



BEFORE THE AUTHORITY FOR ADVANCE RULING - ANDHRA PRADESH

Goods and Service Tax

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

Present

1. Sri. D. Ramesh, Additional Commissioner of State Tax (Member)
2. Sri. A. Syam Sundar, Additional Commissioner of Central Tax (Member)

AAR No. 24/AP/GST/2020 dated: 15.12.2020

1	Name and address of the applicant	M/s. Hitech Print Systems Limited Plot No.7 & 8, Industrial Estate, Peddaoutapally, Krishna District, Andhra Pradesh-521286.
2	GSTIN	37AAACH2674N1Z7
3	Date of filing of Form GST ARA-01	06.02.2020.
4	Hearing (Virtual)	21.10.2020
5	Represented by	Sri R.Narasimhamurthy
6	Jurisdictional Authority -State	Assistant Commissioner (State Tax) Vuyyuru Circle, Vijayawada 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

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. Hitech Print Systems 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:

M/s. Hitech Print Systems Limited (applicant) is engaged in the business of printing and delivering high end security printing products since the year 1986. They offer total solutions to the customers in educational field.

The main products produced by the Applicant include

- a) Bar Coded OMR Answer Booklets, OMR Sheets, Certificates and Marks Memos, etc.;
- b) Printing of MICR Cheque books;
- c) Variable/ Digital/ Personalized Printing of books and certificates.

The Applicant provides complete end to end solutions to the customers right from designing to the delivery in mass quantity. The applicant uses the paper and ink, that too as per the approval by the customers in respect of quality required by them, as per the approved design and deliver the products to specific customer. The products designed and printed as per requirements of particular customer cannot be delivered to any other person.

Essentially, the printing in the present case is combined with security features in many products like cheque books so as to prevent misuse by forgery/replication by unauthorized persons.

Before the onset of Goods and Services Tax, the activity of the Applicant was treated as manufacture by classifying the products under Chapter 49/48 of the First Schedule to the Central Excise Tariff Act, 1985. Simultaneously, the clearance was treated as sale within the meaning of AP VAT Act, 2005.



However, with the onset of Goods and Services Tax Act in 2017, a different connotation has been accorded to it by treating the said activity as supply of service instead of supply of goods in as much as the Applicant does not own the goods at any stage in view of the security features or the nature of the goods which cannot be sold to any other person due to fiduciary value. In view of the above, the service rendered in printing industry, particularly in cases where the design/data/pattern is provided by the customer, is recognized to be a service.

The important products delivered by the applicant under this category are:

1. Examination Answer Sheets, which include Optical Character Reading facilities, Optical Mark Recognition features and these products are printed as per the approved design and pattern; and sometimes students data provided by the educational authority/board. Therefore, these products cannot be sold at large, but have to be printed only in required numbers under strict confidentiality, supervised by such educational authorities.
2. Similarly, the Applicant also prints different types of certificates with security features so that the genuineness of these documents can be prevented from unauthorized misuse/duplication and it involves approved printing as per the design/pattern/data being provided by the customer under their supervision.
3. Further, the Applicant is also engaged in printing cheque books, which are to be provided by the banks/financial institutions strictly to their customers as per the design/pattern/data provided by the customer along with the approved size/paper quality etc.
4. Apart from the above activities, the Applicant also provides customer specific documents like invoices to be issued by the clients, consignment notes, letter heads, annual reports/brochures, which are specific to particular customer and cannot be used in general or cannot be supplied at large.

4. Questions raised before the authority:

The Applicant seeks clarification with regard to classification of the products and applicability of notification for considering the tax rate applicable.



- (i) Whether 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 in terms of Serial Number 66 of Notification No.12/2017-CGST[Rate] dated 28-06-2017 as amended?
- (ii) Whether 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 in terms of Serial Number 66 of Notification No.12/2017-CGST [Rate] dated 28-06-2017 as amended?
- (iii) Whether scanning and processing of results of examinations be treated as exempted supply of service by virtue of in terms of Serial Number 66 of Notification No.12/2017-CGST [Rate] dated 28-06-2017 as amended?

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

In response, remarks were received from the State jurisdictional officer concerned, confirming that there are no proceedings lying pending pertaining to the issue, while no remarks are received from Central Tax authorities.

5. Applicant's Interpretation of Law and Facts:

The Applicant submits that the services being rendered by the Applicant to Educational Institutions up to higher secondary as well as above higher secondary are exempt in terms of Serial Number 66 of Notification No.12/2017-CGST [Rate] dated 28-06-2017 as amended.

The services provided by the applicant to an educational board are by way of printing of question papers, OMR sheets (Optical Mark Reading) and answer booklets which enable 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.

The services provided by the applicant to the educational boards by way of printing of marks card, grade card, certificates etc. serve 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.

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 as amended. Hence, the said exemption notification has to be applied to the applicant's case.

6. Virtual Hearing:

The proceedings of Hearing were conducted through video conference on 21st October 2020, for which the authorized representative, Sri R.Narasimhamurthy attended and made additional submissions as under:



The applicant presented the following submissions at the time of Hearing.

Submissions:

1. The applicant submits that essentially the buyers furnish the data for printing including the barcode details and the data to be inserted into the bar codes and the applicant uses the paper as specified by the customer in printing the examination materials. In this connection, reference is invited to the purchase orders placed by:
 - a. Mumbai university examination Committee order dated 19/9/2020, wherein it has been stated in page two of the order that the same has to be numbered, printed as per the specimen/details provided by the director, Board of Examination & Evaluation, University of Mumbai.
 - b. Bihar University Examination Committee order dated 19.09.2020, wherein it has been specifically provided that the examination papers should be pre-printed with candidate data provided by the customer.
 - c. In this connection, the applicant draws further attention to the Tender document floated by JNTU, Kakinada wherein in the specifications sheet, the details are to be provided by JNTU. Therefore, the bar code data is mandatorily provided by the examination authority for the purposes of printing the examination answer sheets/OMR sheets.
 - d. The applicant also enclosed relevant information and some more tender documents to show that the bar code data is provided by the examination branch for printing the same on the examination answer sheets.

In view of the fact that the design, logo and the bar code information having been provided by the examination authorities, the applicant is merely supplying the service of printing as per the requirements of the examination authorities and the applicant submits that the same falls under the category of service as the data provided by the examination authority acquires primacy. In this connection, the applicant would like to draw attention to para 4 of the CBIC Circular No.11/11/2017-GST dated 20th October, 2017, which is reproduced hereunder for ready reference:



"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."

2. Similarly, the post examination documents like marks sheet, certificates etc., are printed as per the design, logo and security features including bar code provided by the examination authorities. Accordingly, the applicant submits that the same falls under the category of service.
3. The applicant further submits that the pre-examination and post examination documents, being printed for clients based on the data/logo/design provided has confidentiality and even the applicant cannot divert or deal with the said content, except for providing the services required by the customers. Thus, the applicant submits that the primacy in the entire activity is dominated by the content supplied by the examination authorities vis-à-vis physical inputs procured at the direction of the examination authorities by the applicant. In view of the above factual situation read with the clarification issued by CBIC cited supra, the applicant submits that the activity rendered by them is classifiable under service category under 9989 of the HSN.
4. The applicant further draws attention to the following decisions of the learned Advance Ruling Authorities in other states, wherein the said activity is considered as service and exempt from GST:
 - a. TSAAR OrderNo.10/2018 dated 26.07.2018 issued by the learned Advance Ruling Authority for Telangana in the case of M/s. KL Hi-tech Secure Print Ltd., Hyderabad.
 - b. GST-ARA-89/2018-19/B-23 dated 27.02.2019 issued by the learned Advance Ruling Authority for Maharashtra in the case of M/s. Orient Press Limited, Maharashtra.
 - c. 18/WBAAR/2018-19 dated 28.09.2018 issued by the learned Advance Ruling Authority for West Bengal in the case of Ashok Kumar Basu.



d. GUJ/GAAR/R/2018/18 dated 23.08.2018 issued by the learned Advance Ruling Authority for Gujarat in the case of M/s. Edutest Solutions Private Limited.

5. The applicant further submits that the services being rendered by the applicant to educational Institutions in relation to conduct of examination (which include examination answer sheets including OMR sheets/marks lists/Certificates etc.,/ Question Papers) are exempt in terms of Serial Number 66 of Notification No.12/2017-CGST (Rate) dated 28.06.2017 as amended.

As amended notification No.2/2018- Central Tax (Rate) dated 25th January 2018, SL.No. (0) in Page No. 4 as follows:

(o) against serial number 66, in the entry in column (3),-

(i) after item (a), the following item shall be inserted, namely:-

"(aa) by an educational institute by way of conduct of entrance examination against consideration in the form of entrance fee;

(ii) in item (b)

(A) in sub-item(iv), the words "upto higher secondary" shall be omitted;

(B) after sub-item (iv), the following sub-item shall be inserted, namely:- "(v) supply of online educational journals or periodicals:";

(C) in the proviso, for the word, brackets and letter "entry (b)", the words, brackets and letters "sub-items (i), (ii) and (iii) of item (b)" shall be substituted;

(D) after the proviso, the following proviso shall be inserted, namely:- "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.";

6. The word Educational Institute has been defined in the said notification to include-

(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;



7. In the instant case, the applicant is supplying the subject examination papers/ Marks Lists/Question Papers/etc. to the State Boards/Universities and thus, specifically supplying the subject products to educational institutes within the meaning of the notification. The said service provided by the applicant to the educational institution is towards 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/post examination material will not be liable to goods and service tax.

In the light of the above submissions and the positive decisions taken by various authorities, it is prayed that the factual situation and law detailed supra, may kindly be considered and just and suitable orders may be passed on the questions raised in the advance ruling application filed.

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 virtual Hearing. We look into the various issues raised by the applicant i.e., whether

- printing of Pre examination items like question papers, OMR sheets (Optical Mark Reading), Answer booklets;
- printing of Post examination items like marks card, grade card, certificates to educational boards; and
- scanning and processing of results of examinations.

be treated as exempted supplies of service as per Serial Number 66 of Notification No.12/2017-CGST [Rate] dated 28-06-2017 as amended.

The relevant excerpts of the notification are provided hereunder

Services provided –



- 66 (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 house-keeping services performed in such educational institution;
 (iv) **services relating to admission to, or conduct of examination by, such institution;**

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 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.
 (v) supply of online educational journals or periodicals:

The same notification further provides the definition of 'educational institution' as under

- (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;

In the instant case, the educational institutions as referred to by the applicant for whom the supplies of the services of printing of examination related material are made/ intended to be made are Mumbai university examination Committee, Bihar University Examination Committee, JNTU, Kakinada. All of the three institutions



invariably fall under the category of educational institution" as they fulfil the criterion of 'institution providing services by way of, - (ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;'.
 Further, with reference to the services provided by the applicant, they are nothing but 'services relating to admission to, or conduct of examination by, such institution' falling under Sl.No.66 of the said exemption notification of No.12/2017-CGST [Rate] dated 28.06.2017 as amended.

Finally, in view of the above foregoing, we concur with the opinion of the applicant and rule as under.

RULING

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

Question: 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 in terms of Serial Number 66 of Notification No.12/2017-CGST[Rate] dated 28-6-2017 as amended?

Answer: Affirmative

Question: 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 in terms of Serial Number 66 of Notification No.12/2017-CGST[Rate] dated 28-06-2017 as amended?

Answer: Affirmative



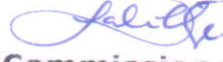
Question: Scanning and processing of results of examinations be treated as exempted supply of service by virtue of in terms of Serial Number 66 of Notification No.12/2017-CGST [Rate] dated 28-06-2017 as amended?

Answer: Affirmative

Sd/-D. Ramesh
MEMBER

Sd/-A. Syam Sundar
MEMBER

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


Deputy Commissioner (ST)
DEPUTY COMMISSIONER (ST)
O/o. Chief Commissioner of State Tax,
Government of A.P., Vijayawada

TO

1. M/s. Hitech Print Systems Limited, Plot No.7 & 8, Industrial Estate, Peddaoutapally, Krishna District, Andhra Pradesh-521286 **(By Registered Post)**

Copy to

1. The Assistant Commissioner of State Tax, Vuyyuru Circle, Vijayawada-II Division. **(By Registered Post)**
2. The Superintendent, Central Tax, CGST Hanuman Junction Range, Vijayawada Division. **(By Registered Post)**

Copy submitted to

1. The Chief Commissioner (State Tax), O/o Chief Commissioner of State Tax, Eedupugallu, Vijayawada, (A.P)
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.

