Infobase Services Pvt Ltd

Authority for Advance Ruling — West Bengal

38/WBAAR/2019-20 dated 24/12/2019 (Case Number 44 of 2019) Dated **24.12.2019**

Q Questions Before the Authority

- Whether the applicant's procurement of advertisements for the Directory of Members 2020 is classifiable as selling of space for advertisement in print media, and whether Sl No. 21(i) of Notification No. 11/2017-CT (Rate) dated 28.06.2017 (State Notification No. 1135-FT dated 28.06.2017) applies to it.

F Facts

The Tollygunge Club Ltd engaged the applicant to print its 'Directory of Members 2020' and separately to market advertisement space in the Directory. The applicant must fund the printing from advertisement proceeds, keeps 75% of any surplus, and bears any shortfall, which the Club invoices back to it. The Club sets the advertisement rates, and the applicant procures advertisers and issues proforma invoices in the Club's name, after which the Club issues the tax invoices.

H Ruling

Classification and rate of the applicant's procurement of advertisements for the Directory, and whether Sl No. 21(i) of Notification 11/2017-CT (Rate) applies	**Mixed supply treated as intermediary service for selling advertisement space (SAC 998362), taxable at 18% under Sl No. 21(ii). Sl No. 21(i) does not apply.**	The printing service (SAC 998912) is subsumed in the mixed supply. The ruling is limited to the applicant's own supplies, not the Club's. The authority did not expressly decide the applicant's argument that the Directory is a 'book' outside the business-directory exclusion in clause 2(zr).

The authority held that the arrangement is not a composite supply but a mixed supply of printing service and intermediary service for selling advertisement space on behalf of the Club, charged at a single price. **Under section 8(b), the mixed supply is treated as the intermediary service, which attracts the higher rate.** That service is taxable at 18% under Sl No. 21(ii) of the Rate Notification. The Club's own supply of advertisement space is outside the ruling under section 95.

R Reasoning

The authority found that the printing and advertisement-selling services were bound together by the funding and shortfall obligation in the agreement, not naturally bundled in the ordinary course of business, so there was no composite supply. Because the bundle was supplied at one price, it was a mixed supply under section 2(74), and section 8(b) required taxation at the rate of the service attracting the highest tax. The intermediary service was classified under SAC 998362, which excludes advertising in print media (SAC 998363), so the 18% rate under Sl No. 21(ii) was applied. The authority relied on section 95 to confine the ruling to the applicant's supplies. It did not rely on the Ministry of Finance press release of 23.08.2017 cited by the Revenue.

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

P Provisions Relied On

- Section 97(2)(a) and (b) of the CGST/WBGST Act, 2017 (admissibility)
- Section 95 of the CGST/WBGST Act, 2017 (scope of advance ruling)
- Section 2(74) of the CGST/WBGST Act, 2017 (mixed supply)
- Section 8(b) of the CGST/WBGST Act, 2017 (rate for mixed supply)
- Section 103 and Section 104(1) of the CGST/WBGST Act, 2017 (binding effect and voidance)
- Sl No. 21(i) and Sl No. 21(ii) of Notification No. 11/2017-CT (Rate) dated 28.06.2017 (State Notification No. 1135-FT)
- Sl No. 27(i) of Notification No. 11/2017-CT (Rate) (printing service, referred to in the findings)
- Clause 2(zr) of Notification No. 9/2017-IT (Rate) dated 28.06.2017 (print media definition, as argued by the applicant)
- Section 1(1) of the Press and Registration of Books Act, 1867 (definition of books, as argued by the applicant)
- SAC 998362, SAC 998363 and SAC 998912

! For the Practitioner

A practitioner dealing with publishers' directories, souvenir or member publications, or printer-cum-advertising-agent arrangements can use this order to show how a funding or shortfall obligation linking printing to advertisement sales makes the arrangement a mixed supply rather than a composite one. The 18% rate on the intermediary service is the practical outcome. The order does not decide whether the Directory qualifies as a 'book' within print media, since the findings do not address the applicant's argument on that point. It also does not bind the Club's own supply of advertisement space, and it does not resolve how the Press Release of 23.08.2017 applies where an agent sells print-media space.

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 -> order_no_38_of_fy_20_dated_24122019_ispl.pdf

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