H.P. Sales India Pvt. Ltd. (Appellant); Deputy Commissioner of State Tax (E-618), Large Tax Unit-2, Mumbai (Respondent)

Appellate Authority for Advance Ruling — Maharashtra

AMENDED ORDER NO. MAH/AAAR/SS-RJ/21A/2018-19, dated 04.11.201… Dated **04.11.2019**

Q Questions Before the Authority

- Whether the Appellate Authority should amend its original order dated 17.02.2019 under Section 102 of the CGST Act, 2017, on the ground that its consideration of the Appellant's additional submissions dated 11.02.2019 was an error apparent on the face of the record.
- Underlying the rectification application, whether the supply of Electro Ink along with blanket, photo imaging plate, binary ink developer, HP imaging oil, blanket web and other machinery products under the Click model is a composite supply or a mixed supply.

F Facts

The Appellant supplies HP Indigo digital printing presses, Electro Ink and consumables to resellers, who supply them to end customers. Consumables are sold under a Click (Tier) model, invoiced per print actually made at a single per-click price, and under an A-la-carte model, sold individually. The Appellant argued that Electro Ink and the consumables used in the Click model are naturally bundled and form a composite supply with Electro Ink as the principal supply.

H Ruling

The Appellate Authority declined to amend its order dated 17.02.2019 and held that the supply of Electro Ink with the other consumables is a **mixed supply** and not a composite supply. It found that the additional submissions did not have a significant bearing on the outcome, because no element of the bundle could be identified as the principal supply. The order is a rectification refusal and does not contain a question-by-question ruling with rates or HSN codes, so no item-wise answers are recorded.

R Reasoning

The Authority accepted that the Section 102 rectification ground was engaged, granted a personal hearing and re-examined only those submissions that its earlier order had not considered. It held that rectification is limited to errors apparent on the face of the record. On the merits, it found that Electro Ink, blanket, photo imaging plate and the other consumables are all indispensable and none is ancillary, so no principal supply can be identified under section 2(90), and the first condition of section 2(30) fails. The Authority also held that value and consumption share are not decisive, relying on the CBIC circular and flyer, and that the consumables are separable under the FAQ tests, so the arrangement meets the definition of mixed supply in section 2(74). It distinguished the Appellant's comparison with packing, transport and insurance (the illustration under section 2(30)) and with the Fermi Solar and Giriraj rulings it had been shown.

P Provisions Relied On

Section 102 of the CGST Act, 2017 (and the corresponding provision of the MGST Act, 2017) - rectification of advance ruling

Section 2(30) of the CGST Act, 2017 - composite supply

Section 2(74) of the CGST Act, 2017 - mixed supply

Section 2(90) of the CGST Act, 2017 - principal supply

CBIC flyer on composite supply and mixed supply

CBIC FAQs (3rd Edition, 15.12.2018) and CBIC Circular No. 32/06/2018-GST (the order gives the date variously as 1 March…

! For the Practitioner

A practitioner would read this order for the Authority's approach to the Click-model consumables, where it held that a bundle with no identifiable principal supply and with separable elements is mixed supply, not composite supply. It also shows the limits of Section 102 rectification, which does not reopen the merits. The order does not decide the A-la-carte model, does not give any rate or HSN, and does not resolve the earlier Section 100 appeal on the Appellant's terms.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> mah_aaar_21a_2019-20_hpsipl.pdf

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