M/s Pattabi Enterprises, Plot No. 70/71, Hootagalli Industrial Area, Mysore 570 018 (GSTIN 29AAIFP8459L1ZB)

Appellate Authority for Advance Ruling — Karnataka

Order No. KAR/AAAR/11/2019-20, dated 31-01-2020 (printed as DATE:31-… Dated **31.01.2020**

Q Questions Before the Authority

- Whether 'Access Card' printed and supplied by the appellant, based on contents provided by the customer, is rightly classifiable under HSN 4901 10 20 as brochures, leaflets and similar printed matter, whether or not in single sheets.
- Whether 'Access Card' printed and supplied by the appellant, based on contents provided by the customer, attracts GST at 5% in case of IGST and 2.5% CGST and 2.5% SGST in case of intra-state supplies under Notification No. 1/2017-CT (Rate) Sl. No. 201 and 1/2017-IT (Rate) Sl. No. 201, both dated 28.06.2017.

F Facts

The appellant is a partnership firm that manufactures and supplies cartons, packaging, labels and printed matter. Its customer, M/s Trilok Security Systems India Pvt Ltd, provides Mass Queue Management System services at pilgrimage sites and supplies the appellant with the creative content to be printed on access cards. The appellant uses its own paper, ink and machinery, and the cards are cut, perforated and supplied to Trilok, which distributes them free to pilgrims.

H Ruling

Classification of printed access cards (HSN 4901 10 20)	**Supply of goods; rightly classifiable under HSN 4901 10 20**	Cards are printed in single sheets and fall under pamphlets, booklets, brochures, leaflets and similar printed matter. The authority based this on the findings that printing creates a distinct new product and that printing is ancillary to that product.
GST rate on printed access cards	**5% IGST for inter-state supplies; 2.5% CGST and 2.5% SGST for intra-state supplies**	Rate taken from Sl. No. 201 of Schedule I to Notification No. 1/2017-CT (Rate) and 1/2017-IT (Rate), both dated 28.06.2017.

The Appellate Authority set aside the Advance Ruling of the lower authority (KAR/ADRG 46/2019, dated 17.09.2019), which had treated the activity as a supply of service under SAC 9989. It held that the printing and supply of access cards is a **supply of goods** , and that the cards are classifiable under HSN 4901 10 20 as single-sheet printed matter taxable at 5% IGST for inter-state supplies and 2.5% CGST plus 2.5% SGST for intra-state supplies.

R Reasoning

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

The authority held that the appellant's activity brings into existence a distinct product, the access card, which Trilok later uses in its services. Printing is therefore ancillary to making the card, and the appellant's printing is effectively a service rendered to itself to execute the supply of cards. Relying on para 5 of CBIC Circular No. 11/11/2017-GST dated 20.10.2017, the authority held that where printed matter is supplied with the recipient's content but the physical inputs belong to the printer, the principal supply is goods, and the printing is ancillary. The authority also referred to the definition of principal supply in Section 2(90) of the CGST Act, 2017 as reproduced in para 3 of the Circular. It rejected the lower authority's reliance on para 4 of the Circular, which treats printing as the principal supply where the recipient owns the intangible inputs and the printer supplies the physical inputs.

P Provisions Relied On

- Section 100 of the CGST Act, 2017 and the KGST Act, 2017 (appeal to the Appellate Authority)
- Section 101 of the CGST Act, 2017 and the KGST Act, 2017 (orders of the Appellate Authority)
- Section 2(90) of the CGST Act, 2017 (principal supply), as reproduced in the Circular
- CBIC Circular No. 11/11/2017-GST dated 20.10.2017, paras 2 to 5
- Chapter 49 and heading 4901, First Schedule to the Customs Tariff Act, 1975, including sub-heading 4901 10 20
- Entry Sl. No. 201, Schedule I to Notification No. 1/2017-CT (Rate) and 1/2017-IT (Rate), both dated 28.06.2017
- Heading 9989 of the scheme of classification of services (referred to in the Circular as the service alternative)

! For the Practitioner

A printer working on customer-supplied content with its own physical inputs can cite this order to support treating a physical card or sheet as goods under 4901 10 20, at 5% IGST or 2.5% CGST plus 2.5% SGST. The order turns on the finding that printing creates a distinct new product, so it is most useful where the printed item has a separate function in the customer's business. It does not settle the goods-or-service question for printing contracts generally, and it does not address the Circular's para 4 category of books or publications. The order was passed by the Appellate Authority and sets aside the earlier ruling for this appellant, and its precedential reach for other applicants is not stated in the order.

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 -> kar_aaar_11_2019-20_pattabi_enterprises.pdf

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