



HARYANA AUTHORITY FOR ADVANCE RULING,  
GOODS AND SERVICES TAX,  
HARYANA VANIJYA BHAWAN, PLOT NO 1-3, SECTOR 5,  
PANCHKULA-134151 (HARYANA)



ADVANCE RULING NO.HAR/HAAR/R/2019-20/14  
(In Application No.: 14/2019-20, dated 17.09.2019)

Name & Address of the Applicant	:	M/s Macro Media Digital Imaging Pvt. Ltd., Ground and First, Plot No. 228, Udyog Vihar, Phase- IV, Gurugram, Haryana.
GSTIN of the Applicant	:	06AABCM9451F1Z1
Date of Application	:	17.09.2019
Clause(s) of Section 97(2) of CGST/HGST Act, 2017, under which the question(s) raised.	:	Clause (a)- Classification of goods and/or services or both
Date of Personal Hearing	:	15.11.2019
Present for the Applicant	:	Sh. Tarun Sharma (CA) & Sh. Vikas Verma

Memo No.:1054/AAR  
Dated:28.08.2020

**1. Brief submission of the applicant:**

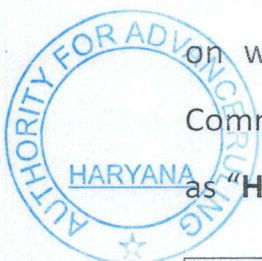
- 1.1 M/s Macro Media Digital Imaging Pvt. Ltd. (hereinafter referred to as '**Applicant**') having its office at Ground and First, Plot No 228, Udyog Vihar, Phase IV, Gurugram, Haryana, 122015 with GSTIN 06AABCM9451F1Z1 and having various regional offices located at Chennai, Noida, Vishakhapatnam, Vijayawada, Mumbai, Bangalore, Kochi, Kolkata, is *inter-alia* 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'.

- 1.2 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: -

1.	Vinyl (self-adhesive)	3919 90 50/3919 90 90
2.	Back Lit Flex	3921 90 26
3.	Blockout Flex	3921 90 26
4.	Foam Board	3920 61 90



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*[Signature]*



1.3 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. Sample copies of the purchase order have been submitted.

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

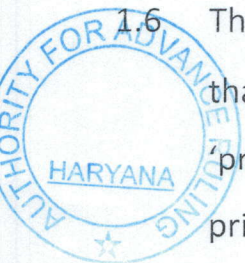
(i) To procure the PVC material (blank) from an independent supplier in terms of the purchase order placed by the customer.

(ii) 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.

(iii) Supply of such printed trade advertisement to the shipping address mentioned in the purchase order.

1.5 The applicant emphasized 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 undertakes the activity of printing on the material. Samples of the PVC material sourced by the applicant, and printed trade advertisement material supplied by the applicant have been annexed hereto.

1.6 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. Sample invoices raised by the applicant have been enclosed.



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- 1.7 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'.
- 1.8 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 stated 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'.

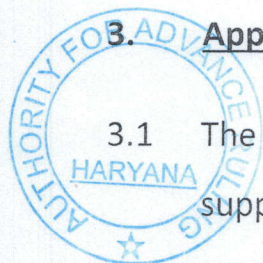
**2. Question on which Advance Ruling is required:**

The questions on which Advance Ruling is sought by the applicant are as under: -

- a. Whether the activity of procuring PVC material (blank), printing of trade advertisement material on the said PVC material (blank) as per the design and graphics provided by the customer and supply of such printed banners to the shipping location mentioned in purchase order, amounts to supply of 'goods' in terms of CGST Act?
- b. What is the appropriate classification of such trade advertisement, if supply of such trade advertisement amounts to supply of 'goods'?
- c. What is the classification and applicable rate of Central Goods and Services Tax on the supply of such trade advertisement material if the transaction is that of supply of services?

**3. Applicants interpretation of Law:**

- 3.1 The applicant, quoting the definition of 'movable property' contends that their supply, i.e. printed trade advertising material, amounts to supply of goods, which are freely available from one place to another, thereby becomes 'movable property' and consequently falls under the ambit of 'goods' in terms of Section



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2(52) of the CGST Act, 2017. Further the title of the impugned material is being transferred and hence the supply amounts to supply of 'goods' in terms of Section 9 of the CGST Act, 2017. The applicant intend to place reliance on the TRU circular No. 11/11/2017-GST dated 20.10.2017, specifically para 5.

3.2 The applicant further contends that the supply of trade advertisements involves multiple supplies & hence amounts to 'composite supply', and endeavors to support their claim by quoting many case laws/circulars etc., concluding that their activity is a composite supply where the principal supply is of goods, in terms of section 8 of the CGST Act 2017.

3.3 The applicant, with regard to the classification of their supply, on consideration of the same as supply of goods, quoting General Interpretation Rules, Section notes/Chapter notes, placing reliance on various case laws, some of which are relevant to pre-GST regime & concludes that their supply merits classification under heading 4911 of CTA 1975, as the same is specifically provided for 'trade advertising material' and hence is taxable @12%, in terms of Notification No.01/2017-Central Tax (Rate) dated 28.06.2017, as amended. Further, even if the supply is considered as composite supply, the principal supply would be supply of goods only and hence attract GST in the aforesaid lines.

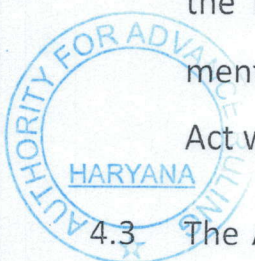
#### 4. DISCUSSION & FINDINGS:

4.1 We have considered the submissions made by the Applicant in their application for advance ruling as well as the submissions made by the authorized representative of the applicant during the personal hearing. We have also considered the issues involved, on which advance ruling is sought by the applicant, and relevant facts.

4.2 At the outset, we would like to state that the provisions of both the CGST Act and the HGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the HGST Act.

4.3 The Applicant seeks advance ruling on the questions mentioned at para 2 supra.

Though the application consists of three questions, the crux of the issue is



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whether the activity of the applicant amounts to supply of goods or services and the classification & applicable rate of GST thereon on the said supply. Therefore we proceed to examine the nature of supply & thereby to decide whether the said supply is of goods or services.

4.4 The applicant receives the orders from their customers for printing of the content of advertisement on the material specified & supply of the same, for which the content is provided by the customers themselves. It is an admitted fact that the customers place their orders with specifications of the PVC material required, its nature (lit or non-lit) along with the content to be printed on the said material. The applicant contends that their activity of printing the advertising material, where the content is supplied by the recipient, on the required PVC material amounts to supply of goods and draws attention to the Circular No.11/11/2017-GST dated 20.11.2017, specifically to para 5, wherein a clarification has been given on taxability of printing contracts. Hence we proceed to discuss and analyse the said circular.

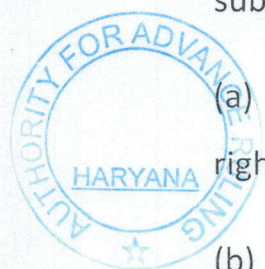
4.5 Para 2 of the circular clarifies that supply of books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc., printed with logo, design, name, address or other contents supplied by the recipient of such printed goods, are composite supplies and the question, whether such supplies constitute supply of goods or services would be determined on the basis of what constitutes the principal supply.

4.6 Principal supply, in terms of Section 2(90) of CGST Act 2017, is supply of goods or services which constitutes the predominant element of composite supply and to which any other supply forming part of that composite supply.

4.7 Para 4 of the circular specifies that in the case of printing of books, pamphlets, brochures, annual reports, and the like, the 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 chapter heading 9989, subject to the following conditions namely-

(a) The content is supplied by the publisher or the person who owns the usage rights to the intangible inputs.

(b) The physical inputs including paper used for printing belong to the printer.



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4.8 Para 5 of the circular specifies that in the 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 and therefore such supplies would constitute supply of goods falling under respective headings of Chapter 48 or 49 of the Customs Tariff.

4.9 It could be inferred, on combined reading of paras 4 & 5 of the aforesaid Circular, that the ownership of usage rights of intangible inputs places crucial role in deciding the supply as that of goods or services, though there exist two common points in both the cases i.e.

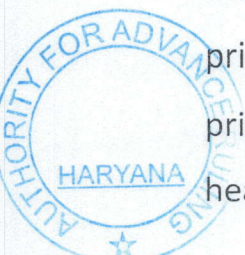
(a) The content is supplied by the recipient of goods / services.

(b) The physical inputs including paper used for printing belong to the printer.

4.10 Further, on careful reading of para 5, it could easily be inferred that the nature of physical inputs, on which printing activity is carried out, does not change after the process of printing i.e. the napkin, tissue etc., are the same before and after the printing and hence the printing activity is ancillary and hence the supply of the same is that of supply of goods. The classification of the said goods prior or after the printing is same and is either Chapter 48 or 49.

4.11 In the instant case, it is an admitted fact that the PVC material is classified under Chapter 39 prior to printing and after printing it would become Trade Advertising Material & falls under Chapter 49. Therefore the activity of printing makes the PVC material into Trade Advertising Material i.e. banner/billboard etc., and thus the nature of the material changes. Further the applicant does not own or retain the usage rights of intangible inputs. In view of the foregoing the activity of printing of the content, supplied by the recipient, on the PVC material becomes principal supply and such supply constitute supply of service falling under chapter heading 9989.

4.12 The Applicant referred to several judgments of the apex court and the Tribunal, which are all related to the classification of the goods being supplied (Trade Advertising Material) as to whether they are to be classified under Chapter 39 or



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49 of the Tariff Act. This authority does not dispute the classification of the said goods under Chapter 49. However, in the instant case such supplies are ancillary to the principal supply of Printing Service.

## 5. RULING

- 5.1 The transaction of printing of content provided by the customer, on Poly Vinyl Chloride (PVC) banners and supply of such printed trade advertisement material is a composite supply in which supply of printing service is the principal supply.
- 5.2 The HSN classification of aforesaid supply of service is 9989 of the scheme of classification of services.
- 5.3 The applicable rate of GST on the supply of aforesaid services is 18% up to 12.10.2017 and 12% effective from 13.10.2017, as per entry No. 27 of the Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, as amended vide notification No. 31/2017-Central Tax (Rate) dated 13.10.2017.

Ordered accordingly.  
To be communicated.

25.11.2019  
Panchkula.

  
(Sangeeta Karmakar)  
Member CGST



  
(Madhubala)  
Member SGST

### Regd. AD/Speed Post

M/s Macro Media Digital Imaging Pvt. Ltd.,  
Ground and First, Plot No. 228, Udyog Vihar,  
Phase- IV, Gurugram, Haryana.

Copy to:

1. Principal Commissioner of Central Goods & Service Tax, GST Bhawan, Plot No. 36-37, Sector-32, Gurugram, Haryana.
2. Assistant Commissioner, CGST, GST Bhawan, Plot No. 36-37, Sector-32, Gurugram, Haryana.
3. Deputy Excise and Taxation Commissioner (ST), Gurugram (North).