

WEST BENGAL AUTHORITY FOR ADVANCE RULING  
GOODS AND SERVICES TAX  
14 Beliaghata Road, Kolkata – 700015  
(Constituted under section 96 of the West Bengal Goods and Services Tax Act, 2017)

BENCH

Ms Susmita Bhattacharya, Joint Commissioner, CGST & CX  
Mr Parthasarathi Dey, Senior Joint Commissioner, SGST

Preamble

A person within the ambit of Section 100 (1) of the Central Goods and Services Tax Act, 2017 or West Bengal Goods and Services Tax Act, 2017 (hereinafter collectively called 'the GST Act'), if aggrieved by this Ruling, may appeal against it before the West Bengal Appellate Authority for Advance Ruling, constituted under Section 99 of the West Bengal Goods and Services Act, 2017, within a period of thirty days from the date of communication of this Ruling, or within such further time as mentioned in the proviso to Section 100 (2) of the GST Act.

Every such Appeal shall be filed in accordance with Section 100 (3) of the GST Act and the Rules prescribed there under, and the Regulations prescribed by the West Bengal Authority for Advance Ruling Regulations, 2018.

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| Name of the applicant      | Swapna Printing Works Private Limited                        |
| Address                    | 52. Raja Rammohan Roy Sarani, Amherst Street, Kolkata-700009 |
| GSTIN                      | 19AADCS8593E1ZW  |
| Case Number                | 51 of 2019   |
| ARN                        | AD 1909180002236   |
| Date of application        | December 18, 2019  |
| Order number and date      | 45/WBAAR/2019-20 dated 06/03/2020                            |
| Applicant's representative | Mr. Indranil Das, CA   |

1. Admissibility of the Application

1.1 The Applicant, stated to be engaged primarily in the business of printing, seeks a ruling on whether the activities undertaken by procuring orders from a foreign buyer to print texts and thereafter deliver them to various places in India is a taxable transaction. Advance Ruling is admissible on this question under section 97(2)(e) of the GST Act.

1.2 The Applicant further submits that the question raised in the Application is neither decided by nor pending for decision before any authority under any provisions of the GST Act. The officer concerned raises no objection to the admission of the Application. The Application is, therefore, admitted.

2. Submission of the Applicant

2.1 Hope Foundation Inc, a foreign entity based in the United States of America, awards the Applicant a contract for printing booklets in various Indian languages. Hope Foundation Inc provides the content. The Applicant arranges physical inputs like paper, ink and other physical

inputs, prints the content and binds the printed material into booklets and delivers the booklets to the recipient. It receives consideration in US dollars.

2.2 The Applicant submits that the recipient, as defined under section 2(93)(1) of the GST Act, means the person liable to pay the consideration. It argues that the person liable to pay the consideration is not necessarily the one to whom the service is rendered. The recipient, therefore, might not be the person to whom the service is rendered. The distinction is apparent from the wording of clauses (a) and (c) of section 2(93) of the GST Act. If consideration is payable, as in the present context, the recipient shall be the person liable to pay the consideration. Otherwise, the recipient of the service shall be the person to whom the service is rendered. So, the place of delivery of the service, according to the Applicant, is not relevant for determining the recipient in the present context, where the foreign buyer is liable for and is paying the consideration in US dollars.

2.3 The place of supply should, therefore, be determined in accordance with the provisions under section 13(2) of the IGST Act, 2017, the recipient being located outside India. The Applicant argues that the recipient is not providing any goods for performing the printing service. Provisions under section 13(3)(a) of the IGST Act, 2017 are not, therefore, applicable.

2.4 The Applicant submits that the recipient being located outside India and consideration received in convertible foreign exchange, the activity should be considered as export of service.

### 3. Observations & Findings of the Authority

3.1 In its Circular No. 11/11/2017-GST dated 20/10/2017, the CBIC clarifies the treatment of various composite printing contracts. In all these contracts, the recipient provides the content for printing and the printer supplies the physical inputs. All the printed goods are classifiable under Chapters 48 and 49 of the First Schedule to the Customs Tariff Act, 1975 (hereinafter the Tariff Act). The difference, however, lies in the customer contemplating or not of separate rights and use, arising out of the supply of the goods. In the case of printing of books, pamphlets, annual reports, etc., the goods have no better utility than carrying the printed matter. On the other hand, envelopes, letter cards, napkins, wallpaper and the like have separate use as goods apart from carrying the design or logo printed thereon. The service of printing is, therefore, the predominant element in the contracts for printing of books, pamphlets, annual reports etc., whereas, the supply of goods is the dominant nature of the latter category of printing contracts.

3.2 The Applicant prints booklets that are classifiable under heading 4901 of the Tariff Act. The recipient provides the content usually on a digital media and retains usage right on such intangible inputs. The Applicant prints the content on physical media, binds them into booklets and supplies the printed material. The goods so supplied have no utility other than displaying the printed content. Service of printing, therefore, is the predominant element of the composite supplies the Applicant is making.

3.3 Services by way of printing of the goods falling under Chapter 48 and 49 are classifiable under SAC 9989. The goods supplied, having no use other than displaying the printed matter, is ancillary to the principal supply of printing. At the same time, being a composite supply, the printing service is inseparable from supply of the goods, namely the printed booklets. The place of supply of the printed booklets will, therefore, be the place of supply of the printing service. In other words, the place at which the printed booklets are delivered is the place of supply of the composite printing service.

3.4 It appears from letter dated 15/11/2019 of the Applicant to Allahabad Bank, submitted along with the written submission, that Hope Inc, USA, pays consideration for supply of printed booklets to different destinations in India. The Applicant does not dispute the fact of such supplies, but argues, as discussed in para 2.2 above, that the person who receives the composite supply is not necessarily the recipient when the supply involves payment of consideration.

3.5 The Applicant, while developing the above line of argument, fails to appreciate the true meaning of the terms 'recipient', as defined under section 2(93) of the GST Act. It is an exhaustive definition, implying it can neither be expanded or reduced. In the context of a supply involving payment of consideration, a 'recipient' of supply of goods or services means the person who is liable to pay the consideration and *any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply* and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied. The 'recipient' is, therefore, so defined as to make separation impossible between the person to whom the supply is made and the one liable to pay the consideration. Of course, when no consideration is involved, as under clause (c) of the above section, the recipient can only be the person to whom the service is rendered. The person who receives the supply in India should, therefore, be considered as the recipient, being inseparable from the foreign buyer as far as the Applicant's supply is concerned.

3.6 It follows from the above discussion that the Applicant supplies the composite printing service to the recipient located in India. Such supplies are not, therefore, export of services within the meaning of section 2(6) of the IGST Act, 2017. It is taxable under SI No. 27(i) of Notification No. 11/2017 – CT (Rate) dated 28/06/2017 (corresponding State Notification No. 1135 – FT dated 28/06/2017) or SI No. 27 of Notification No. 8/2017 – IT (Rate) dated 28/06/2017, as the case may be.

In view of the foregoing, we rule as under

#### RULING

The Applicant's supply of the composite printing service is taxable under SI No. 27(i) of Notification No. 11/2017 – Central Tax (Rate) dated 28/06/2017 (corresponding State Notification No. 1135 – FT dated 28/06/2017) or SI No. 27 of Notification No. 8/2017 – Integrated Tax (Rate) dated 28/06/2017, as the case may be.

This Ruling is valid subject to the provisions under Section 103 until and unless declared void under Section 104(1) of the GST Act.

  
(SUSMITA BHATTACHARYA)  
Member

West Bengal Authority for Advance Ruling

  
(PARTHASARATHI DEY)  
Member

West Bengal Authority for Advance Ruling