

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 48/ 2019

Dated: 18th 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 SRI VENKATESWARA ENTERPRISES No. 56/A, 9 th main, 1 st cross, Kaberinagar, BSK II stage, Banashankari Industrial Area, Bangalore-560070
2.	GSTIN or User ID	29AGGPM1396K1ZV
3.	Date of filing of Form GST ARA-01	03-12-2018
4.	Represented by	Sri. Harish Bindumadhavan, Advocate & DAR
5.	Jurisdictional Authority - Centre	Pr Commissioner of Central Tax, Bengaluru-West, Banshankari BMTC Building, Bengaluru.
6.	Jurisdictional Authority - State	LGSTO- 120 Bengaluru
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 and Rs 5,000-00 under SGST Act vide CIN No. SBIN18112900361521 dt.29-11-2018

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

1. M/s. Sri Venkateshwara Enterprises, #56/A, 9th Main, 1st Cross, Kaberinagar, BSK 2nd Stage, Banashankari Industrial Area, Bangalore - 560 070, having GSTIN number 29AGGPM139K1ZV, filed an application for Advance Ruling under Section 97 of the CGST Act, 2017 and Section 97 of the KGST Act, 2017 in FORM GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act 2017.



2. The Applicant, is a Proprietary concern registered under the Goods and Services Tax Act, 2017, engaged in the business of printing and supply of text books, printing and binding of brochures, books, calendars and pamphlets, binding of diary, catalogues and printing of monthly and bimonthly magazines.

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

- A. Whether the printed text books for PUC Board classifiable under HSN Code 4901 1010 supplied to resellers is exempt from the payment of CGST and SGST?
- B. What is the applicable rate of CGST and SGST on printing and binding of brochures, books, calendars, pamphlets on job work basis to the Government authority and other printers?
- C. What is the applicable rate of CGST and SGST on binding of diary, catalogues and books on job work basis?
- D. What is the applicable rate of CGST and SGST on printing and supply of text books and work books to the State Government for onward supply to schools?
- E. Whether the printing and supply of periodicals and magazines referred in HSN code 4901 exempt from payment of GST?

4. **FACTS OF THE CASE**

4.1 The first question relates to supply of printed text books for the PUC Board. In this context the applicant states that the Karnataka State Pre-University Board floated a tender for the printing of text books and the applicant participated in the tender and became the successful bidder. The PUC Board supplies the content on a DVD/CD which is copyright protected for which royalty is paid by the applicant. The materials, namely, the paper, board, manpower, Inks, Chemicals and machinery all belong to the applicant. The printing is carried out strictly adhering to the standards, quality, design, syllabus and content stipulated in the tender. The printing is done on a job work basis and once the printing is done, the text books are supplied to various authorized resellers of the text books across the State. The applicant contends that the activity performed by him is printing and supply of printed books to various resellers in the State. The activity of printing and supply of the text books is covered under Notification 2/2017-Central Tax (Rate) under entry No.119 reads as "Printed Books, including Braille Books." and is exempt from the payment of CGST.

4.2. The second question relates to printing and binding of brochures, books, calendars, pamphlets, on job work basis. The applicant states that he undertakes printing of various items on the basis of content supplied by

Government authorities and other Printers and paper is also supplied by the recipient. The ink, plates, machines, manpower all belong to the Applicant. The Applicant undertakes printing activity on a job work basis which is covered under the Sl. No. 26 of Notification 11/2017-Central Tax (Rate) date 28.06.2017 which is extracted below:

Sl. No	Chapter, Section or Heading	Description of Service	Rate (%)	Conditions
26	Heading 9988 (Manufacturing services on physical inputs (goods) owned by others	(d) Printing of books (including Braille books), journals and periodicals; (da) printing of all goods falling under chapter 48 or 49, which CGST @2.5% or Nil	2.5	-

Applicant further submitted that as per the entry (da), printing on goods which fall under the chapter 48 or 49 which attract CGST at 2.5%. In this case both content and paper is owned and supplied by the recipient. Hence the rate applicable to the activity of printing on papers supplied by the recipient is 2.5% CGST and 2.5% SGST.

4.3. The third issue relates to binding of Diary, Catalogues and Books. The applicant states that he undertakes the activity of binding of Diary, Catalogues and Books, supplied by the Customers including Government departments. The printed forms and wrappers are received from Government Departments and other customers whereas other materials including manpower and machines used in the binding belong to the applicant. Applicant submits that the activity of binding is done on a job-work basis and covered under clause (ii) of Sl No.26 of Notification 11/2017-Central Tax(Rate) which is extracted as under.

Sl. No.	Chapter, Section or Heading	Description of Service	Rate (%)	Conditions
26	Heading 9988 (Manufacturing services on physical inputs (goods) owned by others	(ii) services by way of any treatment or process on goods belonging to another person, in relation to (a) printing of newspapers; (b) printing of books (including Braille books), journals and periodicals. (c) Printing of all goods falling under chapter 48 or 49, which attract CGST @2.5% or Nil.	2.5	-

The Applicant submits that as per Entry (ii) any process on goods belonging to another person which is carried out in relation to the activities referred to and more specifically in sub-clauses (b) and (c), is chargeable to a rate of 2.5% CGST. In the present case, the Applicant submits that activity



of binding which is performed will be covered as services by way of process on goods belonging to another in relation to printing.

4.4. The next issue is in respect of printing of Text Books and work books for the Government of Karnataka. The Government floats a tender for the printing of text books and work books on the basis of content supplied by the Government School Board / PUC Board. The Applicant participates in such tender and may be declared as a successful bidder. The content will be supplied by the Government in a DVD ROM / CD / ROM. The paper, ink, chemicals, machinery all belong to the applicant and adhere to the quality stipulated in the tender. Once the Text and Work books are printed by the Applicant, the books are thereafter supplied/ delivered to Taluk offices of the State Government across the State for onward supply to schools. The Applicant extracts relevant portion of the Notification 11/2017-Central Tax (Rate) dated. 28.06.2017 as applicable to the present issue.

Sl. No.	Chapter, Section or Heading	Description of Service	Rate (%)	Con diti ons
26	Heading 9988	(i) services by way of printing of all goods falling under falling under chapter 48 or 49 (including news papers, books (including Braille books) journals and periodicals), which attract CGST @6 percent or 2.5 per cent. Or Nil, where only content is supplied by the publisher and the physical inputs including paper used for printing belongs to the printer.	6	-

The Applicant submits that as per the entry referred above, the applicable rate is 6% as only the content is supplied to the Applicant by the Education Department, while all the physical inputs belong to the Applicant.

4.5. The next issue concerns printing of monthly and bi-monthly magazines. The Applicant states that he is undertaking the activity of printing of monthly and bi-monthly magazines of Government Departments. Such magazines and periodicals do not contain any advertisement. The content is owned and supplied to the applicant periodically. The Applicant thereafter prints the magazines on the basis of the design template stipulated by the respective department(s). The materials used for designing is provided by the Applicant. The Applicant submits that in the present case, there is a pure activity of printing and supply of printed material to the Recipient. Therefore, as per Notification 2/2017-Central Tax dated 28.6.2017 supply of magazines or periodicals or journals whether or not illustrated or containing advertising materials are exempt from the payment of GST.

PERSONAL HEARING/PROCEEDINGS

6. The Applicant authorized Sri. Harish Bindumadhavan, Advocate and the said authorized representative appeared for personal hearing proceedings before this authority and made the following submissions.

6.1. The PUC Board supplies the content on a DVD/CD which is copyright protected for which royalty is paid by the applicant. The activity of printing and supply of the text books is covered under Notification 2/2017-Central Tax (Rate) under entry No.119 reads as "Printed Books, including Braille Books" exempt from the payment of CGST.

6.2. The applicant undertakes printing of various items on the basis of content supplied by Government authorities and other Printers and paper is also supplied by the customer. The Applicant undertakes printing activity on a job work basis which is covered under (d) and (da) of entry (i) of the Sl. No. 26 of Notification 11/2017-Central Tax (Rate) date 28.06.2017 which attracts tax @ 2.5% CGST and 2.5% SGST.

6.3 The Applicant undertakes the activity of binding of Diary, Catalogues and Books, supplied by the Customers including Government departments. The activity of binding is done on a job-work basis and covered under entry (ii) (b) of Sl No.26 of Notification 11/2017-Central Tax(Rate) dated 28/06/2017 which attracts tax @ 2.5% CGST and 2.5% SGST.

6.4. The Applicant states that he is involved in the printing of text books and supplied back to the Taluk offices of the State Government across the state for onward supply to schools which covered under entry (i) of Sl. No. 27 of the Notification 11/2017-Central Tax (Rate) dated 28.06.2017 which attracts tax @ 6% CGST and 6% SGST.

6.5 The Applicant states that he is undertaking the activity of printing of monthly and bi-monthly magazines of Government Departments, which is covered under Sl.No.120 of the Notification 2/2017-Central Tax (Rate) dated 28.6.2017 exempt from the payment of GST.

FINDINGS & DISCUSSION

7. We have considered the submissions made by the Applicant in their application for advance ruling as well as the submissions made by Sri. Harish Bindumadhavan, Advocate and authorised representative of M/s. Sri Venkateshwara 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.

8. On verification of the nature of the printing activity carried out by the applicant with regard printing and supply of text books to the resellers it was observed that applicant participated in the tender called by the PUC board for printing and supply of text books and applicant obtained the job of printing and supply of text books. The PUC Board supplies the content of the text book on a DVD/CD. The content is copyright protected for which royalty is paid by the applicant whereas other materials, namely, the paper, board, manpower, Inks, chemicals and machinery used in the printing belongs to the applicant. The applicant printed the PUC text books and supplied to the various resellers in the state. This activity of printing and supply of the text books to the resellers by the applicant is covered under Notification 2/2017-Central Tax (Rate) dated 28/06/2017 under entry No.119 reads as "Printed Books, including Braille Books." This is exempt from the payment of CGST and SGST.

9. The applicant undertakes printing of and binding of brochures, books, calendars, pamphlets, on job work basis on the basis of content and paper supplied by Government authorities and other Printers whereas ink, plates, machines and manpower belongs to the Applicant.

In this regard CBEC 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.

The Applicant undertakes printing and binding of brochures, books, calendars, pamphlets, on a job work basis where content and paper belongs to the customer and only ink and machines belongs to the printer. The nature of supply is supply of services as supply of service is the main supply. Printed books, brochures, leaflets and similar printed matter, whether or not in single sheets are classifiable under HSN 4901. These goods are covered under Sl no. 201 of Schedule I of Notification No.1/2017-Central Tax (Rate) dated 28th June, 2017 and liable to tax at the rate of 2.5% CGST. Calenders are classifiable under HSN 4910 and by virtue of entry at Sl. No. 131 in Schedule II of Notification No.1/2017-Central Tax (Rate) dated 28th June, 2017 are liable to tax at 6% CGST. The aforesaid activities of the applicant are, therefore, covered under the entry No. 26 and 27 of Notification 11/2017-Central Tax (Rate) date 28.06.2017 under the clause (i) of sub clause (da) which attracts 2.5% CGST + 2.5% SGST in respect of job work of printing and binding of books, brochures and leaflets and 6%CGST +6% SGST in respect of calendars.

10. The Applicant undertakes the activity of binding of Diary, Catalogues and Books, supplied by the Customers including Government departments. The printed forms and wrappers are received from Government Departments and other customers whereas other materials including manpower and machines used in the binding belong to the applicant. Applicant done the job work of binding of Diary, Catalogues and Books, not in relation to printing activity. The activity amounts to supply of service and printing or any work in relation to printing is not involved. Hence this job work is covered under clause (iv) of entry no. 26 of Notification 11/2017-Central Tax(Rate) inserted vide notification no. 1/2018 Central Tax (rate) Dated 25/01/2018 which is extracted as under.

(iv) Manufacturing services on physical inputs (goods) owned by others, other than (i), (ia), (ii), (iia) and (iii) above attracts CGST @ 9% and SGST @ 9%.

Therefore the activity of binding of diary, catalogues and books carried out by the applicant on job work basis attracts CGST @9% and SGST @9%.

11. The Applicant prints the textbooks and workbooks on the basis of content supplied by the Government School Board / PUC Board and paper, ink, chemicals, machinery all belong to the applicant. Once the Text books



and Work books are printed by the Applicant, the books are thereafter supplied/ delivered to Taluk offices of the State Government across the state for onward supply to schools. As the content is supplied by the recipient of supply the activity carried out by the applicant amounts to supply of service. This activity of the applicant, is therefore, covered under the clause (i) of the entry no. 27 of the Notification 11/2017-Central Tax (Rate) dated. 28.06.2017 inserted vide notification No. 31/2017 Central Tax (Rate) dated. 31/10/2017 and vide notification No. 20/2017 Central Tax (Rate) dated. 22/08/2017 which attracts CGST @ 6% and SGST @ 6%.

12. The Applicant is undertaking the activity of printing of monthly and bi-monthly magazines of Government Departments where the content is owned and supplied to the applicant periodically and these magazines and periodicals do not contain any advertisement. The Applicant prints the magazines on the basis of the design template stipulated by the respective department(s) and supplied to the Government Departments. The materials used for designing is provided by the Applicant. This activity of the applicant covered under the clause (i) of the entry no 27 of the Notification 11/2017-Central Tax (Rate) dated. 28.06.2017 inserted vide notification No. 31/2017 Central Tax (Rate) dated. 31/10/2017 and vide notification No. 20/2017 Central Tax (Rate) dated. 22/08/2017 which attracts CGST @ 6% and SGST @ 6%.


13. In view of the above we rule as follows:

RULING

1. The printed text books, classifiable under HSN Code 4901, supplied to resellers are covered under Entry No.119 of Notification No.02/2017 – Central Tax (Rate) dated 28.06.2017 and are exempt from the payment of CGST and SGST.
2. The printing and binding of brochures, printed books and pamphlets, on a job work basis attracts 2.5% CGST and 2.5% SGST under clause (ii) of entry no.26 of Notification No.11/2017 – Central Tax (Rate) dated 28.06.2017 as amended by Notification No. 20/2017 – Central Tax (Rate) dated 22.08.2017 whereas printing and binding of calendars attracts 6% CGST and 6% SGST under clause (iia) of Entry No. 26 of Notification No.11/2017 – Central Tax (Rate) dated 28.06.2017 as amended by Notification No. 31/2017 – Central Tax (Rate) dated 13.10.2017.
3. The binding of Diary, Catalogues and Books carried out on job work

basis attracts CGST @ 9% and SGST @ 9% under clause (iii) of Entry no. 26 of Notification No.11/2017 - Central Tax (Rate) dated 28.06.2017 as amended by Notification No.31/2017 - Central Tax (Rate) dated 13.10.2017.

4. The printing of textbooks and workbooks and supplied back to State Government across the state attracts CGST @ 6% and SGST @ 6% under clause (i) of entry no.27 of Notification No.11/2017 - Central Tax (Rate) dated 28.06.2017 as amended by Notification No.31/2017 - Central Tax (Rate) dated 13.10.2017.
5. The printing and supply of periodicals and magazines to the Government Departments attracts CGST @ 6% and SGST @ 6% under clause (i) of entry no.27 of Notification No.11/2017 - Central Tax (Rate) dated 28.06.2017 as amended by Notification No.31/2017 - Central Tax (Rate) dated 13.10.2017.



(Harish Dharnia)
Member



(Dr. Ravi Prasad M.P.)
Member

Place: Bengaluru

Date: 18.09.2019

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, Bangalore-West, BMTC Bus Stand building, Banashankari, Bengaluru.
4. The Asst. Commissioner, LGSTO-120 ,Bengaluru.
5. Office Folder.

