

M/s. Doms Industries Pvt. Ltd.

Authority for Advance Ruling — Gujarat

GUJ/GAAR/R/2022/52 dated 30/12/2022

Q Questions Before the Authority

- Whether the supply of Pencils Sharpener along with Pencils being the Principal supply will be considered as the Composite Supply or Mixed Supply.
- What will be the HSN code to be used by us in above case.
- Whether supply of Sharpener along with the kit having a nominal value will have an impact on rate of tax. If yes, what will be rate of tax and HSN code to be used by us.

F Facts

The applicant manufactures and supplies various stationery items, including pencils, sharpeners, and erasers. They sell these items in bundled packs, such as the Doms A1 Pencil pack, Doms Smart Kit, and Doms My First Pencil Kit, for a single price. The applicant sought a ruling on whether these bundled supplies qualify as composite supply or mixed supply for GST purposes.

H Ruling

Classification of supply	Mixed Supply	The supply of Pencils Sharpener along with Pencils is covered under the category of Mixed Supply.
HSN code to be used	HSN code of the particular supply which attracts the highest rate of tax	As discussed in Para 21.1.
Impact of sharpener on tax rate	Yes, it will have an impact on the rate of tax	The applicant is liable to pay the highest tax rate and use the HSN code of the supply having the highest rate.

The Authority ruled that the supplies in question are classified as mixed supply rather than composite supply. Consequently, the tax liability must be determined based on the item within the bundle that attracts the highest rate of tax. The applicant is required to use the HSN code of that specific item with the highest tax rate.

R Reasoning

The Authority determined that the items in the kits are not naturally bundled in the ordinary course of business, as they can be and are sold independently. Because the conditions for composite supply under Section 2(30) of the CGST Act were not met, the supplies were categorized as mixed supply under Section 2(74). Under Section 8(b) of the CGST Act, a mixed supply is treated as a supply of that particular supply which attracts the highest rate of tax. Therefore, the applicant must apply the highest tax rate and corresponding HSN code present in the bundle.

P Provisions Relied On

Section 2(30) of the CGST Act, 2017

Section 2(74) of the CGST Act, 2017

Section 8 of the CGST Act, 2017

Notification No. 1/2017-CT (Rate) dated 28-6-2017

! For the Practitioner

This ruling clarifies that stationery kits containing multiple items sold for a single price are **Mixed Supply** and not Composite Supply. Practitioners should advise clients that the entire bundle will be taxed at the **highest rate** applicable to any single item within that bundle. It does not decide the classification of individual items, only the nature of the bundled supply.

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 -> [gujarat aar order no.52-2022 doms industries pvt ltd.pdf](#)

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