

**THE AUTHORITY ON ADVANCE RULINGS
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU - 560 009**

Advance Ruling No. KAR ADRG 46/ 2019

Dated: 17th September, 2019

Present:

1. Sri. Harish Dharnia,
Additional Commissioner of Central Tax,
..... Member (Central Tax)
2. Dr. Ravi Prasad M.P.
Joint Commissioner of Commercial Taxes Member (State Tax)

| | | |
|----|---|--|
| 1. | Name and address of the applicant | M/s Pattabi Enterprises, Plot No.70/71, Hootagalli Industrial Area, Mysore - 570 018. |
| 2. | GSTIN or User ID | 29AAIFP8459L1ZB |
| 3. | Date of filing of Form GST ARA-01 | 26-09-2018 |
| 4. | Represented by | Vageesh Hegde, C.A. |
| 5. | Jurisdictional Authority - Centre | Pr. Commissioner of Central Tax, Mysuru Commissionerate, Siddhartha Nagar, Mysuru. |
| 6. | Jurisdictional Authority - State | LGSTO-190, Mysuru |
| 7. | Whether the payment of fees discharged and if yes, the amount and CIN | Yes, discharged fee of Rs. 5,000-00 under CGST Act vide CIN No. SBIN 18092900048102, dtd. 10-09-2018 and Rs 5,000-00 under KGST Act vide CIN No. SBIN18092900045437 dt.09-09-2018 |

**ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS AND SERVICES
TAX ACT, 2017 AND UNDER SECTION 98(4) OF THE KARNATAKA GOODS
AND SERVICES TAX ACT, 2017**

1. M/s. Pattabhi Enterprises, (herein after referred as "applicant"), Plot No.70/71, Hootagalli Industrial Area, Mysore - 570018, having GSTIN number 29AAIFP8459L1ZB, filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read with Rule 104 of CGST Rules 2017 and Section 97 of the KGST Act, 2017 read with Rule 104 of the KGST Rules 2017, in FORM GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act.



2. The applicant is a partnership firm registered under the Goods and Services Act, 2017 engaged in the business as manufacturers of cartons, corrugated boxes, paper folders, sleeves, other packaging containers, labels, tags, pamphlets, booklets, brochures, leaflets and similar printed matter falling under HSN Code 48 and 49.

3. The Applicant had sought advance ruling on classification of goods and services is as under:-

1. Whether 'Access Card' printed and supplied by the applicant i.e. Pattabi Enterprises based on the contents provided by their customers is rightly classifiable under HSN code 4901 10 20 under the description brochures, leaflets and similar printed matter whether or not in single sheet.

2. Whether 'Access Card' printed and supplied by the applicant i.e., Pattabi Enterprises based on the contents provided by their customers is rightly classifiable under HSN code 4901 10 20 under the description brochures, leaflets and similar printed matter whether or not in single sheet and attracts GST rate of 5% in case of IGST and 2.5% CGST and 2.5% SGST in case of Intra State supplies. Vide Notification No. 1/2017-CT (Rate) Sl.No. 201 & 1/2017-IT (Rate) Sl.No.201 dated. 28.06.2017 and SGST/UTGST Notifications.

4. The Applicant is in printing Industry engaged in the business as manufacturers of cartons, corrugated boxes, paper folders, sleeves, other packaging containers, labels, tags, pamphlets, booklets, brochures, leaflets and similar printed matter falling under HSN Code 48 and 49.

5. The applicant has submitted that before implementation of GST one of the products which was manufactured by them under the nomenclature 'Access Card' was classified under "Pamphlets, booklets, brochures leaflets and similar printed matter" falling under Chapter Heading 4901 10 20 at nil rate of duty and value added tax (VAT) was levied at 5.5% under Sl. No. 71 of Third Schedule to KVAT Act, 2003.

6. At present, the applicant is supplying 'Access Card' to a customer by the name of M/s. Trilok Security Systems India Pvt. Ltd., on their specific requirement and all the contents to be printed on the 'Access Card' are provided by the said customer. The applicant submitted that what they called as 'Access Card' was only a printed matter issued to pilgrims free of cost by temple viz. Tirumala Tirupati Devasthanams, Shri Shiv Khori Shrine Board and other temples, which contains information regarding distance to the temple, precautions to be taken by pilgrims



who are old, sick physically weak, first aid centres and certain restrictions on the movement of pilgrims. It is used for security reasons and it stipulates and restricts the staying time of pilgrims inside the temple area. 'Access Card' is issued in public interest with social messages and it is non-commercial in nature i.e., neither promotes trade nor commerce.

7. The applicant further submitted that on implementation of Goods and Service Tax Act, 2017, with effect from 01.07.2017, the goods are classified under HSN Code and divided into different schedules for the purpose of levy of GST. Accordingly, the description of goods falling under HSN code 4901 10 20 are similar to the description provided under Central Excise Tariff code 4901 10 20 which is as under.

| Central Excise Tariff of India (upto 30/06/2017) | | | | | |
|--|---|-------------|-------|-------|-------------------|
| Chapter 49 | | | | | |
| Tariff Item | Description | Duty | | | |
| 4901 10 20 | Pamphlets, Booklets, Brochures, leaflets and similar Printed matter | NIL | | | |
| GST Classification(with effect from 01/07/2017) | | | | | |
| HSN Code | Description | Rate of tax | | | |
| | | CGST % | SGST% | IGST% | Compensation Cess |
| 4901 10 20 | Brochures, Leaflets and similar printed matter whether or not in single sheet | 2.5 | 2.5 | 5 | nil |

8. The applicant is of the view that the 'Access Card' being printed and supplied by applicant is classifiable under HSN code 4901 10 20 with description brochures, leaflets and similar printed matter whether or not in single sheet and rate of tax at 'CGST 2.5% + SGST 2.5%' and IGST 5% and applicant is seeking advance ruling.

PERSONAL HEARING: / PROCEEDINGS HELD ON 31/12/2018.

9. Sri. Vageesh Hegde, Chartered Accountant and the duly authorized representative appeared before the Authority for personal hearing proceedings made the following submissions:

9.1 The Applicant is engaged in printing Industry and is also a manufacturer of cartons, corrugated boxes, paper folders, sleeves, other packaging containers, labels, tags, pamphlets, booklets, brochures, leaflets and similar printed matter on



order. Content to be printed is supplied by the customer and all the raw materials required for printing belong to the applicant. The content is printed and supplied.

9.2 Presently the applicant is supplying 'Access Card' to a customer by the name of M/s. Trilok Security Systems India Pvt. Ltd., on their specific requirement and all the contents to be printed on the 'Access Card' are provided by the said customer. Sh Hagde stated that the 'Access Card' is only a printed matter issued to pilgrims free of cost by the temple viz. Tirumala Tirupati Devasthanams, Shri Shiv Khori Shrine Board and other temples. On the back side of this card Government of India matter is printed, which is also printed by the applicant and there is no privity of contract between the Government of India and the applicant. The authorised signatory's view was that what they were providing was not a service but supply of printed materials.

FINDINGS AND DISCUSSION

10. We have considered the submissions made by the Applicant in their application for advance ruling as well as the submissions made by Sri. Vageesh Hegde authorised representative of the M/s. Pattabhi Enterprises, during the personal hearing. We also considered the issue involved, on which advance ruling is sought by the applicant, relevant facts & the applicant's interpretation of law.

At the outset, we would like to state that the provisions of both the CGST Act and the KGST 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 KGST Act.

11. On verification of the nature of the printing activity carried out by the applicant with regard to the question, it was observed that only the content of the printing is supplied by the customer whereas printing inputs including paper, ink etc belong to the applicant. The applicant is of the view that the 'Access Card' being printed and supplied by applicant is classifiable under HSN code 4901 10 20 with description brochures, leaflets and similar printed matter whether or not in single sheet. Accordingly rate of tax applicable to their supply is 'CGST 2.5% + SGST 2.5%' and IGST 5%. In other words the applicant contends that their supply amounts to supply of goods and are taxable in terms of entry at serial number 201 of Schedule I of Notification No.1/2017-Central Tax (Rate) dated 28th June, 2017.

12. In this regard CBIC has issued Circular no.11/11/2017- GST dated 20.10.2017, where in it is clarified as under:

"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.

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.

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.”

12.1 In the instant case the applicant is engaged in printing the content supplied by the recipient using their own physical inputs including paper, ink etc. Since there is involvement of rights to stay in the temple precincts attached to the card and other involvement of privileges and can only be issued by the recipient of supply of 'Access Cards', the same is to be treated as Composite supply with the supply of services being the principal supply. Therefore such supplies would constitute supply of service falling under heading 9989 of the scheme of classification of services. Section 8(1)(a) of the Central GST Act clearly mandates that in case of a composite supply comprising of two or more supplies, where one of these supplies is the principal supply, such composite supply shall be treated as a supply of such principal supply. The supply made by the applicant thus amount to a supply of service and not supply of goods, as envisaged by the applicant.

12.2 The supply of the applicant is covered under the Serial No. 27 of Notification No.11/2017 - Central Tax (Rate) dated 28.06.2017 and is liable to tax at 9% under the CGST Act. Similarly the supply is liable to tax at 9% under the KGST Act. Interstate supply of such supplies would be liable to tax at 18% under the IGST Act.

12.3 In view of the foregoing we Rule as under


RULING

The supply of 'access cards', and similar material printed by the applicant



with the contents supplied by the recipient of supply are classifiable under SAC 9989 and liable to tax under CGST at 9%, KGST at 9% and at 18% under the IGST Act.


17/09/2019
(Harish Dharnia)
Member


(Dr. Ravi Prasad.M.P.)
Member

Place : Bengaluru,
Date : 17.09.2019

To,

The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Pr Commissioner of Central Tax, Mysuru Commissionerate, Siddartha Nagar, Mysuru.
4. The Asst. Commissioner, LGSTO-190, Mysuru.
5. Office Folder.

