tax.)

(B) *Physical inputs ie., paper belonging to the applicant:-*

The applicant submits that even such supplies would be supply of services i.e., printing.

The applicant further submits that serial No. 5 of Circular No. 11/11/2017-GST, dated 20th October, 2017 which provides that:

"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" is ultra vires and quod contra legem fit, pro infecto habetur (What is done contrary to law is deemed not to have been done at all) as the Government is only empowered to notify transactions which are to be treated as 'supply of goods and not services' or 'supply of services and not goods'. This power is vested under Section 7(3) of the CGST Act, 2017 and not to specify what the 'principle element in a transaction is'. It is important to note that this will always be transaction and business specific; it cannot be specified on an all-pervasive basis. Hence, the applicant submits that the activity provided by them is purely a "service" in relation to printing where the content to be printed is specified by the banks and the applicant only prints such content on the paper.

Accordingly the activity of printing on the paper will fall within the ambit of Entry No. 27 with heading 9989(i) of Notification No. 11/2017-Central Tax (Rate) dated 28th June, 2017 as amended by Notification No. 20/2017-Central Tax (Rate) dated 22nd August, 2017 and Notification No. 31/2017-Central Tax (Rate) dated 13th October, 2017, Notification No. 11/2017 -State Tax (Rate) dated 29th June, 2017 as amended by Notification G.O.Ms No.227, dated 05th October, 2017 and Notification No. 31/2017 - State Tax (Rate), dated 23rd November, 2017; Notification No. 8/2017-Integrated Tax (Rate), dated 28th June, 2017 as amended by Notification No.20/2017-Integrated Tax(Rate) dated 22nd August, 2017 and Notification No. 39/2017-Integrated Tax (Rate), dated 13th October, 2017 which is as under:

SI No.	Heading	Description of Service	Rate (Per Cent)	Condition
27	9989 (Other manufacturing services; publishing, printing and reproduction services; materials recovery services)	(i)Services by way of printing of all goods falling under Chapter 48 or 49 [including newspapers, books (including Braille books), journals and periodicals], which attract CGST @ 6 per cent or 2.5 per cent, or Nil; TGST @ 6 per cent, or 2.5 per cent, or Nil; IGST @ 12 per cent or 5 per cent or Nil. where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer.	6	

Thus, the applicant based on the above facts submits that the activity of printing of cheque, the goods being the cheque in the given case would fall under within the ambit of Chapter 4907. Such goods attracts the rate of tax i.e., CGST, SGST and IGST as "NIL". Hence, the activity of printing of cheque carried out by the applicant will be liable to tax under GST as treatment of process belonging to the applicant itself will be liable to tax under GST at the rate of 12% (6%- Central Tax and 6%- State Tax or 12%- Integrated Tax).

QUESTION : 3

Whether, in the facts and circumstances as explained in Annexure II, what would be the classification and the GST rate for, printing and supply of Aadhaar cards on paper to the Unique Identification Authority of India (UIDAI)?

6.Applicant's interpretation of Law:

The applicant submits that the activity of printing and despatch of Aadhaar cards provided to Unique Identification Authority of India (UIDAI), by the applicant is a *supply of service*. The activity of printing of Aadhaar cards is carried out on-paper as explained in Annexure II.

There are two limbs in the aforesaid activity carried out by the applicant to UIDAI:-

- (a) Printing of Aadhaar cards on paper;
- (b) Despatching of Aadhaar cards after duly franking;

Classification with respect to supply of printed Aadhaarcards:-

The applicant carries out the activity of printing of contents of Aadhaar on paper. The product which is generated from the activity will be treated by trade as well as in common parlance as paper, hence the classification that should be applied for the product as per the Notification No. 1/2017-Central Tax (Rate) dated 28th June,

2017, Notification No. 01 /2017- State Tax (Rate) dated 29th June, 2017 and further Notification No.1/2017- Integrated Tax(Rate) dated 28th June, 2017 will be :-

SL No.	Heading	Description of Goods
201	4901	Brochures, leaflets and similar printed matter, whether or not in single sheets

Accordingly, the rate of tax applicable to the product is 5% (i.e., 2.5% - Central Tax and 2.5% - State Tax or 5% - Integrated Tax).

Rate of tax for printing of Aadhaar cards:-

6.1 The Applicant submits that supply of printing, laminating and enveloping, sorting, franking and dispatching is a composite supply of *printing* of Aadhaar card. Whereby, printing of Aadhaar card shall constitute to be the principal Supply and the other services are ancillary to the principal supply and such ancillary service is naturally bundled.

The applicant further submits that serial No. 5 of Circular No. 11/11/2017-GST, dated 20th October, 2017 which provides that:

"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" is ultra vires and quod contra legam fit, pro infecto habetur (What is done contrary to law is deemed not to have been done at all) as the Government is only empowered to notify transactions which are to be treated as 'supply of goods and not services or supply of services and not goods'. This power is vested under Section 7(3) of the CGST Act, 2017 and not to specify what the 'principle element in a transaction is'.

It is important to note that this will always be transaction and business specific; it cannot be specified on an all-pervasive basis. Hence, the applicant provides that the activity provided by the applicant is purely a "service" in relation to printing where the content to be printed along with design and logo is provided by UIDAI and the applicant only prints such content on the paper. Accordingly the activity of printing on the paper will fall within the ambit of Entry No. 27 with heading 9989 (i) of Notification No. 11/2017-Central Tax (Rate) dated 28th June, 2017 as amended by Notification No. 20/2017-Central Tax (Rate) dated 22nd August, 2017 and Notification No. 31/2017-Central Tax (Rate) dated 13th October, 2017, Notification No. 11/2017 -State Tax (Rate) dated 29th June, 2017 as amended by Notification G.O.Ms No.227, dated 05th October, 2017 and Notification No. 31/2017 - State Tax (Rate), dated 23rd November, 2017; Notification No. 8/2017-Integrated Tax (Rate), dated 28th June, 2017 as amended by Notification No. 20/2017- Integrated Tax (Rate), dated 22nd August, 2017 and Notification No. 39/2017- Integrated Tax (Rate), dated 13th October, 2017, which is as under:-

SI No.	Heading	Description of Service	Rate (Per Cent)	Condition
27	9989	Services by way of printing of all goods falling under Chapter 48 or 49 [including newspapers, books (including	6	

		<i>Braille books), journals and periodicals], which attract CGST @ 6 per cent or 2.5 per cent or Nil; TGST @ 6 per cent or 2.5 percent or Nil IGST @12% percent or 5 % or Nil. Where only content is upplied by the publisher and the physical inputs including paper used for printing belong to the printer</i>		
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Accordingly, the applicant believes that the rate of tax for the activity of supply of printed Aadhaar cards on paper to UIDAI will be 12% ie. (6% - Central Tax and 6% - State Tax or 12%- Integrated Tax).

QUESTION : 4

As per the facts explained in Annexure II, what would be the classification and the GST rate, for printing and sale of Polyvinyl chloride (PVC) Cards for various customers?

8. Applicant's interpretation of Law:

Classification of supply

8.1 The applicant carries out the activity of printing on Polyvinyl chloride (PVC) Cards belonging to the applicant itself for various customers. These PVC cards are Plastic cards on which activity of printing is carried out by the applicant. The printed cards are in the nature of loyalty cards, identity cards and other cards of similar nature without any magnetic stripe.

Thus, the applicant based on the above would refer to the classification of the product which is printed by the applicant under the following Chapter heading as provided in Notification No. 01/2017-Central Tax (Rate) dated 28th June, 2017, Notification No. 01/2017-State Tax (Rate) dated 29th June, 2017 and Notification No.1/2017-Integrated Tax (Rate) dated 28th June, 2017.

<i>SI No.</i>	<i>Heading</i>	<i>Description of Goods</i>
106	3920	<i>Other plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials d with other materials</i>

Rate of tax

The applicant submits that printing activity specified above shall be taxable at the rate specified in Entry No. 27 with heading 9989 (ii) of Notification No. 11/2017-Central Tax (Rate) dated 28th June, 2017 and as amended by Notification No. 20/2017-Central Tax (Rate) dated 22nd August, 2017, Notification No. 11/2017 -State Tax (Rate) dated 29th June, 2017 and as amended by Notification G.O.Ms No.227, dated 05th October, 2017; Notification No. 8/2017-Integrated Tax (Rate), dated 28^{*} June, 2017 as amended by Notification No. 20/2017-Integrated Tax (Rate), dated 22nd August, 2017 as outlined below, since the goods on which the activity of printing does not fall under Chapter 48 or 49:-

SI. No.	Heading	Description of Service	Rate (Per Cent)	Condition
27	9989	<i>(ii) Other manufacturing services; publishing, printing and reproduction services; materials recovery services, other than (i) above.</i>	9	

Thus, the applicant based on the above facts submits that the activity of printing on Polyvinyl chloride (PVC) Cards, the goods being the plastic cards in the given case would fall under within the ambit of Chapter 3920. Hence, the activity of printing on PVC Cards carried out by your applicant will be liable to tax under GST at the rate of 18% (9% - Central Tax and 9% - State Tax or 18% - Integrated Tax).

During the course of personal hearing held on 30.05.2018 the applicant reiterated the submissions made in their application and requested for Advance ruling on the issues raised in their application.

3. DISCUSSION & FINDINGS:

The applicant sought advance ruling on different issues and each issue is discussed below:

3.1. Whether the following services are treated as exempted supply of service?

- (i) Printing of Pre-examination items like question papers, OMR sheets (Optical Mark Reading), answer booklets etc.,
- (ii) Printing of Post-examination items like marks card, grade card, certificates to the educational boards upto higher secondary; and
- (iii) Scanning and processing of results of examinations;

3.1.1 Exemption from payment of GST in respect of certain supplies of Services has been provided under Notification No.12/2017-Central Tax (Rate) dated 28.06.2017 as amended by Notification No.02/2018-Central Tax (Rate) dated 25.01.2018 .

3.1.2 In terms of Serial No.66 of the impugned notification exemption from payment of GST has been provided to the following supply of services as on date.

66. *Services provided –*

- (a) *by an educational institution to its students, faculty and staff;*
- (aa) *by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee*
- (b) *to an educational institution, by way of,-*
 - (i) *transportation of students, faculty and staff;*
 - (ii) *catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory;*
 - (iii) *security or cleaning or housekeeping services performed in such educational institution;*
 - (iv) *services relating to admission to, or conduct of examination by, such institution;*
 - (v) *supply of online educational journals or periodicals.”;*

Provided that nothing contained in entry sub-items (i), (ii) and (iii) of item (b)” shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent.

Provided further that nothing contained in sub-item (v) of item (b) shall apply to an institution providing services by way of,- (i) pre-school education and education up to higher secondary school or equivalent; or (ii) education as a part of an approved vocational education course.”;

Further, the said Notification also provides definition for ‘educational institution’. In terms of the definition provided under the Notification,

- (y) *“educational institution” means an institution providing services by way of,-*
 - (i) *pre-school education and education up to higher secondary school or equivalent;*
 - (ii) *education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;*

(iii) education as a part of an approved vocational education course;

So the services provided to 'educational institutions' for conducting of examinations are eligible for exemption under entry No.66 of Notification No. 12/2017-Central Tax (Rate) dt. 28.6.2017

3.2. What would be the classification and the applicable GST rate, for the supply of Printing of cheque book.

3.2.1 In this case, assessee are undertaking two types of supplies. (i) In respect of paper supplied by the banks, they print the cheque format of respective banks and (ii) physical inputs including paper and ink would be borne by the company and the cheques after printing as per the bank's specifications, would be supplied to them. In both the cases, the unit prints the cheque and then supplies the cheque book to the bank after completion of the printing work.

3.2.2 In respect of the situation, where the paper is being supplied by the banks, and the applicants are undertaking job work of printing the cheque and converting them as cheque books, the predominant supply in the instant case is supply of service. As the "**services by way of any treatment or process on goods belonging to another person, in relation to- printing of all goods falling under chapter 48 or 49, which attract CGST @ 2.5% or Nil**" are covered under sub-item (c) of item (ii) at Serial No.26 of the Notification No.11/2017-Central Tax (Rate) dated 28.06.2017 as amended, and the "**cheques, loose or in book form**" being an exempted supply in terms of S.No. 118 to the Notification No. 02/2017- Central Tax (Rate) dated 28.06.2017, the supply of service by the applicant attracts GST @ 5% (2.5% CGST + 2.5% SGST).

3.2.3 In respect of supply of cheque books where the printing paper and inks are being borne by the applicants, the impugned goods merit classification under Tariff heading 4907 as goods and they are an exempted supply in terms of Serial No 118 to the Notification No.02/2017-Central Tax (Rate) dated 28.06.2017. Hence, cheques or cheque books would not attract any GST and are an exempted supply in terms of the Notification.

3.3 What would be the classification and the applicable GST rate, for the supply of Aadhaar Cards on paper.

3.3.1 As per the information provided by the applicant, they receive the data for printing from UIDAI in Unicode (extensible mark up language) file format. The said file format would be converted into a readable format and the details of aadhaar applicants along with their photographs, would be printed, laminated, enveloped and after franking, the aadhaar envelopes would be dispatched to the concerned aadhaar applicant. In the instant case, the applicant is rendering various supplies like conversion of data to the required file format, printing of aadhaar cards, lamination, franking and dispatching etc. In the entire gamut of things being undertaken by the applicant, all the supplies made by them, are naturally bundled and supplied in conjunction with each other. Each of these supplies are not supplied separately and are dependent on other supplies provided by them. Any single supply will not serve the purpose and will not complete the task entrusted to them. Hence, the services can be considered as composite service in terms of section 2(30) of CGST/TGST Act, 2017. These services cannot be considered as mixed supply as each service is dependent on one another and all the supplies are provided in conjunction. Despatching of aadhaar card will not be complete unless it is printed, laminated and franked by the applicant. Likewise all the services are interdependent on one another. Hence it cannot be considered as mixed supply in terms of section 2(74) of CGST/TGST Act, 2017. In the entire gamut of things being undertaken by the applicant, it appears that, it is an activity of predominant nature of supply of service rather than supply of goods.

Accordingly, it appears that, the services rendered by the applicant merits as supply of service and accordingly falls under serial no.27 of Notification No.11/2017-Central Tax (Rate) dated 28.06.2017 as amended and the rate of tax applicable is 12% (6% CGST + 6% SGST).

3.4. What would be the classification and the applicable GST rate, for the printing and supply of Polyvinyl chloride cards (PVC).

3.4.1 Assessee is undertaking printing on Polyvinyl chloride (PVC) cards to various customers. PVC cards are plastic cards on which activity of printing is carried out by the applicant.

3.4.2 In terms of GST Circular No.11/11/2017-GST dated 20.10.2017, it is clarified that,

Subject: Clarification on taxability of printing contracts Requests have been received to clarify whether supply of books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc., printed with design, logo, name, address or other contents supplied by the recipient of such supplies, would constitute supply of goods falling under Chapter 48 or 49 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) or supply of services falling under heading 9989 of the scheme of classification of services annexed to notification No. 11/2017-CT(R).

- 2. In the above context, it is clarified that supply of books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc. printed with logo, design, name, address or other contents supplied by the recipient of such printed goods, are composite supplies and the question, whether such supplies constitute supply of goods or services would be determined on the basis of what constitutes the principal supply.*
- 3. Principal supply has been defined in Section 2(90) of the Central Goods and Services Tax Act as 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.*
- 4. In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore such supplies would constitute supply of service falling under heading 9989 of the scheme of classification of services.*
- 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.*

3.4.3 From the aforesaid clarification, in the instant case since the PVC cards are belonging to the applicant, 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 supply would be classified as supply of goods falling under chapter 3920 of the Customs Tariff as made applicable to GST Tariff,

hence it attracts 18% GST (9%CGST+9%SGST) as per Sl.No.106 of Schedule III of Notification No.1/2017-Central Tax (Rate) dated 28th June, 2017.

In view of the foregoing discussions, the following ruling is passed.

ADVANCE RULING

1. The supply of service to 'educational institutions' for conducting of examinations are eligible for exemption under entry No.66 of Notification No. 12/2017- Central Tax (Rate) dt. 28.6.2017.
2. The supply of 'Printing of cheque books'(where the paper is being supplied by the banks) are classifiable under heading 9988 and attracts GST @ 5% (2.5% CGST + 2.5% SGST).
3. The supply of cheque books(where the printing paper and inks are being borne by the applicants) are classifiable under heading 4907 of GST Tariff as goods and would not attract any GST as they are exempted supply in terms of Serial No 118 to the Notification No.02/2017-Central Tax (Rate) dated 28.06.2017.
4. The supply of Aadhaar Cards are classifiable under heading 9989 of GST Tariff and attracts GST @ 12% (6% CGST + 6% SGST) in terms of S.No.27 of Notification No.11/2017-Central Tax (Rate) dated 28.06.2017 as amended.
5. The printing and supply of Polyvinyl chloride cards (PVC) are classifiable under heading 3920 of GST Tariff and attracts 18% GST (9%CGST + 9%SGST) in terms of S.No.106 of Schedule III of Notification No.1/2017-Central Tax (Rate) dated 28th June, 2017.

Sd/- J. LAKSHMINARAYANA)
ADDL. COMMISSIONER(State Tax)

Sd/- V. SRINIVAS
JOINT COMMISSIONER(Central Tax)

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Copy to:

1. The Assistant Commissioner (Central Tax), Miyapur Division, Medchal GST Commissionerate, Hyderabad.
2. The Superintendent, JUBILEE HILLS - I Range.