



**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. 32/AP/GST/2019      dated: 09.12.2019**

1	Name and address of the applicant	M/s Sree & Co D.No.22-1-10 & 13, A.G. Complex Ground Floor, P B Road Vizianagaram – 535002, Andhra Pradesh
2	GSTIN	37AHNPA4467H1Z6
3	Date of filing of Form GST ARA-01	04.06.2019
4	Date of Personal Hearing	18.09.2019
5	Represented by	Sri Ashish Kumar Agrawal
6	Jurisdictional Authority – State	Assistant Commissioner (ST), Vizianagaram West Circle, Vizianagaram Division.
7	Clause(s) of section 97(2) of CGST/SGST Act, 2017 under which the question(s) raised	a) Classification of any goods or services or both 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 Sree & Co, (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:**

M/s Sree & Co, D.No.22-1-10 & 13 A.G.Complex, Ground Floor, P B Road, Vizianagaram-535002, (hereinafter referred to as the Applicant) is in business of flex banner printing. The applicant gets image done on computer software from customers for different sizes and print the same on flex (HSN 3921) as flex banners and deliver the same to its customers. At times, the applicant is required to provide design and charge the customer for consolidate value of design and print; and bill them for composite supply value. These flex banners are used for both commercial and non-commercial purposes such as birthday, marriage and political purpose.

The applicant submits the following facts:

1. The applicant purchases flex material, inks etc., for delivery of flex banners.
2. Certain customers provide design to be printed on the flex banner.
3. On customer requirement, the applicant provides design services also and Print the same on flex banner and charge as consolidate supply of flex banner.
4. The applicant charges customer on per sq., feet basis on size of flex banner printed by them.
5. The customer does provide design, size and specification of matter to be printed and does not provide any material. All the material i.e., flex, ink, etc., are procured by applicant only.
6. In pre-GST regime the applicant paid tax under works contract on value of material only.

The applicant had filed an application in form GST ARA-01, Dt:04.06.2019, 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 supply of print on flex is classifiable as supply of goods or service?
2. If yes, whether falls under HSN 4911 under entry no 132 of Schedule II of Notification 1/2017- CTR?
3. If answer to question 2 is yes, whether supply of print on flex non commercial purpose is also classifiable under HSN 4911 under entry no 132 of Schedule II of Notification 1/2017- CTR?

On Verification of basic information of the applicant, it is observed that the applicant falls under State jurisdiction, i.e. Assistant Commissioner(ST), Vizianagaram West Circle, Vizianagaram 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.

In response, no remarks are received from the jurisdictional officer concerned regarding whether there are any proceedings lying pending or passed relating to the applicant on the issue, for which the Advance Ruling sought by the applicant.

#### **5. Applicant's Interpretation of Law and Facts:**

The applicant states that with the changed definition of works contract in GST regime, now composite supply involving immovable property only falls under works contract service. The applicant submits that as the flex banners supplied by them are as per design or requirements of customers and same cannot be used for any other purpose, the same falls under composite supply of goods. The applicant further admits that they are paying tax @18% on supply as goods under HSN code of major raw-material flex sheet 3921.

The applicant refers to the ruling passed by Hon'ble Telangana State Authority for Advance Ruling by A.R.Com/5/2017 dated 30.5.2018, in the similar matter, as supply of Goods falling under HSN 4911 and applicable at IGST of 12%. The applicant states that the present advance ruling is sought whether it is applicable in their case confirming the above ruling.

#### **6. Record of Personal Hearing:**

Sri Ashish Kumar Agrawal, the authorized representatives of the applicant appeared for Personal Hearing on 18.09.2019 and they made further additional submissions. The applicant submits that the flex material procured by them falls under HSN 39219026 in rolls. Sample copies of purchase invoices along with physical sample of raw material is submitted at the time of Personal Hearing. The applicant further made the following submissions.



### **Additional Submissions:**

The applicant submitted that they make the following two types of business transactions as per the requirement of the customers.

a) Customer brings the design on their Pen drive/ Disk or email and the applicant just gets the same printed on the media flex and give the delivery of material. The customer will be charged for printed flex.

b) In few cases, customer gives his idea and the applicant makes the design, after approval from customer get the same on the media. The customer will be charged for design charges and printed flex. Considering the same as composite supply they charge the same at rate of flex they are charging.

The applicant submitted that they had been so far collecting and paying GST @ 18% under residual entry at the same HSN and Rate at which raw material is procured i.e. HSN 3921. The HSN 4911 covers other printed material, including printed pictures and photographs such as Trade advertisement material, commercial catalogues and like, printed posters, commercial catalogues, printed inlay cards, pictures, design and photo graphs, plan and drawings for architectural engineering industrial, commercial topographical or similar purpose reproduced with the aid of computers or other devices.

Further, the applicant refers to circular F.No.332/2/2017 – TRU issued in December 2017 at entry no 59, (the same was clarified by FAQ dated 29.9.2017) where in posters with photographs/ image etc printed on digital printers on coated cotton/ mix canvas media or other synthetic media are classified under Hearing 4911 and attract 12% GST. The applicant further submits that flex banners printed by individual used for non-commercial purpose does not change the classification in light of above referred circular.

### **7. Discussion and Findings:**

We have examined the issues raised in the application. The taxability, classification issues, applicable rate of tax etc., for the goods and services supplied or to be supplied, as governed under the provisions of respective GST Acts are examined.

We look into the issue whether the supply of print on flex material is supply of goods or services or both. The applicant in the instant case is engaged in supply of printed flex material and the raw materials of the goods in questions are completely procured by the applicant himself. Immaterial of the fact that whether the content is supplied by the customer or it is designed by the applicant himself basing on the requirement of the customer, 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 printed flex material and it amounts to nothing but supply of goods only.

Further, when we look into the rate of tax of the goods under dispute, i.e., the supply of print on flex is classifiable vide Notification No.1/2017 – Central Tax (Rate) dated 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: 20<sup>th</sup> 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	<i>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?</i>	<i>1. These items fall under HS code 4911 and attract 12% GST.</i>

As far as the third question is concerned, the applicant did not submit any specific details pertaining to the question that what would constitute commercial / Non-Commercial in the context of trade as mentioned by him. Nevertheless, the supplier of the goods i.e., applicant in this context shall levy and collect tax from the recipients for the taxable supplies made by him as per the classification of the goods and tax rates as specified in the notifications of the CGST / APGST Act 2017 from time to time as amended.



## 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 supply of print on flex is classifiable as supply of goods or service?

**Answer 1 :** The supply of print on flex 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:** If yes, whether falls under HSN 4911 under entry no 132 of Schedule II of Notification 1/2017- CTR?

**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%).

**Question 3:** If answer to question 2 is yes, whether supply of print on flex non-commercial purpose is also classifiable under HSN 4911 under entry no 132 of Schedule II of Notification 1/2017- CTR?

**Answer 3:** Supply of print on flex used for non-commercial purpose does not change the classification per se and attracts same rate of tax as mentioned above.

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

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

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



**Assistant Commissioner (ST)**

Assistant Commissioner (State Tax)  
D. Chief Commissioner of State Tax,  
Andhra Pradesh, Vijayawada.



TO

1. M/s Sree & Co, D.No.22-1-10 & 13, A.G.Complex, Ground Floor, P B Road, Vizianagaram-535002 (A.P) **(By Registered Post)**

**Copy to**

1. The Assistant Commissioner of State Tax, Vizianagaram West Circle, Vizianagaram Division. **(By Registered Post)**
2. The Superintendent of Central Tax, Vizianagaram East, Vizianagaram CGST Division. (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. **(A.P) (By Registered Post)**

**Note:** Under Section 100 of the APGST 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.

